

# **2011-06-24-01-Annex-Revision to ALAC-Related Bylaws\_Annex**

## ANNEX TO BOARD SUBMISSION NO. 2011-06-24-01

**TITLE:       Approval of Revision to ALAC-Related Bylaws**

### **BACKGROUND:**

The [Final Report of the ALAC Review Working Group on ALAC Improvements](#) (Final Report; 9 June 2009) recommended that the ICANN Bylaws be changed to reflect the ALAC's continuing purpose within ICANN (a) in providing advice on policy, (b) in providing input into ICANN's operations and structure, (c) as part of ICANN's accountability mechanisms, and (iv) as an organizing mechanism for some of ICANN's outreach (p. 6, par. 1).

In addition, the [Final Report](#) acknowledged that the ALAC, as the representative body of At-Large, is ICANN's primary organizational home for individual Internet users, although ICANN's multi-stakeholder model also allows individual users to participate in other ways (p. 6, par. 10).

In June 2009, the [Board approved](#) all recommendations in the [Final Report](#) (except for the allocation of two voting Directors to At-Large) for implementation. In addition, on 5 August 2010, the [Board approved](#) the [ALAC/At-Large Improvements Implementation Project Plan](#) (7 June 2010), describing the attached Bylaw revisions.

At this point, the ICANN Office of the General Counsel, in close consultation with the ALAC and At-Large staff, drafted the proposed revisions.

On 18 March 2011, the [Board directed](#) the ICANN CEO to post for public comment the draft Bylaw amendments now proposed for the Board's final approval. This 30-day [public comment period](#) opened on 8 April and closed on 9 May 2011. Only one

comment was received, but it was on an entirely unrelated topic. The public comment period, therefore, resulted in no change to the proposed Bylaw revisions.

Attached as Attachment A to this Annex is the Summary and Analysis of Public Comments.

Attached as Attachment B to this Annex are the proposed revisions to Article XI, Section 4 of the ICANN Bylaws (in redline form).

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# **2011-06-24-01-Annex-Att A- Revision to ALAC-Related Bylaws**

**ATTACHMENT A TO ANNEX OF BOARD SUBMISSION NO. 2011-06-24-01**

**SUMMARY AND ANALYSIS OF PUBLIC COMMENTS:**

The [public comment period](#) on these proposed revisions to the ICANN Bylaws regarding the ALAC was kept open for 30 days, from 8 April and closed on 9 May 2011.

During this time, only [one comment](#) was received, and this comment was on a topic unrelated to this public comment forum. The one comment received addressed whether or not ICANN should remain under U.S. jurisdiction; this comment will not be summarized further.

Therefore, the public comment period on these proposed Bylaw revisions revealed no opposition and no suggested changes from the ICANN community or the public. As a result, the Bylaw revisions proposed for Board approval here have not in any way been changed from those reviewed in the public comment period.

**Next Steps:**

The proposed Bylaw revisions will be presented to the Board for consideration.

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# **2011-06-24-01-Annex-Att B Revision to ALAC-Related Bylaws**

## ARTICLE XI: ADVISORY COMMITTEES

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### 4. At-Large Advisory Committee

a. The At-Large Advisory Committee (ALAC) is the primary organizational home within ICANN for individual Internet users. The role of the ALAC shall be to consider and provide advice on the activities of ICANN, insofar as they relate to the interests of individual Internet users. This includes policies created through ICANN's Supporting Organizations, as well as the many other issues for which community input and advice is appropriate. The ALAC, which plays an important role in ICANN's accountability mechanisms, also coordinates some of ICANN's outreach to individual Internet users.

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j. The ALAC is also responsible, working in conjunction with the RALOs, for coordinating the following activities:

1. Making a selection by the At-Large Community to fill Seat 15 on the Board. Notification of the At-Large Community's selection shall be given by the ALAC Chair in writing to the ICANN Secretary, consistent with Article VI, Sections 8(4) and 12(1).

2. Keeping the community of individual Internet users informed about the significant news from ICANN;

3. Distributing (through posting or otherwise) an updated agenda, news about ICANN, and information about items in the ICANN policy-development process;

4. Promoting outreach activities in the community of individual Internet users;

5. Developing and maintaining on-going information and education programs, regarding ICANN and its work;

6. Establishing an outreach strategy about ICANN issues in each RALO's Region;

7. Participating in the ICANN policy development processes and providing input and advice that accurately reflects the views of individual Internet users;

8. Making public, and analyzing, ICANN's proposed policies and its decisions and their (potential) regional impact and (potential) effect on individuals in the region;

| [9](#). Offering Internet-based mechanisms that enable discussions among members of At-Large structures; and

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| [10](#). Establishing mechanisms and processes that enable two-way communication between members of At-Large Structures and those involved in ICANN decision-making, so interested individuals can share their views on pending ICANN issues.

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# **2011-06-24-02-Annex-ccNSO Improvements Implementation Project Plan 20110609**

# ccNSO Improvements Implementation Project Plan

20110609

## Executive Summary

### A. Introduction

- This Project Plan outlines the approach developed by ICANN's ccNSO and staff support to implement the recommendations outlined in the
- The Final Report from the ccNSO Review Board WG addressed 12 Recommendations provided by the independent reviewers. Five of these were found by the WG to be not desirable or already achieved in practice (#4, 6, 8, 9, 11). One recommendation has been implemented by the ccNSO (recommendation # 10). No implementation actions are foreseen for these six recommendations. For the remaining six recommendations, implementation is foreseen as follows (listed by Recommendation number):
  1. Mechanisms to develop ccNSO statements and Position papers – document current processes.
  2. Translation of key documents – Assess need for translations
  3. Voluntary Translations – Assess willingness of ccTLD community to provide translations
  5. Attract government operated ccTLD's in ccNSO – prepare and conduct briefing session for interested and relevant GAC members
  7. Introduce collaborative networking tools on a as needed basis – Implement Confluence as closed space for collaboration
  12. Establish and maintain ccNSO work plan/ Policy Road Map - adoption of work plan and associated procedures to maintain the work plan.See section F for the detailed implementation steps foreseen.

### B. Board Guidance

- The Plan conforms to the guidance contained in the ICANN Board's Resolution 18 March and 21 April 2011, see <http://www.icann.org/en/minutes/resolutions-18mar11-en.htm#1.3> and <http://www.icann.org/en/minutes/resolutions-21apr11-en.htm#2.6> , respectively.
- The Plan has been developed by ICANN's ccNSO staff in cooperation with Organizational Review staff.
- The plan has been reviewed by Legal.

### C. Budgetary Implications

- There is no allocation in ICANN's FY12 Operating Plan and Budget for the implementation of the ccNSO Review outcomes. This is in line with the WG Report that did not identify any measures requiring specific expenditures.
- Should specific expenditures beyond the FY12 budget for the ccNSO improvement implementation be needed, ccNSO staff will propose that such steps in the process be deferred into FY13.

### D. Liability

- The ccNSO staff has not identified any potential liability of enacting this Improvements Implementation Project Plan.

## **E. Bylaws Changes**

- The ccNSO staff has identified no changes to the ICANN Bylaws potentially required by the ccNSO Review outcomes.

## **F. Implementation Steps for Each Recommendation**

- Section F summarizes the implementation plan for each ccNSO Review recommendation, including a discrete task list, targeted completion dates, assigned work team and a description of task interdependencies.
- All tasks are currently scheduled for completion in or before FY12 T 3.

## A. Introduction

### Purpose

This Project Plan outlines the approach developed by the ccNSO staff to implement the 12 recommendations outlined in the Final Report of the ccNSO Review Board Working Group (<http://www.icann.org/en/reviews/ccnso/ccnso-review-wg-final-report-04mar11-en.pdf>) In developing this plan, consultations are ongoing with ICANN's Legal staff on all steps to ensure any suggested changes comply with law, or Bylaws, as necessary.

### Implementation status of each recommendation

The below ccNSO Improvements Status table summarizes the progress to date, estimated completion timetable and potential sources of specific costs for each ccNSO Improvements recommendation.

Recommendation	Status (% completed)				Estimated Completion	
	25%	50%	75%	100%		
	25 %					
1. Common response and statement mechanism	25 %				October 2011	
2. Translation of key documents	0%				June 2012	
3. Voluntary translation	0%				Oct 2012	
4. New Services	No action needed					
5. Attract GAC operated ccTLD's in ccNSO	0%				June 2012	
6. Collect Input from registrars and registrants	No action needed					
7. Introduce collaboration tools	25 %				November 2011	
8. ICANN to provide collaboration tools	No action needed					
9. Limit number of terms of councilors	No action needed					
10. Clarify roles chair, vice-chairs and councilors					Completed	
11. Involvement of ccNSO in ICANN's Budgeting processes	No action needed					
12. Develop work plan/policy road map		50 %			August 2011	

## B. Board Guidance

Guidance from ICANN's Board regarding this plan is contained within the Board's Resolutions on the topic 18 March and 21 April 2011, which state:

Resolved (2011.03.18.05), the Board directs the Structural Improvements Committee to present a set of suggested actions for approval at the 24 June 2011 Board meeting, so as to address the conclusions and recommendations formulated in the final report of this Working Group.

and

RESOLVED (2011.04.21.06), the Board approves the document put forward by the SIC and instructs the SIC, in coordination with staff, to provide the Board with a final implementation plan, including estimated costs, to conform with the measures recommended by the SIC to address the conclusions and recommendations in the final report of the ccNSO review Working Group.

This Project Plan conforms to all guidance offered in these resolutions.

### C. Budgetary Implications

None identified to date.

### D. Liability

No liability risks identified to date.

### E. Bylaws Changes

No Bylaws changes appear to be required to implement the ccNSO Review outcomes.

### F. Implementation Steps for each Recommendation

<b>Recommendation 1: Mechanism to allow development of ccNSO comment and position paper</b>			
<b>Task No.</b>	<b>Implementation task</b>	<b>Targeted completion date</b>	<b>Comment</b>
1.	1. Define trigger events and ensure information on public comment and need for ccNSO position papers is received and distributed  2 Document mechanisms to develop common statement and prompt response.  3. Adoption of proposed mechanisms by ccNSO Council	Oct 2011	Council member appointed to oversee processes.  Processes are dependent upon availability of volunteers from the community.  Ensuring the ccNSO receives a request from and is briefed on the request by another SO or AC , or by the Board or ICANN staff is beyond the scope of this implementation plan.

**Work team:** ccNSO staff, ccNSO Council and membership

**Dependency between tasks:** Not applicable

**Overall target completion date:** Oct 2011 (Dakar meeting)

<b>Recommendation 2: Translation of Key Documents (Article XI and Annex B and C Bylaws, ccNSO Rules and Guidelines)</b>			
<b>Task No.</b>	<b>Implementation task</b>	<b>Targeted completion date</b>	<b>Comment</b>
2.a	Assess need for translations	March 2012	ICANN Bylaws and Major Documents are not translated.

			Translation of the ICANN Bylaws is outside the scope of the ccNSO.
2.b	Assess a cost effective method to provide translations	June 2012	One method proposed recommendation 3

**Work team:** ICANN Staff (including ccNSO staff, Global Partnership and public participation), ccNSO Council and members, ICANN staff to translate

**Dependency between tasks:** Activity 2.b is dependent on the need for translations of the Rules and Guidelines of the ccNSO.

**Overall target completion date:** June 2012

<b>Recommendation 3: Voluntary translation by ccNSO members</b>			
<b>Task No.</b>	<b>Implementation task</b>	<b>Targeted completion date</b>	<b>Comment</b>
3.a	Assess willingness of membership to undertake voluntary translation.	June 2012	Need to confirm the scope of applicability of the ICANN translation policy to determine the documents that would be candidates for volunteer translation. The need for volunteer translation is also based upon the resources available to the ccNSO.
3.b	Ensure sustainability of effort	October 2012	If voluntary translation is preferred option, mechanism for implementation needs to be developed and accepted by the ccNSO community.

**Work team:** Staff, ccNSO Council and members

**Dependency between tasks:** Dependency on Recommendation 2. This is one of the options to implement part of recommendation 2, as it relates to internal ccNSO documents.

**Overall target completion date:** Oct 2012

<b>Recommendation 4: New Services to attract ccNSO membership</b>			
<b>Task No.</b>	<b>Implementation task</b>	<b>Targeted completion date</b>	<b>Comment</b>
4	No action needed.		Explicit request new services for ccNSO membership is part of Budgeting process. It allows for request of new services by any SO or AC. To date this has

			not been used by the ccNSO.
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**Work team:** - Not applicable.

**Dependency between tasks:** - Not applicable.

**Overall target completion date:** - Not applicable.

<b>Recommendation 5: Attract government operated ccTLD's in ccNSO</b>			
<b>Task No.</b>	<b>Implementation task</b>	<b>Targeted completion date</b>	<b>Comment</b>
5.a	Develop brief on benefits and downside of being member of ccNSO	March 2012	
5.b	Organise and conduct ccNSO introduction and briefing session for GAC membership.	June 2012	

**Work team:** ccNSO Staff, ccNSO Council

**Dependency between tasks:** none

**Overall target completion date:** June 2012

<b>Recommendation 6: Collect input from registrar and registrants</b>			
<b>Task No.</b>	<b>Implementation task</b>	<b>Targeted completion date</b>	<b>Comment</b>
6	No action needed.	-	Board WG noted adequate mechanisms and limited scope of ccPDP.

**Work team:** - Not applicable.

**Dependency between tasks:** - Not applicable.

**Overall target completion date:** - Not applicable.

<b>Recommendation 7: Introduction collaborative networking tools on an as needed basis</b>			
<b>Task No.</b>	<b>Implementation task</b>	<b>Targeted completion date</b>	<b>Comment</b>
7.a	ccNSO Council decided to introduce closed wiki space for ccTLD community	Completed	ccNSO working groups use ADOBE Connect and special created wiki spaces.
7.b	a. Develop requirements document for adoption by ccNSO council, including eligibility for participation and definition of functionality  b. Implement requirements in Confluence	August 2011  November 2011	

	c. Training ccTLD community	June 2011 and October 2011	
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**Work team: ICANN staff ( ccNSO and IT support ) ccNSO Council**

**Dependency between tasks: -**

**Overall target completion date: November 2011**

<b>Recommendation 8: ICANN provide capabilities for collaborative tools</b>			
<b>Task No.</b>	<b>Implementation task</b>	<b>Targeted completion date</b>	<b>Comment</b>
8.	No action needed.	-	Tools are already provided.

**Work team:** Not applicable.

**Dependency between tasks:** Not applicable.

**Overall target completion date:** Not applicable.

<b>Recommendation 9: Limit number of terms of councilors</b>			
<b>Task No.</b>	<b>Implementation task</b>	<b>Targeted completion date</b>	<b>Comment</b>
9.	No action needed.	-	Increasing the active participation of members in the ccNSO and its council is part of the annual review of roles and responsibilities of the chair, vice-chair and councilors.

**Work team:** Not applicable

**Dependency between tasks: Not Applicable**

**Overall target completion date:** Not Applicable.

<b>Recommendation 10: Clarify roles and responsibilities of the chair and councilors</b>			
<b>Task No.</b>	<b>Implementation task</b>	<b>Targeted completion date</b>	<b>Comment</b>
10	No action needed	Completed	Overview of roles and responsibilities of chair, vice-chairs and councilors and mechanism for review and updating has been adopted by the ccNSO Council at its



			meeting in March 2011.
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**Work team:** Not applicable.

**Dependency between tasks:** Not applicable

**Overall target completion date:** Not applicable; complete.

<b>Recommendation 11: Involvement of ccNSO in ICANN's budgeting process</b>			
<b>Task No.</b>	<b>Implementation task</b>	<b>Targeted completion date</b>	<b>Comment</b>
11.	No action needed.	-	The ccNSO has two standing working groups that are engaged in ICANN's planning processes: the Strategic and Operational Planning WG and the Finance WG.

**Work team:** Not applicable.

**Dependency between tasks:** Not applicable.

**Overall target completion date:** Not applicable.

<b>Recommendation 12: Establish and maintain ccNSO work plan/ policy road map</b>			
<b>Task No.</b>	<b>Implementation task</b>	<b>Targeted completion date</b>	<b>Comment</b>
12.a	Draft ccNSO work plan and guidelines/procedures to maintain and update the work plan available for ccTLD community	Completed	
12.b	Adoption of Work Plan and guidelines / procedures by ccNSO Council	August 2011	After consultation of ccNSO membership and broader ccTLD community during the Singapore meeting, the ccNSO council intends to adopt the procedures and work plan

**Work team:** ccNSO Staff, ccNSO Council and Members

**Dependency between tasks:** Not applicable.

**Overall target completion date:** August 2011

# **2011-06-24-03-Annex-New Constituency Recognition Process**

## ANNEX TO BOARD SUBMISSION 2011-06-24-03

**SUBMISSION TITLE: Recommended Replacement Process for Recognition of New GNSO Constituencies**

This ANNEX provides background detail and additional support for the Structural Improvements Committee (SIC) recommendation that the Board adopt a newly crafted multi-step process, including specific evaluation criteria, to be used in formally recognizing new Constituencies within the GNSO.

### **I. Background**

In late 2008, at the Board's direction, Staff developed a two-step process that prospective new Constituency organizers would follow to petition the Board for formal recognition consistent with Article X, Section 5(4) of the ICANN Bylaws. That process involved submission of (1) a "Notice of Intent to Form a New GNSO Constituency" (NOIF) followed by (2) a formal Petition/Charter.

In July 2009, at the Board's direction, Staff developed a set of criteria (see Exhibit A), consistent with Bylaws provisions, which could be applied in evaluating new Constituency petitions.

Five prospective Constituency groups have taken advantage of this process since those procedures were published and acknowledged by the Board. The status of those petitions is as follows:

- Three were formally "not approved" by the Board in December 2009 (CyberSafety, IDNgTLD, and CityTLD).
- The remaining two petitions are: (1) the Consumers Constituency, originally submitted 10 April 2009; and (2) the Not-For-Profit Operational Concerns Constituency (NPOC), originally submitted on 2 November 2010.

As of the current date, the Board has yet to approve any new Constituencies within the GNSO.

### **II. SIC Reviews and Analyzes the Existing Process**

Two major factors appear to have contributed to delays in approving the GNSO's first new Constituency since the procedures were formalized in late 2008. The first involved some uncertainty regarding the structural makeup of the two Stakeholder Groups. The second involved the criteria to be used for evaluating prospective Constituencies.

#### **Structural Matters:**

One consideration has been uncertainty regarding how the Commercial (CSG) and Non-Commercial (NCSG) Stakeholder Groups would ultimately structure themselves. Since July 2009, both the CSG and the NCSG have operated under transitional charters. In its transitional design, the CSG specifically retained the presence of formal Board-approved Constituencies.

Late last year, CSG members ratified a new permanent charter<sup>1</sup> that retains Constituencies as the sole structures eligible for membership in the Stakeholder Group. That charter is eligible for review by the Board.

On the other hand, while the NCSG's transitional charter provided for Constituencies, its original draft permanent charter included no recognition of formally recognized Constituencies – only *ad hoc* Interest Groups that did not require Board review or approval. Subsequent discussions between the SIC and NCSG members resulted in a new charter draft which provides an accommodation for recognized Constituencies, but not as actual members of the NCSG with voting rights. Membership in the NCSG, according to the latest draft charter, is comprised of individuals and organizations which may or may not join Constituencies at their discretion. Constituencies, as entities, may appoint representatives to various NCSG committees and submit policy positions, but do not vote in any NCSG matters, including elections.

The permanent CSG and the permanent NCSG charters are both subject to Board review at the June 24, 2011 Board meeting in Singapore.

#### Constituency Evaluation Criteria:

A second consideration, recognized by SIC members, is that the original new Constituency evaluation criteria (see Exhibit A) require the Board to exercise considerable subjective judgment. SIC members have concluded that the lack of objective and measurable evaluation criteria might also be contributing to Board inaction in deciding on new Constituency proposals.

#### Additional Process Concerns:

The original new Constituency process did not provide for a decision point triggered by receipt of the NOIF, which required several petitioners to perform the substantial task of developing an extensive charter document only to have their applications not be approved due to other substantive reasons (e.g., inconsistency with the GNSO's mission; incompatibility with the Stakeholder Group structure). As a result, Constituency proponents faced the prospect of considerable preparatory work, indefinite timeframes for Board review, and lack of clear guidance on their prospects.

The combination of these factors and assessments led to a collaborative effort on the part of the SIC and Staff to redevelop and streamline the new GNSO Constituency recognition process.

### **III. SIC Develops a Replacement Process**

The SIC's proposed "Process for Recognition of New GNSO Constituencies" was designed to accomplish four goals:

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<sup>1</sup> The replacement CSG Charter was posted for community review and comment (Forum dates: 2 Dec 2010 – 23 Jan 2011). No community comments were submitted. Until Board approval, the transitional CSG Charter remains in effect.

- 1) Optimize the considerable time and effort required to form, organize, and propose a new GNSO Constituency by prescribing a streamlined sequence of steps and associated evaluation criteria that are objective, fair, and transparent - with ample opportunity for community input;
- 2) Delegate more authority to each GNSO Stakeholder Group in evaluating new Constituency proposals while maintaining the Board's oversight role;
- 3) Manage the entire process to a flexible, but specific and limited timeframe; and
- 4) Provide a partial set of criteria for use during the periodic review of the GNSO.

Over several months, a special SIC sub-committee worked to craft a new set of objective evaluation criteria involving mission and purpose, operating principles, the proposed Constituency's uniqueness and representational focus, and the degree of community support and diversity reflected in the proposal. The SIC then directed Staff to incorporate these new criteria into a multi-step Constituency recognition process (see Exhibit B).

The result is a streamlined process made up of two distinct phases: Applicant and Candidate. In the replacement process, the original NOIF<sup>2</sup> and Petition/Charter elements are retained; however, a new Applicant Phase would become the first formal step of the process. The culmination of this first phase would be a Stakeholder Group recommendation, subject to Board ratification, based upon specific newly developed evaluation criteria (see Exhibit B, Appendix 1), whether to approve the petitioning Constituency to the Candidate Phase. In this way, only those proposals deemed appropriate for the GNSO would be required to invest the considerable time and effort required to develop an organizational charter document.

A new limited six-month Candidate Phase<sup>3</sup> would follow the Applicant Phase during which provisional Constituencies, acting in an observer status, would be expected to demonstrate having achieved certain participation and membership recruiting standards (see Exhibit B, Appendix 2) as well as producing a charter satisfying the criteria in Exhibit B, Appendix 3. At the end of this second phase, the Stakeholder Group, with Board concurrence, would decide whether to recommend final approval as a Recognized Constituency. A flowchart of the replacement process is provided in Exhibit C.

The SIC has actively solicited feedback from the two impacted GNSO Stakeholder Groups (CSG and NCSG) and directed Staff to commence a 30-day Public Comment Forum Period from 2 February 2011 through 3 April 2011 (extended by the Board from 4 March). A Staff Summary and Analysis has been published of the community's feedback (also attached as Exhibit F). In addition, the issues and concerns raised by the community were subsequently summarized by Staff in a checklist document for SIC review, evaluation, and disposition (Exhibit G). Each of the issues has now been addressed by the SIC and, as a result of its deliberations, a number of modifications, both substantive and clarifying, have been made to the original draft process as well as certain evaluation criteria.

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<sup>2</sup> The NOIF has also been updated to be consistent with changes in the replacement Constituency Process (see Exhibit D)

<sup>3</sup> One six-month extension is permitted; however, if the requirements have not been fulfilled at the end of that period, the petition is cancelled and any subsequent efforts to form a Constituency would begin anew.

The final revised process, its associated evaluation criteria, a process flowchart, related forms, the Public Comment Forum Staff summary, and the Public Comment Forum issues checklist are contained in Exhibits accompanying this report (see Section VI).

#### **IV. Discussion and Action Summary**

The SIC recommends that the Board approve the replacement "Process for Recognition of New GNSO Constituencies"(Exhibit B) and direct Staff to begin implementation.

#### **V. LINKS**

- The original (2008) New Constituency Process, filed NOIFs, petitions, and charters can be found at: <http://gnso.icann.org/en/improvements/newco-process-en.htm>
- Staff Summary & Analysis of Public Comments (Title: "Process for Recognition of New GNSO Constituencies"; Close Date: 3 April 2011)

#### **VI. EXHIBITS**

- A – Original Board Evaluation Criteria (July 2009)
- B – "Process for Recognition of New GNSO Constituencies" including Appendices
- C – New Constituency Recognition Process Flowcharts (Condensed)
  - Part A: All parties ACCEPT an application or request for recognition
  - Part B: One or more parties REJECT an application or request for recognition
- D – "Application for Candidacy (AFC) as a New GNSO Constituency"
- E – "Request for Recognition (RFR) as a New GNSO Constituency"
- F – Public Comment Issue Tracking Checklist ("Process for Recognition of New GNSO Constituencies"; Close Date: 3 April 2011)

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Current (Original) New Constituency Evaluation Criteria

*[Note: The material in this Exhibit was copied from the July 2009 Board Paper.]*

Based on the ICANN Bylaws, and input from Board members, the following items would, at minimum, appropriately populate a Board checklist for evaluating a proposed new GNSO Constituency. The Bylaws suggest that the answers to the items in the checklist must be answered affirmatively in order to approve the proposed Constituency.

- Does the proposed Constituency represent a **specific and significant group of stakeholders**? What are their ICANN-related issues of interest, and are they relevant to, or affected by GNSO policy development? Are they sufficiently defined and substantive enough to warrant inclusion in this way?
- Does the proposed Constituency **in fact represent the interests globally of the stakeholder** community it purports/seeks to represent? Does this body show evidence that it can grow to represent those interests, and related interests, as they become available around the world?
- Does the proposed constituency charter establish mechanisms that will allow it to **operate, to the maximum extent feasible, in an open and transparent manner**?
- Does the proposed constituency charter establish mechanisms that will allow it to **operate, to the maximum extent feasible, consistent with procedures designed to ensure fairness**?
- Will the addition of the proposed Constituency **improve the ability of the GNSO to carry out its policy-development responsibilities**? Does it represent an interest that needs to be considered in making gTLD policy? How closely is the proposed Constituency's interest aligned to ICANN's core mission?



# Process for Recognition of New GNSO Constituencies

Effective Date: 24 June 2011

## 1) Purpose

The two-step process described in this document, which replaces any and all previous versions, is adopted by the Board in fulfillment of its responsibilities under Article X, Section 5.4 of the ICANN Bylaws, allowing groups to petition the Board for recognition as a Constituency. The procedures in Section III establish criteria by which each application will be evaluated throughout the course of the process.

## 2) Scope

The processes, procedures, and criteria described in this document apply to Constituency applications intended for the Non-Commercial Stakeholder Group (NCSG) and Commercial Stakeholder Group (CSG) within the Non-Contracted Parties House (ref. ICANN Bylaws, Article X, Section 5.4). Applications submitted prior to the effective date of this process will be evaluated under the procedures existing at the time of submission.

## 3) Procedures

There are two steps defined within this process. At the end of each of step, an evaluation will be conducted by the applicable Stakeholder Group (SG), according to its internal charter provisions, which will determine whether the application is approved to proceed to the next phase subject to Board ratification. Specific evaluation criteria are documented in the appendices so that proponents can learn, in advance, what tasks and activities are expected of them and how each one will be measured and assessed.

### STEP 1. Application Phase

#### A. Application for Candidacy (AFC) Submittal

Proponents of a new Constituency complete and submit to the appropriate Stakeholder Group (via [new-constituency@icann.org](mailto:new-constituency@icann.org)) a GNSO Constituency Application for Candidacy (AFC) available at: {Link TBD}. If desired, a cover letter may accompany the application form. Staff will post the application to the ICANN website for a 30-day public comment period. At the end of the 30-day period, Staff will provide, within 10 working days, a report to the SG summarizing the comments received.

This first formal evaluation phase for an Applicant Constituency places a premium on the need for a clear and relevant purpose to ICANN, focused representation, and a demonstration of broad and





## Process for Recognition of New GNSO Constituencies

Effective Date: 24 June 2011

diverse support from prospective community members. The AFC and any accompanying documentation must fully address the criteria contained in Appendix 1 including:

- 1) Mission and Purpose
- 2) Operating Principles
- 3) Uniqueness and Representational Focus

In order to properly accommodate a new Constituency in accordance with this criterion, proponents may recommend a restructure of the SG's membership and/or the representational elements of one or more existing (or proposed) Constituencies. In such cases, proponents are encouraged to discuss structural alternatives with the appropriate SG before finalizing their application. Any recommended design changes must be delineated clearly so that an evaluation of uniqueness can be made in light of the alternative structure. In its oversight role, the Board is amenable to considering various organizational designs and encourages frameworks that support multiple mutually exclusive Constituency groupings which, it believes, will (1) foster the development of a broader and more diverse GNSO community over time and (2) enable those Constituencies, as they form and grow, to envelop the full breadth of the global communities that the SGs are intended to represent.

- 4) Applicant Constituency Community Support and Diversity

A GNSO Constituency may be comprised of individuals (e.g., registrants), organizations, or any combination thereof.

### B. SG Evaluation

Within 90 days of the receipt of an AFC, the SG, according to its internal procedures, will transmit a written decision regarding the application to the ICANN Board in which it may either:

- 1) Accept the proposed Constituency for admission to the Candidate phase of the process;
- 2) Reject the application; or
- 3) If the SG is unable to reach a decision specified in (1) or (2), the SG shall notify the Board of such inability. Failure to act within the allowed timeframe will be considered by the Board as an inability of the SG to reach a decision.

During this phase, the SG and the application proponents are obligated to engage in collaborative consultation and dialogue with a goal of maximizing mutual collaboration and understanding. As part of this process, the SG will take into account the public comments regarding the application and will apply the criteria described in Appendix 1. In its written submission to the Board, the SG will provide the rationale for its decision and include an explanation of the criteria elements that were or were not adequately addressed in the application. The written SG decision will be publicly posted.



## Process for Recognition of New GNSO Constituencies

Effective Date: 24 June 2011

### C. Board Ratification

If a SG application decision is received at least 45 days in advance of a scheduled ICANN Board meeting, the Board shall strive to take one of the following actions at that meeting; otherwise, the decision will be reviewed at the Board's next consecutively scheduled meeting:

- 1) Ratify the decision of the SG by a simple majority vote;
  - a) If the Board ratifies the decision of the SG to admit the applicant to the Candidate Phase, Constituency candidacy will be deemed to start on the date the ratification is taken by Resolution of the Board.
  - b) If the Board ratifies the decision of the SG to reject the applicant's admission to the Candidate Phase, the application shall be deemed denied, without prejudice to the right of the proponents to resubmit a new application.
- 2) Reject the decision of the SG by a supermajority (2/3) vote and provide a written statement of its concerns, including an explanation of any criteria elements that were not adequately considered by the SG in its decision-making process; or
- 3) If the SG was unable to reach a decision, the Board shall make a determination to accept or reject the applicant's request for admission to the Candidate phase.

In its review prior to making its decision, the ICANN Board may ask questions and otherwise consult with the SG, the application proponents, and seek input from other interested parties regarding the SG decision.

If it is not feasible for the Board to take action on the SG decision after having considered the matter at two meetings, the Board, through a committee designated for this purpose, shall report the circumstances that prevented it from making a final action and its best estimate of the time required to reach an action.

### D. SG Reconsideration

Within 60 days after receiving a notice of rejection from the Board, the SG, according to its internal procedures, shall review and consider the comments of the ICANN Board and may either:

- 1) Accept the comments of the ICANN Board and modify the SG's previous decision accordingly;
- 2) Reject the comments of ICANN Board and resubmit the SG's original decision to the ICANN Board; or



## Process for Recognition of New GNSO Constituencies

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- 3) If the SG is unable to reach a decision specified in (1) or (2), the SG shall notify the Board of such inability. Failure to act within the allowed timeframe will be considered by the Board as an inability of the SG to reach a decision.

During its review and consideration of the decision of the ICANN Board, the SG may engage in a dialogue as appropriate with the ICANN Board, the application proponents, as well as consult with the SG community. The written SG decision will be publicly posted.

### E. Board Ratification

If a SG application decision is received at least 45 days in advance of a scheduled ICANN Board meeting, the Board shall strive to take one of the following actions at that meeting; otherwise, the decision will be reviewed at the Board's next consecutively scheduled meeting:

- 4) Ratify the reconsidered decision of the SG by a simple majority vote:
  - a) If the Board ratifies the decision of the SG to admit the applicant to Candidacy phase, the Candidacy phase will be deemed to start on the date the ratification is taken by Resolution of the Board.
  - b) If the Board ratifies the decision of the SG to reject the applicant's admission to Candidacy phase, the application shall be deemed denied, without prejudice to the right of the applicant to resubmit a new application.
- 5) Reject the reconsidered decision of the SG by a supermajority (2/3) vote and make a determination to accept or reject the applicant's admission to the Candidacy phase; or
- 6) If the SG was unable to reach a reconsidered decision, the Board shall make a determination to accept or reject the applicant's admission to the Candidacy phase.

## STEP 2. Candidate Phase

During this period, the Candidate Constituency will be supplied with a toolkit of administrative support services supplied by ICANN Staff to include such capabilities as telephone conference bridges and meeting facilities at ICANN Public meetings.

### A. Request for Recognition (RFR) Submittal

Within 6 months of a Board resolution approving an Applicant Constituency to enter the Candidate Phase, the proponents will submit to the SG (via [new-constituency@icann.org](mailto:new-constituency@icann.org)) a Request for Recognition (RFR) [Link: TBD] as a Constituency in the SG. This request will include:

- 1) An Activity Report containing:



## Process for Recognition of New GNSO Constituencies

Effective Date: 24 June 2011

- a) A summary of the Candidate Constituency's participation in the SG's activities as described in Appendix 2 of this document, and
  - b) The Candidate Constituency's membership growth to reach the goals described in Appendix 2 of this document.
- 2) A proposed charter for the Constituency developed in accordance with the criteria in Appendix 3.
  - 3) An indication of the proposed resources that will be needed by the Constituency to participate in the SG (and the GNSO and ICANN) as a fully recognized Constituency.

If the Candidate Constituency needs more time to complete STEP 2, it may request a one-time automatic six-month extension (submitted to [new-constituency@icann.org](mailto:new-constituency@icann.org)). The Candidate Constituency need not use the entire period. It may submit its materials at any time within that period. At the end of the extension period, if STEP 2 has not been completed, as outlined above, the Constituency's candidate status will be considered terminated, at which point any subsequent petition for new Constituency consideration must begin anew at STEP 1.

### B. Staff Charter Analysis and Post for Public Comment

Upon receipt of the Request for Recognition, Staff will analyze the proposed charter provisions for consistency with the ICANN Bylaws as well as documented procedures within the GNSO; and provide an impact assessment of the Request on ICANN resources. Staff will complete its analysis and provide a report, within 10 working days, to both the SG and the Candidate Constituency for use in the deliberations regarding the Request for Recognition. If the Staff analysis indicates any areas that may require modification and the Candidate Constituency decides to complete such modification(s), the SG shall grant a period of no more than 30 days for the Candidate Constituency to revise its Request for Recognition.

Upon completion of the 30-day revision period or earlier determination by the SG and Candidate Constituency that no further revisions will be made to the Request for Recognition, Staff will post its analysis and the latest Request for Recognition for a 30-day public comment period. At the conclusion of the public comment period the Staff will produce, within 10 working days, a summary of the comments submitted.

### C. SG Evaluation

Within 30 days of the receipt of the Staff summary of the public comments submitted on the Request for Recognition, the SG shall take action on the Request for Recognition, according to its internal procedures, and transmit a written decision to the ICANN Board. The SG may either:

- 1) Approve the Request for Recognition ;



## Process for Recognition of New GNSO Constituencies

**Effective Date: 24 June 2011**

- 2) Reject the reject the Request for Recognition; or
- 3) If the SG is unable to reach a decision specified in (1) or (2), the SG shall notify the Board of such inability. Failure to act within the allowed timeframe will be considered by the Board as an inability of the SG to reach a decision.

During this phase, the SG and the application proponents are obligated to engage in collaborative consultation and dialogue with a goal of maximizing mutual collaboration and understanding. As part of this process, the SG will take into account the public comments regarding the Request for Recognition and will apply the criteria described in Appendix 2. In its written submission to the Board, the SG will provide the rationale for its decision and include an explanation of any criteria elements that were not adequately addressed in the application. The written SG decision will be publicly posted.

### D. Board Ratification

If a SG candidate decision is received at least 45 days in advance of a scheduled ICANN Board meeting, the Board shall strive to take one of the following actions at that meeting; otherwise, the decision will be reviewed at the Board's next consecutively scheduled meeting:

- 1) Ratify the decision of the SG by a simple majority vote;
  - a) If the Board ratifies the decision of the SG to recognize the Constituency, the Constituency will be formally recognized as of the date the Board Resolution is approved.
  - b) If the Board ratifies the decision of the SG to reject the recognition of the Constituency, the application shall be deemed denied without prejudice to the right of the applicant to resubmit a new application.
- 2) Reject the decision of the SG by a supermajority (2/3) vote and provide to the SG a written statement of its concerns, including an explanation of any criteria elements that were not adequately considered by the SG in its decision-making process; or
- 3) If the SG was unable to reach a decision, the Board shall make a determination to accept or reject the Candidate Constituency's Request for Recognition.

In its review prior to making a decision, the ICANN Board may ask questions and otherwise consult with the SG, the Candidate Constituency proponents, as well as seek input of other interested parties regarding the SG decision.

If it is not feasible for the Board to take action on the SG decision after having considered the matter at two meetings, the Board, through a committee designated for this purpose, shall report the circumstances that prevented it from making a final action and its best estimate of the time required to reach an action.



## Process for Recognition of New GNSO Constituencies

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### E. SG Reconsideration

Within 60 days after receiving a notice of rejection from the Board, the SG shall review and consider the comments of the ICANN Board and, according to its internal procedures, may either:

- 1) Accept the comments of the ICANN Board and modify its previous decision accordingly;
- 2) Reject the comments of the ICANN Board and resubmit its original decision to the ICANN Board; or
- 3) If the SG is unable to reach a decision specified in (1) or (2), the SG shall notify the Board of such inability. Failure to act within the allowed timeframe will be considered by the Board as an inability of the SG to reach a decision.

During its review and consideration of the decision of the ICANN Board, the SG may engage in a dialogue with the ICANN Board, the Candidate Constituency, as well as consult with the SG community. Any further decision of the SG shall be in writing, and will be publicly posted, and shall be forwarded to the ICANN Board.

### F. Board Ratification

If a SG candidate decision is received at least 45 days in advance of a scheduled ICANN Board meeting, the Board shall strive to take one of the following actions at that meeting; otherwise the decision will be reviewed at the Board's next consecutively scheduled meeting:

- 1) Ratify the reconsidered decision of the SG by a simple majority vote;
  - a) If the Board ratifies the reconsidered decision of the SG to recognize the Constituency, the Constituency will be formally recognized as of the date the Board Resolution is approved.
  - b) If the Board ratifies the reconsidered decision of the SG to reject the recognition of the Constituency, the application shall be deemed denied without prejudice to the right of the applicant to resubmit a new application.
- 2) Reject the reconsidered decision of the SG by a supermajority (2/3) vote and make a determination to accept or reject the applicant's Request for Recognition; or
- 3) If the SG was unable to reach a reconsidered decision, the Board shall make a determination to accept or reject the applicant's Request for Recognition.

### Recognized Constituency

Upon becoming formally recognized, the Constituency will enjoy full participation rights and obligations as described in the applicable Stakeholder Group Charter. The Constituency, like all other GNSO Constituencies will be subject to periodic review. At a minimum this will be concurrent with the review of the GNSO. The Board will describe the criteria for the review.

The following minimum criteria are intended to apply a rigorous level of inquiry to ensure the legitimacy and suitability of the proposed Constituency within ICANN and the GNSO.

- 1) Mission and Purpose: The Applicant Constituency's stated mission and purpose must be relevant to and consistent with:
  - (a) The mission and goals of ICANN and the GNSO.
  - (b) The Charter of the Stakeholder Group to which the proponents are applying.
  
- 2) Operational Principles:
  - The proposed Constituency must state that it will operate in accordance with ICANN's Standards of Behavior and the principles of openness, fairness, and transparency.
  
- 3) Uniqueness and Representational Focus:
  - (a) The proposed Constituency must state how it is unique and non-duplicative of other Constituencies within the Stakeholder Group to which the proponents are applying.
  - (b) The membership representation of the proposed Constituency must be limited to a defined subset of the Stakeholder Group comprising one or more discrete and logically related segments according to: (a) a recognized classification system such as, but not limited to, North American Industry Classification System ([NAICS](#)), International Standard Industrial Classification ([ISIC](#)), or National Taxonomy of Exempt Entities-Core Codes ([NTEE-CC](#)); or (b) an alternate construct proposed by the Applicant (see Step 1-A).
  
- 4) Applicant Constituency Community Support and Diversity

For Constituencies whose membership is more than 50% comprised of organizations, criterion (a) will apply. For Constituencies whose membership is more than 50% comprised of individuals, criterion (b) will apply.

  - (a) Proponents must provide authorized letters of support from at least sixteen (16) organizational entities, which express an intention to become members and support the mission of the Constituency if it is approved. Two of those entities must be located in each of at least four ICANN Geographic Regions or at least one entity from all five ICANN Geographic Regions. To satisfy this criterion, the entities must be unrelated to each other. Individuals who may be eligible for Constituency membership, but are not part of an organization, are not counted in assessing this support and diversity criterion.
  - (b) Proponents must provide authorized letters of support from at least thirty-five (35) separate individuals who express an intention to become members and support the mission of the Constituency if it is approved. Seven of these individuals must be located in each of at least four ICANN Geographic Regions or at least four individuals from each of five Geographic Regions.

To qualify to become a Recognized Constituency, at a minimum, the Candidate Constituency must:

- 1) Have prepared and submitted a formal charter with specific governance mechanisms and provisions that are consistent with the checklist set forth in Appendix 3.
- 2) Have participated actively in at least two GNSO Working Groups (including committees, work teams, drafting teams, or other Council-approved structures) with its representatives attending at least 50% of the scheduled meetings.
- 3) Have prepared and submitted at least two Constituency policy position statements or other policy analyses to its Stakeholder Group and/or other recognized GNSO forum (e.g. GNSO Council, ICANN Public Comment Forum).
- 4) Have demonstrated active engagement in the applicable Stakeholder Group by becoming a participant in at least two committees, if appropriate and applicable, with its representatives attending at least 50% of the scheduled meetings.
- 5) For Constituencies whose membership is more than 50% comprised of organizations, criterion (a) will apply; for Constituencies whose membership is more than 50% comprised of individuals, criterion (b) will apply.
  - a) Show a membership count of at least thirty-two (32) organizational entities with four entities located in each of at least four ICANN Geographic Regions or at least two entities from all five ICANN Geographic Regions. To satisfy this criterion, the entities must be unrelated to each other.
  - b) Show a membership count of seventy (70) individual members with fourteen individuals located in each of at least four ICANN Geographic Regions or at least seven individuals from each of five ICANN Geographic Regions.



*While creativity in content organization and format are supported by the Structural Improvements Committee (SIC), charters should incorporate the following elements:*

**I. Mission and Principles**

<input type="checkbox"/>	<u>Charter Scope.</u> Reference to ICANN Bylaws.
<input type="checkbox"/>	<u>Mission.</u> Statement of purpose consistent with ICANN Bylaws and Board-approved GNSO Improvement/Restructuring recommendations.
<input type="checkbox"/>	<p><u>Principles for Leaders and Members.</u> Includes:</p> <ul style="list-style-type: none"> <li>a) Important overarching principles, consistent with ICANN Bylaws and Board direction, emphasizing fairness, openness, and transparency in all policies, practices, and operations;</li> <li>b) Service standards for leadership positions including impartiality, accountability, and conflicts of interest declarations; and</li> <li>c) Behavioral expectations of all leaders, members, and participants including adhering to <a href="#">ICANN Expected Standards of Behavior</a>; supporting the bottom-up consensus model; treating others with dignity, respect, courtesy, and civility; listening attentively to understand others; acting with honesty, sincerity, and integrity; and maintaining community good standing.</li> </ul>

**II. Organization, Leadership, and Committee(s)**

<input type="checkbox"/>	<u>Structure:</u> Identify and define each of the permanent structural components needed to govern, manage, and administer the SG/C including leadership positions, committees/group(s), GNSO Council Representatives, and Members.
<input type="checkbox"/>	<u>Purpose and Function:</u> For each permanent committee (or council) envisioned (e.g. executive, administrative, policy development, membership, communications), what is the purpose of that entity and what are its principal functions?
<input type="checkbox"/>	<u>Officers, Eligibility, and Terms of Office:</u> What officers and positions comprise the committee’s (or council’s) leadership structure; how are they appointed or elected; what are the relevant eligibility criteria; what term limits and/or staggered terms apply; and how are resignations, suspensions, removals, and vacancies handled within the SG/C?
<input type="checkbox"/>	<u>Responsibilities:</u> Describe the roles, duties, and responsibilities of each leadership position including delegated powers and authorities.

**III. Membership**

<input type="checkbox"/>	<u>Member Qualification and Eligibility</u> : Address how the SG/C defines its membership including factors such as representation, diversity, member expertise/knowledge, markets or interest areas served, et al.; what entities are eligible and, if applicable, ineligible to join this SG/C; and what membership states are recognized including active, inactive, registered, non-registered, et al.
<input type="checkbox"/>	<u>Member Rights and Responsibilities</u> : Describe the rights, privileges, and responsibilities of membership including voting, participation, involvement, and recruitment. How are membership status and eligibility monitored/reviewed and what procedures govern disciplinary action including warnings, suspensions, and terminations. Document any appeals processes that apply.
<input type="checkbox"/>	<u>Appointed Representatives</u> : Describe the SG/C’s requirements and standards for appointed representatives including services to be performed, credentials/qualifications, knowledge/expertise, time/interest requirements, and participation/involvement expectations.
<input type="checkbox"/>	<u>Recruitment and Outreach</u> : Describe the SG/C’s commitment to and policies, practices, and values with respect to expansion and growth. What steps does a prospective Member follow to apply for membership?

**IV. GNSO Council Representatives (CR)**

Pursuant to Article X, Section 3 of the ICANN Bylaws, each GNSO Stakeholder Group is accorded the authority to establish its own mechanisms for selecting GNSO Council representatives from its community. To the extent the applicable SG Charter establishes such a process, each underlying Constituency Charter should acknowledge and follow that process. To the extent that the SG Charter does not establish a process, or otherwise assigns that task to its member Constituencies, the Constituency charter should include processes consistent with the following two provisions:

<input type="checkbox"/>	<u>Elections</u> . Specify how CR candidates are nominated, what eligibility criteria apply, how geographic diversity is taken into account, and what election system(s) will be used including voting methodologies. If weighted voting is utilized, specify the factors involved and how the computations are determined and applied consistently. Timeframes should be specified for each step in the process and how election results will be determined, communicated, verified, and publicized.
<input type="checkbox"/>	<u>CR Terms</u> . In order to promote continuity of CRs elected to the GNSO Council from the SG, describe how CRs shall serve staggered terms such that <i>i</i> CRs will be elected in odd years and <i>j</i> CRs will be elected in even years. Charters should note that GNSO Council Representatives are subject to terms limits as specified in Article X, Section 3 of the Bylaws and the GNSO Operating Procedures, Section 2.1

**V. Communications**

<input type="checkbox"/>	<u>Meetings/Conferences</u> : What types of meetings will the organization hold including frequency/duration and for what general or specific purposes? How will notifications and agendas be handled and what protocols will be employed to guide the sessions (e.g. Robert’s Rules of Order)? What attendance options are supported (e.g. remote teleconference)? Are observers permitted? How will sessions be recorded (e.g. audio, minutes), published, and archived? Will translation/interpretation services be offered or available?
<input type="checkbox"/>	<u>Publication Policies</u> . Describe the organization’s responsibility for and supervision of communications media including appropriate and inappropriate content, privacy rules, and disciplinary action for violation including removal of content, suspension/termination of privileges, and any appeal processes that may apply.
<input type="checkbox"/>	<u>Records Retention</u> . What is the organization’s commitment to maintain all records, databases, and documents, including archives, of the Constituency for at least a four year period as specified by ICANN?

**VI. Elections, Voting, and Decisions**

<input type="checkbox"/>	<u>Eligibility for Elected Office</u> : Include any general eligibility criteria pertaining to elected positions not elsewhere covered under a particular title.
<input type="checkbox"/>	<u>Election Procedures</u> : Describe the organization’s processes, rules, and associated timelines for handling announcements, nominations, circulations, candidates formal acceptance, and submission of resumes/bios/qualifications; balloting sequence; acceptable or allowable voting mechanisms; quorum rules; proxies; outcome determinations including how ties are resolved; publication/announcement; and confidentiality provisions.
<input type="checkbox"/>	<u>Rights, Privileges, and Limitations</u> : Which members are permitted to vote and under what circumstances, if any, might a member’s voting privileges be revoked or suspended (e.g. fee delinquency, conflict of interest, suspension)?

**VII. Finances**

<input type="checkbox"/>	<u>Revenues</u> . Itemize the organization’s revenue sources including, as applicable, membership dues, fees, subscriptions, grants, gifts, et al. Specify applicable provisions for payment, non-payment, settlements, refunds, and waivers for extenuating circumstances including, if applicable, special rates for small companies or organizations from developing countries.
<input type="checkbox"/>	<u>Expenses</u> . How are funds disbursed and what procedures are in place for authorization and review of expenditures?

- Policies/Practices:** What is the organization’s accounting period (e.g. fiscal, calendar); budgeting process; annual financial reporting/publication policy including transparency; and process for independent review? Does the organization follow generally accepted accounting principles?

**VIII. Amendments, Revisions, and Document Control**

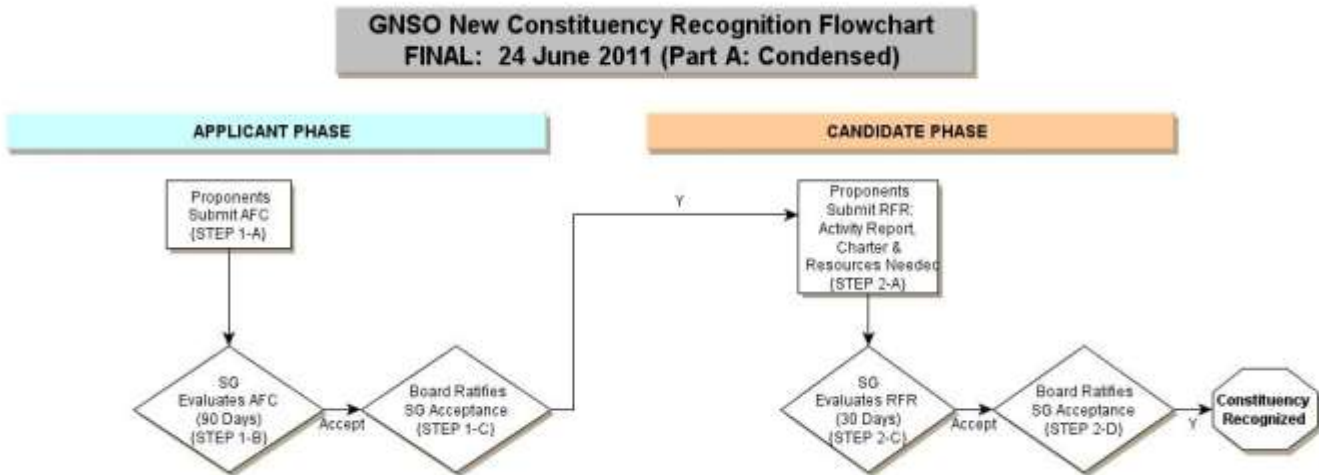
- Amendments.** Explain how charter amendments or revisions are made and approved including document control (see sample below).

Version	Date	Name	Description
1.0	1 Sep 2010	John Individual	First draft for team review and discussion
1.1	15 Sep 2010	Mary Person	Changes made to Sections to ...



# New Constituency Recognition Process Flowcharts

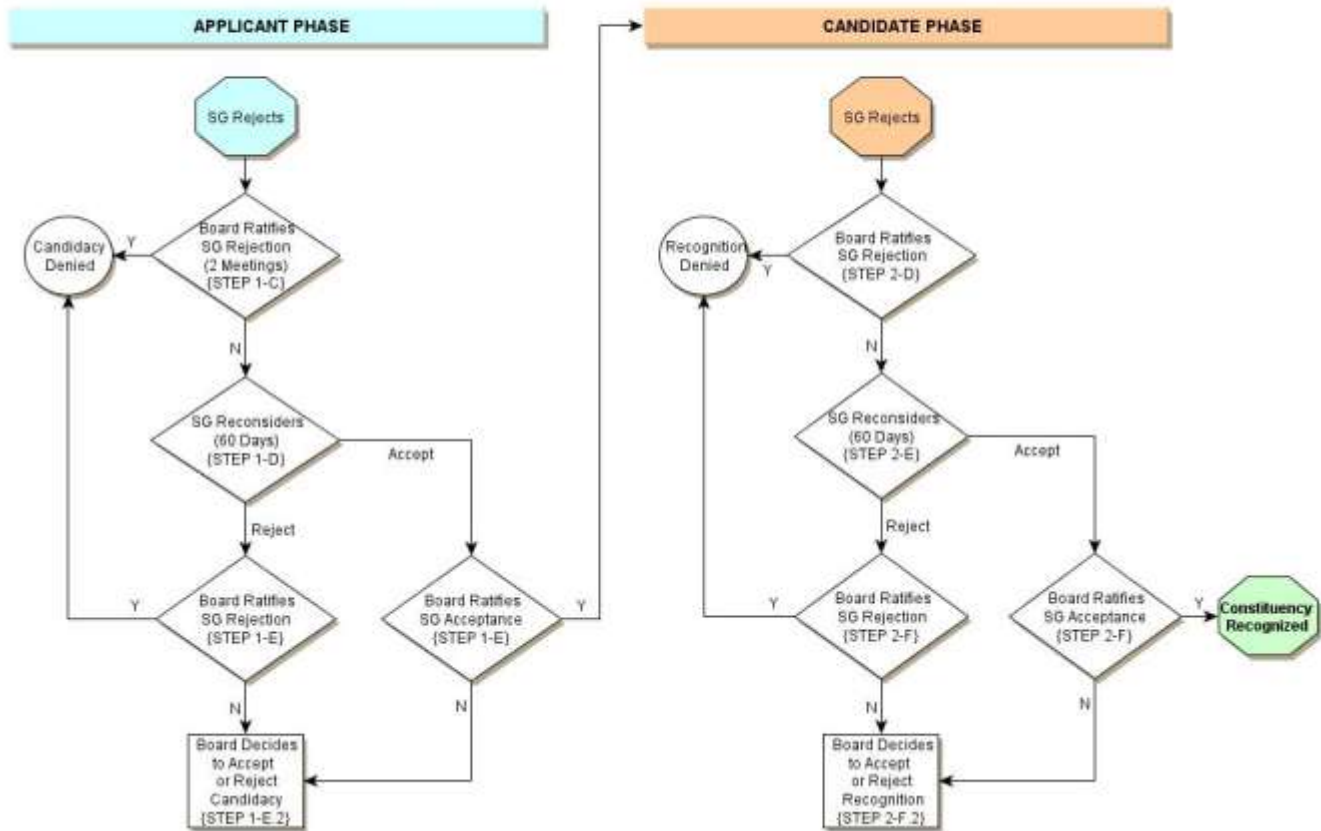
**Part A:** All parties ACCEPT an application or request for recognition



# New Constituency Recognition Process Flowcharts

**Part B: One or more parties REJECT an application or request for recognition**

**GNSO New Constituency Recognition Flowchart  
FINAL: 24 June 2011 (Part B: Condensed)**





# Application for Candidacy (AFC) as a New GNSO Constituency (Template)

**Important Notices:**

(1) This form's purpose is to initiate Step 1 of a two-step process [Link TBD] in petitioning the appropriate Stakeholder Group and ICANN Board to become formally recognized as a new GNSO Constituency. An evaluation of this application will occur, against published criteria, followed by a Stakeholder Group decision, ratified by the Board, as to whether the applicant will be accepted into Step 2-Candidate Phase of the process.

(2) A copy of this form will be provided to the Board as well as all Stakeholder Groups, Constituencies, and the GNSO Council. It will also be publicly posted on the GNSO website with phone and fax numbers redacted.

**Submit to ICANN Board at [new-constituency@icann.org](mailto:new-constituency@icann.org) (contact [policy-staff@icann.org](mailto:policy-staff@icann.org) with questions or if you do not receive a confirmation email after submittal).**

Submitter's Name:	
Company/Organization:	
Tel. Number:	
Fax Number:	
Email Address:	
Date:	

*Please complete the following information and feel free to include supplementary attachments or documents that may aid the applicable Stakeholder Group and Board in evaluation this application.*

**Section 1.0: Constituency Mission/Purpose**

- 1.1 What name/title do you propose to give the new Constituency, if approved?
  
- 1.2 What is the intended purpose of the new Constituency and, specifically, how does it relate to and support the missions/goals of ICANN and the GNSO?
  
- 1.3 Into which GNSO Stakeholder Group (SG) are you recommending that it be placed (only one permitted) including rationale? Please describe how your purpose is aligned with the SG's mission and charter.



## Application for Candidacy (AFC) as a New GNSO Constituency (Template)

- 1.4 How will the addition of this Constituency improve, extend, or expand the GNSO's ability to carry out its policy-development responsibilities?

### Section 2.0: Operating Principles

- 2.1 Explain your group's commitment to ICANN's multi-stakeholder model, bottom-up consensus process, and Board-approved Standards of Behavior (<http://www.icann.org/en/documents/code-of-conduct-10jan08-en.pdf>).

### Section 3.0: Uniqueness and Representational Focus

- 3.1 What composition (organizations, individuals) and representation (e.g., industry segment/classification) do you propose for this Constituency including membership eligibility and ineligibility requirements?
- 3.2 How will the establishment of this Constituency augment, complement, and otherwise contribute a unique and non-duplicative perspective to the GNSO's existing structures? *[Note: If structural characteristics of this Constituency suggest a reformulation of the applicable Stakeholder Group's membership and/or another existing (or proposed) Constituency's representation, please describe your proposal in detail including any constructs upon which it is based (e.g., independent classification system). For example, if this Constituency's membership representation overlaps with that of another existing Constituency, how do you propose that the duplication be resolved organizationally?]*

### Section 4.0: Community Support and Diversity

- 4.1 How will this Constituency represent its membership on a global basis? How many prospective members have formally expressed an interest in joining? Please provide a letter of support from each organization indicating its size (number of employees or, if a membership organization, individual members) as well as the ICANN geographic region in which its headquarters is located.
- 4.2 What plans for recruitment/expansion do you envision for this new Constituency, if approved?





**Application for Candidacy (AFC) as a New  
GNSO Constituency (Template)**

**Section 5.0: Other**

- 5.1 Please list the proponents of this Constituency and include a statement of each one's individual interest in its formation as well as any planned role(s) if approved.
  
- 5.2 Please feel free to include any additional information below that you believe may assist the Stakeholder Group and Board in evaluating this application.

#END#



# Request for Recognition (RFR) as a New GNSO Constituency (Template)

**Important Notices:**

(1) The purpose of this document is for a Candidate Constituency to request the applicable Stakeholder Group and ICANN Board for formal recognition as a new GNSO Constituency. The proponents will have successfully completed Step 1-Applicant Phase of the “Process for Recognition as a New GNSO Constituency” (hereinafter Process) [[Link TBD](#)].

(2) This request and associated documents will be provided to the Board, all Stakeholder Groups and Constituencies, and the GNSO Council. It will also be publicly posted with phone and fax numbers redacted.

**Submit to:** [new-constituency@icann.org](mailto:new-constituency@icann.org) [Note: If you do not receive a confirmation after submittal or have questions, please contact [policy-staff@icann.org](mailto:policy-staff@icann.org)].

Constituency Name:	
Your Name:	
Your Company/Organization:	
Tel. Number:	
Fax Number:	
Email Address:	
Submission Date:	

**Instructions:**

Within 6 months<sup>4</sup> of a Board resolution approving an Applicant Constituency to enter the Candidate Phase, the Constituency proponent(s) will submit this request along with the following:

- 3) An Activity Report containing:
  - c) A summary of the Candidate Constituency’s participation in the Stakeholder Group’s activities as described in Appendix 2 of the Process, and
  - d) The Candidate Constituency’s membership growth to reach the goals described in Appendix 2 of the Process.
- 4) A proposed charter for the Constituency developed in accordance with the criteria in Appendix 3 of the Process. A charter development template is provided below and ICANN Staff is available to provide additional guidance and assistance to the Candidate Constituency.

<sup>4</sup> If the Candidate Constituency needs more time to complete Step 2, it may initiate a one-time automatic six-month extension by sending a request to [new-constituency@icann.org](mailto:new-constituency@icann.org).



**Request for Recognition (RFR) as a New  
GNSO Constituency (Template)**

- 4) An indication of the proposed resources that will be needed by the Constituency to participate in the SG (and the GNSO and ICANN) as a fully recognized Constituency.

#END#



## Public Comment Forum Issues Tracking Checklist

### Forum: Process for Recognition of New GNSO Constituencies

[Opened: 2 February 2011; Closed: 3 April 2011]

1) Conflict of Interest	
Issue/Suggestion/Recommendation	Response/Comments
<p>1.1 SGs should have input to the Board regarding Constituency applications, but not approval authority due to conflict of interest.</p> <p>1.2 SGs would have little incentive for new entrants because of the dilution of power.</p>	<p>Each SG decision regarding a new Constituency application is subject to ratification by the Board. Recognizing that there can be differences of opinion as to the merits of any application, the process codifies specific criteria in an effort to minimize subjective influences, potential conflicts, or other perceived disincentives. In order for a SG to recommend not approving an application, it must identify to the Board the specific criteria that it believes have not been met. If the Board disagrees with a SG's decision, the process provides for reconsideration with the Board ultimately having final disposition authority.</p>
2) Process Complexity and Timeliness	
Issue/Suggestion/Recommendation	Response/Comments
<p>2.1 Concern about potential elongated timeframe due to "regularly-scheduled" Board meetings.</p> <p>2.2 Board should not have open-ended decision cycle and should be required to render decision within 2 successive meetings.</p>	<p>The process has been amended to state that, if an SG submits a decision to the Board at least 45 days in advance of the next scheduled Board meeting, such a request will be reviewed at that meeting; otherwise, the decision will be reviewed at the next consecutively scheduled Board meeting. The process further provides that, if the Board is unable to act after considering the matter for two meetings, it shall form a special committee to "report on the circumstances...and its best estimate of the time required to reach an action" (see also 4.1 below).</p>
<p>2.3 Too many complex and unnecessary process/review steps.</p>	<p>The process and review steps were designed to ensure due diligence and transparency in the decision-making process. It should be noted that, if a SG accepts an application (or candidate) and the Board agrees, the review process terminates. The additional steps required when there is disagreement between the SG and the Board are designed to ensure a thorough examination in fairness to the applicant.</p>



## Public Comment Forum Issues Tracking Checklist

<p>2.4 Meetings between SG &amp; Board/Council create procedural complexities and potentially elongate the time horizon.</p>	<p>All of the “consultations” mentioned in the procedures are optional and, if exercised, must be carried out within the prescribed timeframes allotted; therefore, by design, they cannot elongate the process. The reference to the “GNSO Council” (Step 2-E) was inadvertently missed in an earlier editing phase and has been removed in the final version.</p>
<p><b>3) Evaluation Criteria</b></p>	
<p><b>Issue/Suggestion/Recommendation</b></p>	<p><b>Response/Comments</b></p>
<p>3.1 Eliminate ‘Large’ and ‘Small’ organization categories: arbitrary; lacks policy rationale; could disadvantage otherwise legitimate groups.</p>	<p>Based upon the community feedback, the “Large” and “Small” categories have been eliminated in the final process version. The requirement (see Appendix 1 and 2) has been revised to specify a total minimum number of support letters without regard to the size of the submitting organizations.</p>
<p>3.2 Eliminate distinction between Constituencies (i.e., organizations vs. individuals).</p>	<p>Distinguishing the amount of demonstrated support on the basis of entity classification is appropriate given the possibility that a Constituency could be organized primarily of individuals (e.g., registrants). Such a Constituency should be expected to demonstrate quantitatively higher levels of individual support from around the world than would be true of organizational structures which may represent hundreds, if not thousands of members on a regional or global basis.</p>
<p>3.3 Eliminate external industry classification systems: too technical; no logical or policy basis; potential barrier to entry.</p>	<p>The purpose of this criterion is to eliminate any potential barriers to entry. One of the requirements of a prospective new Constituency is to show that it is non-duplicative of existing structures. It is possible that the defined scope of an existing SG’s Constituencies already encompasses the entire breadth of its industry segmentation (e.g., non-commercial). In such a case, a new Constituency could never “fit” without some redefinition of boundaries. The process document identifies several well-respected industry classification systems as <u>potential</u> models and also permits “...an alternate construct proposed by the Applicant” (see Appendix 1-3b).</p>
<p>3.4 External industry classification systems: define terms and provide reference links.</p>	<p>In the final version, the acronyms have been extrapolated with hyperlinks retained.</p>



## Public Comment Forum Issues Tracking Checklist

<p>3.5 Authorized letters of support requirement is unreasonable; too high a barrier; should be amended (no recommendation provided).</p>	<p>Producing letters of support is a reasonable method for demonstrating broad community support for the Constituency. While the Board acknowledges that any initial set of numbers may appear arbitrary, in the absence of some minimum quantity, the process could be gamed and would not provide the SG with any objective metric that could be used to assess the support and representativeness of the prospective Constituency. One important goal of the new recognition process is to remove subjectivity as much as possible and rely upon quantifiable data – even at the risk of starting with a threshold that may be unreasonably high or low. If the Board determines that the minimum quantities are not achieving the goals of the process, they can be raised or lowered according to documented experience.</p>
<p>3.6 New Constituencies may not be able to “break into” established WGs; either require WGs to accept them or make exception in criteria.</p>	<p>While it is recognized that accommodating new participants within an established Working Group can be challenging, this requirement (see Appendix 2-2) only pertains to the Candidate phase of the process. The prospective Constituency has in excess of nine months from the start of the Applicant phase in which to identify and participate in only two Working Groups and the requirement includes committees, work teams, drafting teams, or other Council-approved structures. This criterion is reasonable as a starting point; however, it can be raised, lowered, or otherwise altered based upon community experience.</p>
<p>3.7 Some SGs do not have many ‘committees’ which may make the requirement impossible to achieve.</p>	<p>Based upon this feedback, in the final version, the process now qualifies this criterion (see Appendix 2-4) to note, “if appropriate and applicable.”</p>
<p><b>4) Procedural Recommendations</b></p>	
<p><b>Issue/Suggestion/Recommendation</b></p>	<p><b>Response/Comments</b></p>
<p>4.1 Board should be required to address new Constituency requests at its next meeting. 4.2 Board should be required to make decision on Applicant or Candidate petitions within 2 successive meetings.</p>	<p>Please see responses to 2.1 and 2.2 above.</p>
<p>4.3 Process should clearly delineate that it is applicable ONLY to Non-Contracted Parties SGs.</p>	<p>In the final version, the scope has been narrowed to Non-Contracted Parties SGs (see also 3.7).</p>
<p>4.4 Constituencies proposing to restructure a SG should be encouraged to discuss such alternatives with SG before submitting application.</p>	<p>Based upon this feedback, the final version of the process incorporates new text to encourage prior discussion between the Applicant and the SG before finalizing the application.</p>



## Public Comment Forum Issues Tracking Checklist

<p>4.5 The procedures place responsibility for decision-making on “SGEx;” however, not all SGs permit an Executive Committee to act on behalf of entire membership.</p>	<p>In response to this advice, all occurrences of “SGEx” have been replaced by “SG” and; furthermore, it has been noted that SG decisions should follow internal governance provisions. Within the SG process steps, all references to a specific type of vote (e.g., majority, 2/3) have been removed deferring, instead, to each SG’s particular decision-making procedures.</p>
<p>4.6 Constituencies should have a definitive appeal or rebut process in the event that an application or candidacy is disapproved by SG or Board.</p>	<p>The intent of this idea is appreciated; however, in the defined process, the Board has been accorded this due diligence role in its review and consideration of any SG rejection. In addition, there is a separate and formal reconsideration process that applies to Board decisions; therefore, another appeal or rebut process does not appear to be necessary within the scope of this process.</p>
<p>4.7 All Board decisions should be made public.</p>	<p>All Board decisions are required to be transparent including the new practice of including rationale statements. There is nothing in this new Constituency recognition procedure that alters the above requirement of the Board to make its decisions public.</p>
<p>4.8 To address conflict of interest concern, new Constituency recognition should be handled by a special committee comprising SG and Board members. Consideration should also be given to adding members from the other House SG.</p>	<p>The alternative of creating a special committee to perform this function is thoughtful and creative; however, the Board is not eager to create any more committees than it has at present. In addition, the Board believes that, for matters as important as approving new Constituency applications, the perspectives of all Board members should be heard and considered. A third concern is that delegating such action to a multi-organizational committee may conflict with the Bylaws (Article X, Section 5.4). See also item 1.1 and 1.2 above in which the subject of potential conflicts of interest is addressed.</p>
<p><b>5) Questions for Clarification</b></p>	
<p><b>Issue/Suggestion/Recommendation</b></p>	<p><b>Response/Comments</b></p>
<p>5.1 Appendix 1 (#4 &amp; #5): clarify ‘primarily’ organizations vs. ‘primarily’ individuals.</p>	<p>Based upon this feedback, the final language has been clarified from ‘primarily’ to “whose membership is more than 50% comprised” of organizations or individuals.</p>
<p>5.2 Appendix 1 (#4): How is it possible to have “four individuals from all five Geographic Regions”?</p>	<p>The final language now reads “in each of five Geographic Regions.”</p>
<p>5.3 Appendix 2 (#5-b): same concern with language as 5.2.</p>	<p>The final language now reads “in each of five Geographic Regions.”</p>



**Public Comment Forum Issues Tracking Checklist**

<p>5.4 Appendix 2 (#5): criteria disallows a Constituency if it does not have members in 4 out of 5 geographic regions; discriminates against Registries and, potentially, a prospective Constituency of Latin-American businesses (illustrative example).</p>	<p>As documented in 4.3 above, the scope of the new Constituency recognition process has been constrained to Non-Contracted Parties; therefore, Registries and Registrars are not affected. Additionally, it is a fundamental requirement of all GNSO structures that they be representative on a global basis. In the illustrative example cited, while such a group of Latin-American businesses would be welcome to join the Business Constituency, it would not qualify to be a standalone GNSO Constituency due to its narrow geographic representation. The Board believes that this particular criterion represents a reasonable starting point and can be amended in the future if experience suggests that it is unfair to certain applicants.</p>
<p><b>6) Additional Proposal</b></p>	
<p><b>Issue/Suggestion/Recommendation</b></p>	<p><b>Response/Comments</b></p>
<p>6.1 Allow unaffiliated membership in the GNSO creating a “General Assembly” from which future constituencies may be created by Board action; establish Presidential Committee to investigate this option.</p>	<p>This recommendation is appreciated; however, it is not specifically related to the new Constituency recognition process. This comment has been forwarded to the Chair of the GNSO Council for further consideration as he deems appropriate.</p>

*#END OF EXHIBITS#*



**2011-06-24-07-Annex-Cover Letter SSAC Appointment  
Request Jason Livingood May 2011**



19 May 2011

To: ICANN Board  
From: SSAC Membership Committee  
Via: SSAC Liaison to the ICANN Board

The purpose of this letter is to bring you up-to-date on proposed changes to the Security and Stability Advisory Committee (SSAC) and to provide an explanation for the attached requests for Board actions. The changes we propose are incremental and positive.

As you know, SSAC has been in operation since spring 2002 and we periodically recruit new members to increase the expertise and breadth of the Committee. In addition, SSAC members may depart from time-to-time.

Beginning in 2011, the SSAC established a Membership Committee to consider new member candidates and to propose the appointment of new members. The Membership Committee also will hold an annual evaluation of SSAC member skills and recruitment, as necessary depending on skill gaps, of new members. In addition, the Membership Committee will consider member candidates that are presented outside of the annual membership review. The Membership Committee is comprised of the SSAC Chair, the SSAC Vice Chair, the SSAC Board Liaison, and other SSAC member volunteers.

In selecting members, we strive first and foremost for technical competence, integrity and independence of thinking, and a willingness to devote the time needed for the Committee's work. We look for people from all segments of the technical community.

In this case, the Membership Committee identified Jason Livingood as a new member candidate. Jason has worked with the SSAC both in the DNSSEC workshops and on other issues. He also brings a great deal of large-scale operational network experience to the SSAC. In May 2011 the Membership Committee proposed that Jason should be appointed to the SSAC and the SSAC members agreed with this proposal. Thus, the SSAC Membership Committee respectfully requests that the Board appoint Jason Livingood to the SSAC. Attached is his bio for your reference.

The SSAC welcomes comments from the Board concerning this request.

Jim Galvin, SSAC Vice Chair  
Chair, SSAC Membership Committee

**2011-06-24-07-Jason Livingood Bio - ICANN SSAC -  
20110518**

Jason Livingood serves as Executive Director of Internet Systems Engineering at Comcast Cable, where he leads a team focused on managing and further developing the company's high-speed Internet service. This includes the rollout of DOCSIS 3.0, email and IP voicemail platforms, authoritative and recursive DNS platforms, congestion management, implementation of DNSSEC and IPv6, and many other critical systems and services. Jason joined Comcast in 1996 to help the company launch high-speed Internet services, and has also been instrumental in the creation and launch of Comcast's business class Internet services and the Comcast Digital Voice service. Jason has served as co-chair of an Internet Engineering Task Force (IETF) working group and serves on the Advisory Council of the Internet Society (ISOC). He is also an advisory board member of a security-related company, is the author of several RFCs, has several patents pending in his field, has recently served on a working group of the FCC's Communications Security, Reliability and Interoperability Council (CSRIC), and is a member of the Broadband Internet Technical Advisory Group's (BITAG) Technical Working Group. He holds a M.B.A., concentrating in Technology Management, as well as a B.S., Magna Cum Laude, from Drexel University, where he also serves on an Alumni Advisory Council. More background is available at <http://www.linkedin.com/in/jlivingood>.

**2011-06-24-08-Annex-Cover Letter SSAC Departing  
Members Duncan Hart May 2011**



19 May 2011

To: ICANN Board  
From: SSAC Chair  
Via: SSAC Liaison to the ICANN Board

The purpose of this letter is to bring you up-to-date on proposed changes to the Security and Stability Advisory Committee (SSAC) and to provide an explanation for the attached requests for Board actions.

As you know, the SSAC has been in operation since spring 2002 and our members may depart from time-to-time.

On 16 April 2011, Duncan Hart decided to step down as an SSAC member. The Board appointed Duncan on 26 June 2009. We are grateful for Duncan's service to the SSAC and wish him well in his professional endeavors. We request the Board to extend an expression of thanks to Duncan on behalf of the SSAC.

The SSAC welcomes comments from the Board concerning this request.

Patrik Fältström  
Chair, Security and Stability Advisory Committee

# **2011-06-24-11-Annex-March 2012 Latin America Meeting Location**

**ANNEX TO BOARD SUBMISSION NO. 2011-06-24-xx**  
**Location of March 2012 ICANN Meeting**

**DETAILED ANALYSIS:**

**1. Background:**

In April 2011, ICANN called for expressions of interest to assist as host of the 2012 Latin America ICANN Meeting. The proposal that is recommended for approval, from the Academia Nacional de Ciencias, the .cr TLD administrator, Costa Rica, is discussed below.

**2. Site Visits:**

Site visits were performed, as follows:

- March 2011 – San Jose, Costa Rica
- Alternate Proposals Redacted

**3. Discussion of Issues:**

San Jose, Costa Rica offers a good combination of accessibility, meeting facilities and hotel accommodations for the March 2012 ICANN Meeting. The Pending Negotiation will be used for all meetings, as well as guest room accommodations for Board, staff and some delegates. Nearby hotels – DoubleTree Cariari, Cost Rica Marriott, Barcelo San Jose – are a short shuttle bus ride away and offer excellent accommodations at varying price points.

While the conference facilities at the Pending Negotiation are adequate for the great majority of our needs, we will erect a temporary tent structure for a few sessions held during the course of the week. The tent will be very close to the other meeting space, and will have air conditioning and AV services as required. The cost of the tent is factored into the overall cost of the meeting.

Air access to Costa Rica is good, but most travellers will need to route through a major Latin America hub. The airport is just 20 minutes from the meeting venue.

Representatives from the Academia Nacional de Ciencias of Costa Rica are capable and anxious to host.

Staff recommends that the board approve San Jose, Cost Rica as the location of the March 2012 ICANN Meeting.

A budget of US\$2.29M is proposed for the ICANN Meeting in San Jose, Costa Rica. It includes all expenses for the Meeting, including travel for the ICANN Board, staff, meeting contractors, Fellows, ALAC, GNSO, ccNSO and NomCom.

**\*\*\* Confidential Proposal Information Set Forth Below\*\*\***

Alternate Proposals Redacted



**\*\*\*Confidential Proposal Information Set Forth Above\*\*\***

**Key stakeholders and their positions are:**

**4. Consultation—internal and/or external:**

**Internal:** Government Affairs

**External:** The potential host for Costa Rica.

**5. Potential Objections and Proposed Responses:**

**Objections:** No objections to San Jose, Costa Rica have been raised. Other entities interested in hosting the March 2012 meeting may raise objection.

**6. Resource implications:**

The proposed budget for this meeting is not to exceed US\$2.29M. By comparison, the Dakar budget is US\$2.20M, the San Francisco budget was US\$1.941M, and the Cartagena budget was US\$2.13M. The Singapore budget was not used for comparison due to modifications to the budget necessitated when Singapore was selected to replace Amman, Jordan as the site of the Meeting. Please note the modifications to the budgeting process described at the bottom of the following budget chart.

**\*\*\*Confidential Budget Estimate Information Set Forth Below\*\*\***  
Estimates Redacted

**\*\*\*Confidential Budget Estimate Information Set Forth Above\*\*\***

Confidential and Business Proprietary

Confidential and Business Proprietary



# **2011-06-24-12-Annex-June 2012 Europe Meeting Location**

**ANNEX TO BOARD SUBMISSION NO. 2011-06-24-12**  
**Location of June 2012 ICANN Meeting**

**DETAILED ANALYSIS:**

**1. Background:**

In April 2011, ICANN called for expressions of interest to assist as host of the 2012 Europe ICANN Meeting. The proposal that is recommended for approval, from CZ.NIC, Czech Republic is discussed below.

**2. Site Visits:**

Site visits were performed in May 2011:

Alternate Proposals Redacted

**3. Discussion of Issues:**

Prague offers an excellent combination of accessibility, meeting facilities and hotel accommodations for the June 2012 ICANN Meeting. The Pending will be used for all meetings, as well as guest room accommodations for Board, staff and many delegates. Nearby hotels – Hilton Prague Old Town, Marriott, Renaissance, and others – are a 10-minute walk away and offer excellent accommodations at varying price points. The Pending will provide the meeting space, guest accommodations and networking opportunities the ICANN community values. Air access to Prague is excellent. The airport is 30 minutes away from the meeting venue. Representatives from CZ.NIC are capable and anxious to host.

Staff recommends that the board approve Prague, Czech Republic as the location of the June 2012 ICANN Meeting.

A budget of US\$2.49M is proposed for the ICANN Meeting in Prague, Czech Republic. It includes all expenses for the Meeting, including travel for the ICANN Board, staff, meeting contractors, Fellows, ALAC, GNSO, ccNSO and NomCom.

**\*\*\* Confidential Proposal Information Set Forth Below\*\*\***

Alternate Proposals Redacted

**\*\*\*Confidential Proposal Information Set Forth Above\*\*\***

**Key stakeholders and their positions are:**

**4. Consultation—internal and/or external:**

**Internal:** Government Affairs

**External:** The potential host for Prague, Czech Republic.

**5. Potential Objections and Proposed Responses:**

**Objections:** No objections to Prague, Czech Republic have been raised. Other entities interested in hosting the June 2012 meeting may raise objection.

**6. Resource implications:**

The proposed budget for this meeting is not to exceed US\$2.49M. By comparison, the Dakar budget is US\$2.20M, the San Francisco budget was US\$1.941M, and the Cartagena budget was US\$2.13M. The Singapore budget was not used for comparison due to modifications to the budget necessitated when Singapore was selected to replace Amman, Jordan as the site of the Meeting. Please note the modifications to the budgeting process described at the bottom of the following budget chart.



Estimates Redacted

**\*\*\*Confidential Budget Estimate Information Set Forth Above\*\*\***

Confidential and Business Proprietary



Confidential and Business Proprietary

Confidential and Business Proprietary

**Item 2011-06-24-13  
Removed from Agenda**

**Pages 70 of 364 – 130 of 364  
Intentionally Omitted**

# 2011-06-24-14-Annex-ATRT Report



## **ANNEX TO BOARD SUBMISSION NO. 2011-06-24-14**

### **TITLE: Accountability & Transparency Review Team (ATRT) Report**

#### **SUMMARY:**

The Affirmation of Commitments (Affirmation) includes a number of general obligations for ICANN, including commitments to support accountability and transparency and to conduct four community reviews. ICANN efforts to fulfill the Affirmation are publicly documented and incorporated in our strategic and operational plans and our work on the ATRT recommendations also is publicly documented. The first review required by the Affirmation resulted in the ATRT Report. It includes 27 recommendations, most with proposed deadlines (for several recommendations that, in the ATRT's words "should have already been undertaken," it is "immediately" or "March") (the recommendations are summarized below). The Affirmation commits the Board to take action (without specifying what constitutes "action") within six months of receiving the Report (by the end of June 2011). Staff has recommended adoption of the report and proposed implementation plans, along with creation of accountability and transparency-related benchmarks and metrics. Staff has also developed project and communication plans to support ATRT and Affirmation implementation.

#### **KEY ISSUES**

Implementation Timing: Within approximately a month of receiving the report, Staff conducted an assessment, provided initial implementation plans for 27 recommendations, and implemented several operational recommendations that are within Staff's purview. Activities completed thus far are documented in Exhibit A and on ICANN's website. However, the deadlines proposed for some ATRT recommendations will not be met and are deemed "not feasible" by staff. This may not be welcomed news for ATRT members and some parties seeking more "immediate" changes in ICANN. ATRT recommendations for which Staff has recommended modifications to the implementation timelines are included in Exhibit A (ATRT Recommendations Project List). Detailed explanations of Staff's





recommendations, and what the proposed timelines entail, are provided in Exhibit B (ATRT Implementation Plans).

Cost: Estimates for additional resources required for ATRT implementation are discussed in the **April Board paper on the ATRT budget**, and are being considered by the Board Finance Committee.

Assessment: The ATRT Report does not include recommendations or guidance on performance assessment of ICANN’s activities as they relate to the Affirmation. The Affirmation directs the ATRT to review ICANN’s execution of elements such as “continually assessing the extent to which ICANN's decisions are embraced, supported and accepted by the public and the Internet community” and “assessing the policy development process to facilitate enhanced cross community deliberations, and effective and timely policy development,” and staff requested advice on meeting these assessment challenges. The absence of recommendations on these commitments also was raised by the ALAC, and input was received in the public comment forum on the need to define terms such as “public interest” and track ICANN’s results. To address this, the Board has asked staff to provide assessment mechanisms.

Miscellaneous: Board and community workload and attention also will be important factors in ICANN’s ability to finalize and carryout the ATRT implementation plans. Although staff will provide significant support, key guidance and decisions from the Board, GAC and NomCom will determine implementation plans and schedules. Staff proposes to keep the community apprised of ATRT implementation plans and actions by posting tracking documents and regular notices on the website.

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\*\*\*\* Privileged and Confidential Information set forth above \*\*\*\*

**KEY STAKEHOLDERS & COMMENTS:**

- ASO - No input received to date.
  - ccNSO – Endorsed, and called for Board adoption of, all ATRT recommendations; supports the ATRT’s “high priority” list and believes the GAC-related recommendations (9-14) also should be a high priority.
    - Note: Staff agrees with the general endorsement of the ATRT Report and has proposed implementation plans to expeditiously address all recommendations.
  - GNSO – No input received to date (and no input yet from its Stakeholder Groups or Constituencies).
  - ALAC – Endorsed the ATRT Report but asks the Board for feedback on how the following sections of the Affirmation will be addressed in the context of the ATRT Report, and also seeks the Board’s assurance that these sections will be addressed in the next Accountability & Transparency review: “(d)
-

continually assessing the extent to which ICANN's decisions are embraced, supported and accepted by the public and the Internet community; and (e) assessing the policy development process to facilitate enhanced cross community deliberations, and effective and timely policy development. ”

- Note: Staff shares ALAC’s concern, has recommended action on assessment, and has provided implementation plans that should help improve policy development and public input.
- GAC – No input received to date.
- SSAC – No input received to date.
- 2011 NomCom – Agreed with “much of the [Report]” but emphasized that implementation of the ATRT’s recommendations should not undermine the NomCom’s independence or the finality of its decisions; the NomCom noted that its processes apply to the GNSO, ccNSO and ALAC, while the ATRT recommendations only addressed the Board; the NomCom stated that the ATRT’s (NomCom-related) recommendations also should be addressed to the SOs and ALAC since they also have responsibility for seating Directors; the NomCom expressed concern that identified skill-sets would be viewed as “requirements” against which NomCom selections would “judged” and discussed several constraints under which the NomCom works; the NomCom also shared information and suggestions relating to the ATRT’s Nom-Com-related recommendations.
  - Note: Staff has followed-up with the NomCom on these points to get a clearer understanding of their concerns and is discussing measures that could be incorporated in ICANN processes.
- A summary of public forum comments on the ATRT Report is provided in Exhibit D and comments are posted online. Seven comments (in addition to those noted above) were received during the public comment period, which was open from 31 December 2010 to 14 February 2011. The comments were



supportive of the ATRT Report, and included additional suggestions and comments on several ATRT recommendations. These are summarized online and are being carefully considered by staff as the implementation plans are developed.

### **CONSULTATIONS:**

In assessing the ATRT Report and developing Staff recommendations and implementation plans, the CEO, the Executive Team, and ICANN Staff listed in Exhibit A were consulted. These departments developed the initial implementation plans provided to the Board. Staff also informally discussed the ATRT recommendations with some Directors and members of the SOs and ACs and NomCom.

### **HISTORY:**

The Affirmation of Commitments (Affirmation) requires a review by a community team appointed by the Chairs of the Board and Governmental Advisory Committee (GAC) to evaluate ICANN’s execution of commitments to “maintain and improve robust mechanisms for public input, accountability, and transparency so as to ensure that the outcomes of its decision-making will reflect the public interest and be accountable to all stakeholders.” Specifically, the review was to examine ICANN’s ability to continually assess and improve specific aspects that support these objectives (see Affirmation Section 9.1, below). After engaging in a 9-month process that included multiple face-to-face meetings, public discussions, engagement of an expert consultant, and a draft report (PDF) issued for public comment, the Accountability and Transparency Review Team (ATRT) issued 27 recommendations focused on improving the Board (and Nominating Committee processes), the GAC, public input and policy development, and review mechanisms for Board decisions (PDF). These are summarized below. Recommendations that ATRT deemed a “high priority” are designated as such. Exhibit A provides a summary grid highlighting the ATRT’s proposed due dates and responsible entities.

The Affirmation calls for a Transparency and Accountability Review to be done every three years with the first review to be completed by the end of 2010.

Section 9.1 of the Affirmation states:

Ensuring accountability, transparency and the interests of global Internet users: ICANN commits to maintain and improve robust mechanisms for public input, accountability, and transparency so as to ensure that the outcomes of its decision-making will reflect the public interest and be accountable to all stakeholders by: (a) continually assessing and improving ICANN Board of Directors (Board) governance which shall include an ongoing evaluation of Board performance, the Board selection process, the extent to which Board composition meets ICANN's present and future needs, and the consideration of an appeal mechanism for Board decisions; (b) assessing the role and effectiveness of the GAC and its interaction with the Board and making recommendations for improvement to ensure effective consideration by ICANN of GAC input on the public policy aspects of the technical coordination of the DNS; (c) continually assessing and improving the processes by which ICANN receives public input (including adequate explanation of decisions taken and the rationale thereof); (d) continually assessing the extent to which ICANN's decisions are embraced, supported and accepted by the public and the Internet community; and (e) assessing the policy development process to facilitate enhanced cross community deliberations, and effective and timely policy development. ICANN will organize a review of its execution of the above commitments no less frequently than every three years, with the first such review concluding no later than December 31, 2010. The review will be performed by volunteer community members and the review team will be constituted and published for public comment, and will include the following (or their designated nominees): the Chair of the GAC, the Chair of the Board of ICANN, the Assistant Secretary for Communications and Information of the DOC, representatives of the relevant ICANN Advisory Committees and Supporting Organizations and independent experts. Composition of the review team will be agreed jointly by the Chair of the GAC (in consultation with GAC members) and the Chair of the Board of ICANN. Resulting recommendations of the reviews will be provided to the Board and posted for public comment.

The Board will take action within six months of receipt of the recommendations. Each of the foregoing reviews shall consider the extent to which the assessments and actions undertaken by ICANN have been successful in ensuring that ICANN is acting transparently, is accountable for its decision-making, and acts in the public interest. Integral to the foregoing reviews will be assessments of the extent to which the Board and staff have implemented the recommendations arising out of the other commitment reviews enumerated below.

The ATRT members were selected by Board Chair, Peter Dengate-Thrush, and (then) GAC Chair, Janis Karklins, in March 2010. The ATRT and the Board agreed to a budget of approximately \$372,000 (increased from the original budget of \$191,500). Team members advanced their work through conference calls, emails, and in-person meetings in Marina del Rey, Brussels, Beijing, Boston and Cartagena. They divided into the following four working groups to examine assigned issues and develop recommendations:

- WG 1 -- Board performance, selection, composition, accessibility, decision-making, and dispute resolution/complaint handling;
- WG 2 -- GAC role, quality and actionability of GAC input, and ICANN's responsiveness to that input;
- WG 3 -- Community/stakeholder engagement, the quality of PDP output, the level and quality of public input into the ICANN process, and the extent to which such input is reflected in ICANN decision-making; and
- WG 4 -- Independent Review of ICANN Board.

In August 2010, the ATRT announced the selection of the Berkman Center for Internet & Society at Harvard Law School as paid "Independent Experts" to assist the ATRT in its review. The Berkman Center staff were tasked with conducting an analysis of three case studies chosen by the ATRT: the introduction of new gTLDs – the Expression of Interest proposal, the Implementation Recommendation Team, the role of the Governmental Advisory Committee (GAC), and vertical integration; the .xxx top-level domain application process; and the DNS-CERT proposal. The ATRT said it considered the recommendations in the Berkman Center's final report as it developed its draft and final report.

ATRT activities are publicly documented on ICANN’s website and wiki. In addition to its discussions with ICANN community groups and the Board at the June and November 2010 ICANN meetings, the ATRT encouraged input via direct email and public comment forums. Staff responded to numerous ATRT and working group requests for information.

Submitted by:	Denise Michel	Date Noted:	7 June 2011
Position:	Advisor to the President & CEO	Email and Phone Number	denise.michel@icann.org Contact

**Summary of ATRT Report Recommendations:**

**A. BOARD GOVERNANCE, PERFORMANCE & COMPOSITION**

1. Board should establish formal mechanisms for identifying the collective skill-set required by the Board (in time to enable integration of recommendations into next NomCom process beginning in late 2011):
  - a. Benchmarking Board skill-sets against similar corporate and other governance structures;
  - b. Tailoring required skills to suit ICANN’s unique structure and mission through open consultation process, including with SOs and ACs;
  - c. Reviewing these requirements annually, and provide as formal starting point for NomCom each year;
  - d. Publishing outcomes and requirements as part of NomCom’s call-for-nominations (starting with next NomCom – late 2011).
2. Board should regularly reinforce and review training and skills building programs (at least every 3 years).
3. Board and NomCom should increase transparency of NomCom’s deliberations and decision-making process; e.g. explain timeline, skill-set criteria before process starts, and explain choices made at the end (ASAP but starting no later than next NomCom – late 2011).
4. Building on BGC work, Board should continue to enhance Board performance and work practices.



5. Board should expeditiously implement compensation scheme for voting Board Directors.
6. Board should clarify the distinction between issues that are subject to ICANN's policy development processes and those matters that are within the executive functions performed by staff and Board (ASAP but no later than June 2011), and (as soon as practicable) develop complementary mechanisms for consultation in appropriate circumstances with the relevant SOs and ACs on administrative and executive issues that will be addressed at Board level.
7. [High priority]Board should:
  - 7.1 Promptly publish all appropriate materials related to decision-making processes – including preliminary announcements, briefing materials provided by staff and others, detailed Minutes, and individual Directors' statements relating to significant decisions (commencing immediately);
  - 7.2 Publish a “thorough and reasoned explanation of decisions taken , the rationale thereof, and the sources of data and information on which ICANN relied” and “ICANN should also articulate that rationale for accepting or rejecting input received from public comments and the ICANN community, including [SOs & ACs].”
8. Board should have a document produced and published that clearly defines the limited set of circumstances where materials may be redacted and that articulates the risks (if any) associated with publication of materials (ASAP but no later than the start of the March 2011 ICANN meeting). These rules should be referred to by the Board and staff when assessing whether material should be redacted and cited when such a decision is taken.
9. [High priority]Board, acting through the GAC-Board joint working group (JWG), should clarify what constitutes GAC public policy “advice” under the Bylaws (by March 2011).

#### GAC ROLE & EFFECTIVENESS AND ITS INTERACTION WITH BOARD

10. [High priority]Board, acting through the JWG, should establish a more formal, documented process by which it notifies the GAC in writing of matters that affect public policy concerns to request GAC advice (by March 2011); ICANN should develop an on-line record of each request to, and advice received from, the GAC along with the Board's consideration of and response to each advice.

11. [High priority] Board and GAC should work together to have the GAC advice provided and considered on a more timely basis; Board, acting through the JWG, should establish (by March 2011) a formal, documented process by which the Board responds to GAC advice. This process should set forth how and when the Board will inform the GAC, on a timely basis, whether it agrees or disagrees with the advice and will specify what details the Board will provide to the GAC if it disagrees with the advice; process should also set forth procedures by which GAC and Board will then “try in good faith and in a timely efficient manner, to find a mutually acceptable solution.” Consider establishing other mechanisms by which Board and GAC can satisfy the Bylaw provisions relating to GAC advice.
12. Board, acting through the JWG, should develop and implement a process to engage the GAC earlier in the policy development process.
13. Board and GAC should jointly develop and implement actions to ensure that GAC is fully informed of ICANN policy agenda and policy staff is aware of/sensitive to GAC concerns; may wish to consider changes to role of ICANN staff support relating to communication with and support to GAC, and whether Board and GAC would benefit from more frequent joint meetings.
14. Board should endeavor to increase the level of support and commitment of governments to the GAC process; encourage member countries and organizations to participation in GAC and place particular focus on engaging nations in developing world and need for multilingual access to ICANN records; Board also should work with GAC to establish a process to determine when and how ICANN engages senior government officials on public policy issues on a regular and collective basis to complement existing GAC process.

#### PUBLIC INPUT & PUBLIC POLICY PROCESSES

15. [High priority] Board should direct the adoption of, and specify a timeline for the implementation of, public Notice and Comment processes that are stratified (e.g. Notice of Inquiry, Notice of Policy Making) and prioritized (ASAP but no later than June 2011); prioritization and stratification should be established based on coordinated community input and consultation with Staff.
16. [High priority] Public notice and comment processes should provide for both distinct “Comment” cycle and a “Reply Comment” comment cycle that allows community respondents to address and rebut arguments raised in opposing parties’ comments.

17. [High priority] Timelines for public Notice and Comment should be reviewed and adjusted to provide adequate opportunity for meaningful and timely comment; Comment and Reply Comment periods should be of a fixed duration.
18. Board should ensure access to, documentation within, policy development processes and multi-lingual access to maximum extent feasible.
19. Board should publish its translations (including rationale) within 21 days of take a decision (in languages called for in ICANN Translation Policy).
20. Board should ensure that all necessary inputs that have been received in policy making processes are accounted for and included for consideration by the Board; to assist this the Board should (ASAP) adopt and post a mechanism (eg. checklist or decision template) that certifies what inputs have been received and are included for Board consideration.
21. Board should request staff to work on process for developing annual work plan that forecasts matters that will require public input.
22. Board should ensure that senior staffing arrangements are appropriately multi-lingual, delivering optimal levels of transparency and accountability to community.

#### REVIEW MECHANISM(S) FOR BOARD DECISIONS

23. [High priority] Board should implement Recommendation 2.7 of the 2009 Draft Implementation Plan for Improving Institutional Confidence (IIC)<sup>3</sup> that calls on ICANN to seek input from a committee of independent experts on the restructuring of the three review mechanisms – IRP, Reconsideration, Ombudsman – (ASAP but no later than June 2011); detailed guidance is provided for the review, including looking at mechanisms in Recommendations 2.8 and 2.9 of the IIC.<sup>4</sup>; upon receipt of experts’ final report, Board should take actions on the recommendations (as soon as practicable).

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<sup>3</sup> **RECOMMENDATION 2.7:** Seek advice from a committee of independent experts on the restructuring of the review mechanisms to provide a set of mechanisms that will provide for improved accountability in relation to individual rights and having regard to the two proposed further mechanisms in *RECOMMENDATIONS 2.8 and 2.9* immediately below.

<sup>4</sup> **RECOMMENDATION 2.8:** Establish an additional mechanism for the community to require the Board to re-examine a Board decision, invoked by a two-thirds majority vote of two-thirds of the Councils of all the Supporting Organizations and two-thirds of members of all the Advisory Committees. For the Governmental Advisory Committee, a consensus statement from all the members present at a physical meeting shall suffice.

**RECOMMENDATION 2.9:** Establish an extraordinary mechanism for the community to remove and replace the Board in special circumstances.

24. Assess Ombudsman operations and relationship between Board and Ombudsman, and if needed, bring into compliance with internationally recognized standards for Ombudsman function and Board supporting the function (ASAP but no later than March 2011).
25. Clarify standard for Reconsideration requests with respect to how it is applied and whether the standard covers all appropriate grounds for using the Reconsideration mechanism (ASAP but no later than October 2011).
26. Board should adopt a standard timeline and format for Reconsideration Requests and Board reconsideration outcomes that clearly identifies the status of deliberations and then, once decisions are made, articulates the rationale used to form those decisions (ASAP but no later than October 2011).

#### OVERARCHING RECOMMENDATION

27. Board should regularly evaluate progress against these recommendations and the accountability and transparency commitments in the AoC, and in general analyze the accountability and transparency performance of the whole organization so as to once a year report to the community on progress made and to prepare for the next ATRT review; all evaluation should be overseen by Board (annually).

Additional items of note:

- ATRT expects the above recommendations will be adopted and implemented by the Board; if Board determines implementation of a recommendation would impose unreasonable costs or impose prohibitive resource constraints, the Board should provide a thorough and detailed explanation of why the recommendation will not be implemented.
- Immediate implementation is recommended for some recommendations “that, in the view of the ATRT, should have already been undertaken by ICANN.”
- Those recommendations deemed to be of high priority are labeled as such and have a start and/or completion date prior to June 2011.
- ATRT asks the Board to provide a status report on all recommendations at the March 2011 ICANN meeting (21 Feb. is posting deadline) and a more formal report at the June 2011 ICANN meeting detailing:
  - Which recommendations have been fully implemented;
  - The status and schedule for implementing the remaining recommendations; and



- The recommendations which the Board has concluded it cannot implement including a detailed explanation as to why the recommendations cannot be implemented.

**2011-06-24-14-Exhibit A Board Paper ATRT Report 10  
June 2011 - Activities Summary & Project List**

## **Exhibit A - ATRT Report: 1) Activities Update & 2) Project List**

### **1) ATRT Activities Update – June 2011**

Progress continues on implementation of the ATRT “Board Governance, Performance & Composition” recommendations in the second quarter of 2011. Posting of extensive Board meeting information is ongoing: agendas, Board briefing materials, expanded Board minutes, rationale statements for Board resolutions, resolutions, and a variety of documents are posted in six U.N. languages. To address Board composition, the Nominating Committee has already taken voluntary steps to comply with some ATRT recommendations, including consulting with Supporting Organizations and Advisory Committees, and holding public consultations on skill set requirements and process improvements at the March ICANN meeting.

Implementation work for ATRT recommendations relating to “Governmental Advisory Committee’s Role, Effectiveness and Interaction with Board” is in the early stages. Staff has provided proposed implementation plans and budgets to the Governmental Advisory Committee (GAC) and the Board-GAC Joint Working Group (JWG) and is awaiting guidance on implementation. The Board Global Relations Committee has provided initial guidance on Recommendation 14 for increasing the level of support and involvement of governments.

Work is underway on implementation of the ATRT “Public Input & Public Policy Processes” recommendations. Two important items in this category will be posted shortly: the ICANN Bylaws, and the ICANN Language Services Policy and Procedures (guidelines for translation, interpretation, and other language-related services). This month a new, more streamlined draft design for ICANN’s Public Comment Webpages will be launched. This will be supported by internal staff templates to collect consistent information for each public comment and to report on closed comment periods. A draft stratification list – designed to direct the community’s attention to topics of interest – is under staff review and will be reviewed by a focus group of community members next month. A process to collect and publish an annual list of “Upcoming Public Comments for 2011” was developed with the input from SO/AC leaders and ICANN Staff, and will be published this month.

Staff also is working on implementation of the ATRT recommendations on “Review Mechanism(s) for Board Decisions.” Initial improvements to the Reconsideration Request web page will be done in the near future, including the addition of status indicators for all Requests, and information on Board action arising out of the committee recommendations. Finally, in terms of overarching, the Board has assigned recommendations to Board Committees and the Board-GAC Joint Working Group for detailed work, considered the ATRT budget for FY2012, discussed staff’s proposed implementation plans, and asked staff to develop proposed metrics for each ATRT recommendation and additional benchmarks and metrics related to transparency and accountability. The ATRT Recommendation Projects List (below) provides more information on all ATRT recommendations.

## 2) ATRT Recommendations Project List - June 2011

ATRT Recommendation (* indicates ATRT "high priority")	ATRT Timeline (recommended in report)	Staff Timeline (proposed)	Status	Resources (Initial Estimate)	Lead Entity (Board Cmt.) & Staff Support
1. Board should establish formal mechanisms for identifying collective skill-set required by Board.	Late 2011 (for next NomCom)	Mar. 2011 – Mar. 2012 (meets next NomCom deadline)	Work underway <ul style="list-style-type: none"> <li>Work plan items developed on skill set identification for 2011 NomCom</li> <li>Information consultations started w/ NomCom</li> <li>Long-term work plan items developed for BGC, including framework for enhancing skills</li> </ul>	Current Staff; no additional funds	Board/BGC & Board Support (Legal)
1.a. Benchmarking Board/BGC skill-sets against similar corporate & other governance structures.	Late 2011 (for next NomCom)	Mar. 2011 – Mar. 2012 (meets next NomCom deadline)	Work underway <ul style="list-style-type: none"> <li>See above</li> </ul>	Current Staff; no additional funds	Board/BGC & Board Support (Legal)
1.b Tailoring required skills to suit ICANN's unique structure & mission through open consultation process, including with SOs & ACs.	Late 2011 (for next NomCom)	Mar. 2011 – Mar. 2012 (meets next NomCom deadline)	Work underway <ul style="list-style-type: none"> <li>See above</li> <li>Preliminary staff work done to support solicitation of advice from Board, SOs, ACs</li> </ul>	Current Staff; no additional funds	Board/BGC & Board Support (Legal)
1.c. Reviewing these requirements annually, & provide as formal starting point for each NomCom.	Late 2011 (for next NomCom)	Mar. 2011 – Mar. 2012 (meets next NomCom deadline)	Work underway <ul style="list-style-type: none"> <li>See above</li> </ul>	Current Staff; no additional funds	Board/BGC & Board Support (Legal)
1.d. Publishing outcomes & requirements as part of NomCom's call-for-nominations.	Late 2011 (for next NomCom)	Mar. 2011 – Mar. 2012 (meets next NomCom deadline)	Work underway <ul style="list-style-type: none"> <li>The Nominating Committee has already taken voluntary steps to comply with some ATRT recommendations, is consulting with SOs, ACs, and has held public consultations on this at ICANN's March meeting.</li> </ul>	Current Staff; no additional funds	Board/BGC & Board Support (Legal)
2. Board should regularly reinforce & review training & skills building programs.	At least every 3 years	Mar. 2011 – Mar. 2012 (meets next NomCom deadline)	Work underway <ul style="list-style-type: none"> <li>See above</li> <li>Board is working with the CEO to enhance the Board's performance through better definition of staff roles and Board roles, and through the continued improvement of staff briefing papers and support for the Board.</li> </ul>	Current Staff; FY2012 US\$200,000 for consultants	Board/BGC & Board Support (Legal)
3. Board & NomCom should increase transparency of NomCom's	ASAP but Starting no later	Mar. 2011 – Oct. 2012	Work underway	Current Staff; no additional	Board/BGC & NomCom Staff



deliberations & decision-making process; e.g. explain timeline, skill-set criteria before process starts, & explain choices made at the end	than next Nom Com – late 2011		<ul style="list-style-type: none"> <li>Public consultations and meetings held at Silicon Valley ICANN meeting.</li> <li>Preliminary staff work done to support NomCom redrafting of its guidelines</li> </ul>	funds	
4. Board should continue to enhance Board performance & work practices.	None listed	Ongoing, Oct. 2011, Jan. 2012	<p>Work underway</p> <ul style="list-style-type: none"> <li>Reviewing the tools the Board uses in performing its work</li> <li>Staff has developed plans to enhance the Board Support functions to allow the Board to work more efficiently.</li> </ul>	Current Staff + 2 FTEs; FY2011 US\$5000 for consultants	Board/BGC & Board Support (Legal)
5. Board should implement compensation scheme for voting Board Directors	Expediently	April 2011, Sept. 2011, new timeline if needed	<p>Work underway</p> <ul style="list-style-type: none"> <li>Staff work is underway to support Board action on the research necessary to consider Board member compensation.</li> </ul>	Current Staff; Privileged and Confidential	Board/BGC & Board Support (Legal)
6. Board should clarify the distinction between issues that are subject to ICANN's policy development processes & those matters that are within the executive functions performed by staff & Board, and develop complementary mechanisms for consultation in appropriate circumstances with the relevant SOs & ACs on administrative & executive issues that will be addressed at Board level.	ASAP but no later than June 2011  as soon as practicable	Mar. 2011 – June 2012	<p>Work underway</p> <ul style="list-style-type: none"> <li>An document identifying the current Bylaws-mandated and other required public comment based upon established practice has been completed.</li> <li>Categorization of historical Board actions has been initiated.</li> </ul>	Current Staff; no additional funds	Board/BGC & Board Support (Legal)
7.* Board should: 7.1* Promptly publish all appropriate materials related to decision-making processes – including preliminary announcements, briefing materials provided by staff & others, detailed Minutes, & individual Directors' statements relating to significant	Starting immediately	June 2010, Sept. 2011	<p>Completed (all except individual statements)</p> <ul style="list-style-type: none"> <li>Briefing materials provided to the Board have been posted along with the approved minutes of Board meetings.</li> <li>The comprehensive nature of the Board minutes has been improved, and staff will continue to reflect the Board's detailed discussions.</li> </ul>	Current Staff; no additional funds	Board/BGC & Board Support (Legal)

decisions					
7.2* Publish a “thorough & reasoned explanation of decisions taken, the rationale thereof, & the sources of data & information on which ICANN relied” & “ICANN should also articulate that rationale for accepting or rejecting input received from public comments & the ICANN community, including [SOs & ACs].”	Starting immediately	Jan. 2011- June 2011	<p>Completed (further improvements planned)</p> <ul style="list-style-type: none"> <li>• Revisions to the Board submission template have been completed, and further revisions are under consideration.</li> <li>• Staff has included proposed rationale statements in Board submissions, addressing the items set forth in the Affirmation, and rationale statement have been posted along with Board resolutions.</li> <li>• Process of receiving Board feedback on proposed rationale statements is underway.</li> </ul>	Current Staff; Privileged and Confidential	Board/BGC & Board Support (Legal)
8. Board should have a document produced & published that clearly defines the limited set of circumstances where materials may be redacted & that articulates the risks (if any) associated with publication of materials. These rules should be referred to by the Board & staff when assessing whether material should be redacted & cited when such a decision is taken.	ASAP but no later than the start of the March 2011 ICANN meeting	Mar. 2011	<p>Completed</p> <ul style="list-style-type: none"> <li>• A document was finalized and posted that sets forth conditions for redaction of Board briefing materials that are posted, along with explanation of timing of the postings.</li> </ul>	Current Staff; no additional funds	Board/BGC & Board Support (Legal)
9. * Board, acting through the GAC-Board joint working group (JWG), should clarify what constitutes GAC public policy “advice” under the Bylaws	By March 2011	Unknown (pending JWG report action)	<p>Work underway</p> <ul style="list-style-type: none"> <li>• The Board-GAC Joint Working Group (JWG) has been notified of relevant ATRT recommendations (and corresponding proposed deadlines) and advice has been sought on implementation.</li> </ul>	Current Staff; no additional funds (more resources will be needed if Board/ GAC consultations cont.)	Board, GAC/ Board-GAC ATRT group & GAC Liaison
10.* Board, acting through the JWG, should establish a more formal, documented process by which it notifies the GAC in writing of matters that affect public policy concerns to request GAC advice ICANN should develop an on-line record of each request to, & advice received from, the GAC along with	By March 2011	April, 2011, June 2011, and possibly into FY2013	<p>Work underway</p> <ul style="list-style-type: none"> <li>• Staff is compiling identified GAC advice to be posted in a single location on ICANN website, and analyzing whether an external consultant is needed for design of more robust online tools to meet ATRT recommendations.</li> </ul>	Current Staff + (see Rec. 13); FY2012 US\$50,000 for consultants	Board, GAC/ Board-GAC ATRT group & Board Support (Legal)

the Board's consideration of & response to each advice.					
<p>11.* Board &amp; GAC should work together to have the GAC advice provided &amp; considered on a more timely basis; Board, acting through the JWG, should establish a formal, documented process by which the Board responds to GAC advice. This process should set forth how &amp; when the Board will inform the GAC, on a timely basis, whether it agrees or disagrees with the advice &amp; will specify what details the Board will provide to the GAC if it disagrees with the advice; process should also set forth procedures by which GAC &amp; Board will then “try in good faith &amp; in a timely efficient manner, to find a mutually acceptable solution.” Consider establishing other mechanisms by which Board &amp; GAC can satisfy the Bylaw provisions relating to GAC advice.</p>	By March 2011	Unknown (pending JWG report action)	<p>Work underway</p> <ul style="list-style-type: none"> <li>• See above</li> </ul>	Current Staff; No additional funds	Board, GAC/ Board-GAC ATRT group & GAC Liaison
<p>12. Board, acting through the JWG, should develop &amp; implement a process to engage the GAC earlier in the policy development process.</p>	None specified	Mar. 2011, Dec. 2011, longer term (depending on GAC)	<p>Work underway</p> <ul style="list-style-type: none"> <li>• Staff has proposed that the Monthly Policy Update and Compliance Newsletter be sent directly to the GAC email list every month.</li> <li>• Staff has proposed that special alerts and invitations be sent to GAC members for the pre-ICANN meeting policy update interactive webinars staff conducts for all interested individuals.</li> <li>• Staff has proposed that special alerts and invitations be sent to GAC members to participate in their individual capacities (or on behalf of individual countries) in GNSO policy development working groups that are open to all individuals.</li> <li>• Staff has proposed that individual GAC members be encouraged to comment on</li> </ul>	Current Staff; no additional funds	Board, GAC/ Board-GAC ATRT group & Policy

			<p>topics of interest during public comment forums.</p> <ul style="list-style-type: none"> <li>• Staff has proposed that the GAC consider assigning volunteers to act as liaisons to SO and other AC working groups that are of broad interest to the GAC.</li> <li>• Staff has proposed that the GAC be reminded that it has the right under the Bylaws to raise an issue for policy development; staff has proposed that staff meet with the GAC and describe what this Bylaws provision means and how it might be used.</li> <li>• Staff has proposed that the GAC be encouraged to request speakers on various policy issues to attend their in-person and conference call meetings to brief them on work of interest.</li> <li>• Staff has proposed that Issue Briefs, presentations and background papers be developed by staff on topics of interest to the GAC.</li> <li>• Staff has proposed that staff help the GAC identify high-priority, and new and emerging topics that may be timely for workshops or discussion sessions at ICANN meetings.</li> <li>• Staff has proposed that joint working groups involving the GAC be encouraged, where appropriate, to informed policy making.</li> <li>• Staff has proposed that, to the degree that the GAC is in a position to formulate input into current policy working groups, that input can be considered by working group participants, as would be the case with comments received from other advisory committees within ICANN. This would be a very positive contribution to pending, bottom-up, policy development processes engaged in by all the SOs.</li> <li>• Staff has proposed that staff provide specific notice to the GAC on a broader set of policy activities that might be of</li> </ul>		
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			interest to the GAC, and provide briefings, if desired. It could be that the GAC has an interest in providing a government view on a broader range of topics, and if informed about a broader set of policy activities, the GAC might identify public policy implications or considerations not previously articulated.		
13. Board & GAC should jointly develop & implement actions to ensure that GAC is fully informed of ICANN policy agenda & policy staff is aware of/sensitive to GAC concerns; may wish to consider changes to role of ICANN staff support relating to communication with & support to GAC, & whether Board & GAC would benefit from more frequent joint meetings.	None specified	Mar. 2011, Dec. 2011, longer term (depending on GAC)	Work underway <ul style="list-style-type: none"> <li>See above</li> </ul>	Current Staff + 1 FTE; no additional funds	Board, GAC/ Board-GAC ATRT group & Policy
14. Board should endeavor to increase the level of support & commitment of governments to the GAC process; encourage member countries & organizations to participation in GAC & place particular focus on engaging nations in developing world & need for multilingual access to ICANN records; Board also should work with GAC to establish a process to determine when & how ICANN engages senior govt. officials on public policy issues on a regular & collective basis to complement existing GAC process.	None specified	Unknown (pending JWG report action)	Work underway <ul style="list-style-type: none"> <li>Staff has proposed initial actions for Board and GAC consideration</li> <li>GAC has requested an increase in ICANN financial support and staff has proposed options for incorporating the request in the FY2012 budget.</li> </ul>	FY2012 estimated US\$460,000 for increased GAC travel support & translation services.	Board, GAC/ BGRC in coordination w/ Board-GAC ATRT group & GAC Liaison
15.* Board should direct the adoption of, & specify a timeline for the implementation of, public Notice & Comment processes that are stratified (e.g. Notice of Inquiry, Notice of Policy Making) & prioritized; prioritization & stratification should be established based on coordinated community	ASAP but no later than June 2011	June 2011, Aug. 2011, Dec. 2011	Work underway <ul style="list-style-type: none"> <li>Staff work is nearly completed to re-design the ICANN Public Comment web page for basic improvements to improve standardization, navigation, and ease of use.</li> <li>Staff is developing internal guidelines and a best practices document for the processing of comments .</li> </ul>	Current Staff + 1 FTE; FY2011 US\$20,000 for consultants	Board /PPC & Policy

input & consultation with Staff.			<ul style="list-style-type: none"> <li>Staff work is nearly completed on new Staff templates to facilitate public comment creation and final reporting</li> <li>Staff work complete on a stratification list and currently gathering initial Staff feedback</li> </ul>		
16.* Public notice & comment processes should provide for both distinct “Comment” cycle & a “Reply Comment” comment cycle that allows community respondents to address & rebut arguments raised in opposing parties’ comments.	ASAP but no later than June 2011	Aug. 2011, Dec. 2011, longer term	<p>Work underway</p> <ul style="list-style-type: none"> <li>Staff work is already underway on initial implementation plans for a two-staged Public Comment period</li> <li>PPC briefed on plans at the May 2011 meeting; discussions with PPC Chair and members continue with a PPC recommendation expected in Singapore</li> <li>Further discussions and interactions are planned with the Community at the Singapore meeting</li> </ul>	Current Staff; no additional funds	Board /PPC & Policy
17.* Timelines for public Notice & Comment should be reviewed & adjusted to provide adequate opportunity for meaningful & timely comment; Comment & Reply Comment periods should be of a fixed duration.	ASAP but no later than June 2011	Aug. 2011, Dec. 2011, longer term	<p>Work underway</p> <ul style="list-style-type: none"> <li>See above</li> </ul>	Current Staff; no additional funds	Board /PPC & Policy
18. Board should ensure access to, documentation within, policy development processes & multi-lingual access to maximum extent feasible.	None specified	June 2011, August 2011	<p>Work underway</p> <ul style="list-style-type: none"> <li>Translations of the ICANN Bylaws are underway and will be completed by the end of August 2011; they will be posted as soon as the translations are available.</li> <li>An ICANN Language Services Policy is being finalized and reviewed internally (guidelines for translations, interpretation, and related services).</li> </ul>	Current Staff; no additional funds	Board /PPC & Communications
19. Board should publish its translations (including rationale) within 21 days of take a decision (in languages called for in ICANN Translation Policy).	None specified	Mar. 2011, April 2011,	<p>Completed (further improvements planned)</p> <ul style="list-style-type: none"> <li>Resolutions, rationale, minutes and key material (2011 on) are now translated and posted in the five UN languages.</li> <li>An initial guideline for translations of the Board briefing material is under consideration.</li> </ul>	Current Staff; FY2012 US\$79,000 for translation services, US\$125,000 for additional	Board /BGC & Board Support (Legal)

				services + more resources to be required based on final implementation plans	
20. Board should ensure that all necessary inputs that have been received in policy making processes are accounted for & included for consideration by the Board; to assist this the Board should adopt & post a mechanism (e.g. checklist or decision template) that certifies what inputs have been received & are included for Board consideration.	ASAP	Apr. 2011, June 2011	<p>Work underway</p> <ul style="list-style-type: none"> <li>Staff work is underway on a decisional checklist for inclusion in Board briefing materials, and an interim template for use in SO output from PDP activities.</li> <li>Plans are under development for a community consultation on assuring proper inputs into the policy development process.</li> </ul>	Current Staff; no additional funds	Board/BGC & Board Support (Legal)
21. Board should request staff to work on process for developing annual work plan that forecasts matters that will require public input.	None specified	June 2011	<p>Work underway</p> <ul style="list-style-type: none"> <li>Possible public comment forum topics that are likely to be raised by the SOs/ACs, Board and staff in 2011 have been collected and will be published by June 30, 2011 along with the launch of re-designed Public Comment Webpages (see recommendation 15).</li> <li>A draft process has been developed for collecting and publishing Upcoming Public Comments on a regular basis, based on a calendar year. This will be shared with SO/AC Leaders at the Singapore meeting and feedback will be incorporated (if implementation plans are approved by the Board)</li> </ul>	Current Staff; no additional funds	Board /PPC & Policy
22. Board should ensure that senior staffing arrangements are appropriately multi-lingual, delivering optimal levels of transparency & accountability to community.	None specified	Mar. – July 2011	<p>Work underway</p> <ul style="list-style-type: none"> <li>All posted positions describe the level of multiple language skills desired.</li> <li>All candidate review forms that are completed on candidates for senior staff positions have revised to include a section on multiple language skills.</li> <li>A review and update is underway of</li> </ul>	Current Staff; FY2012 US\$15,000	Board/EXEC & HR

			<p>appropriate position descriptions.</p> <ul style="list-style-type: none"> <li>Research is being conducted on potential language training programs to be made available to senior staff. Some staff have begun use of self-study language programs purchased by ICANN</li> </ul>		
<p>23.* Board should implement IIC Rec. 2.7 that calls on ICANN to seek input from a committee of independent experts on the restructuring of its three review mechanisms; see ATRT guidance for review, including direction to look at mechanisms in IIC Rec. 2.8 &amp; 2.9; upon receipt of experts' final report, Board should take actions on the recommendations .</p>	<p>ASAP but no later than June 2011</p> <p>As soon as practicable</p>	<p>June 2011 + longer term depending on work plan</p>	<p>Work underway</p> <ul style="list-style-type: none"> <li>Staff work is underway to modify the Reconsideration Request page to include status indicators for all Requests (including a graphic timeline documenting the process), and provide information on Board action arising out of the committee recommendations, as well as related links to further implementation efforts, if any.</li> <li>Staff work is underway to enable future committee recommendations arising out of the Reconsideration Request process to include rationale statements.</li> <li>Staff work is underway on a suggested template for the submission of the Reconsideration Process to be posted for public use.</li> </ul>	<p>Current Staff; FY 2012 US\$200,000 - \$500,000; + Privileged and Confidential</p>	<p>Board/BGC &amp; Legal</p>
<p>24. Assess Ombudsman operations &amp; relationship between Board &amp; Ombudsman, &amp; if needed, bring into compliance with internationally recognized standards for Ombudsman function &amp; Board supporting the function</p>	<p>ASAP but no later than March 2011</p>	<p>Wait for hiring of new Ombudsman</p>	<p>Work underway (pending Ombudsman hiring)</p>	<p>Current Staff; no additional funds</p>	<p>Board/BGC &amp; Legal</p>
<p>25. Clarify standard for Reconsideration requests with respect to how it is applied &amp; whether the standard covers all appropriate grounds for using the Reconsideration mechanism.</p>	<p>ASAP but no later than Oct. 2011</p>	<p>June 2011</p>	<p>Work underway</p> <ul style="list-style-type: none"> <li>See above</li> </ul>	<p>Current Staff; no additional funds</p>	<p>Board/BGC &amp; Legal</p>
<p>26. Board should adopt a standard timeline &amp; format for Reconsideration Requests &amp; Board recon-</p>	<p>ASAP but no later than October 2011</p>	<p>June 2011</p>	<p>Work underway</p> <ul style="list-style-type: none"> <li>See above</li> </ul>	<p>Current Staff; no additional funds</p>	<p>Board/BGC &amp; Legal</p>



sideration outcomes that clearly identifies the status of deliberations & then, once decisions are made, articulates the rationale used to form those decisions.					
27. Board should regularly evaluate progress against these recommendations & the accountability & transparency commitments in the AoC, & in general analyze the accountability & transparency performance of the whole organization to annually report to the community on progress made & to prepare for the next ATRT review; all evaluation should be overseen by Board.	Annually	Mar. 2011, June 2011, Jan. 2012 & annually	<p>Work underway</p> <ul style="list-style-type: none"> <li>• Staff provides Board with regular updates on ATRT implementation status</li> <li>• Staff developing additional proposed benchmarks and metrics for accountability and transparency (awaiting Board approval of implementation plans)</li> </ul>	Current Staff; FY2012 US\$25,000	Board/EXEC & CEO's Office
<p>Reporting - ATRT asks the Board to provide a status report on all recommendations at the March 2011 ICANN meeting and a more formal report at the June 2011 ICANN meeting detailing:</p> <ul style="list-style-type: none"> <li>- Which recommendations have been fully implemented;</li> <li>- The status and schedule for implementing the remaining recommendations; and</li> <li>- The recommendations which the Board has concluded it cannot implement including a detailed explanation as to why the recommendations cannot be implemented.</li> </ul>	March 2011 June 2011	March 2011 June 2011	<p>Work underway</p> <ul style="list-style-type: none"> <li>• Status report provided at March ICANN meeting and developed for June ICANN meeting (awaiting Board Committee action)</li> <li>• ATRT implementation status publicly posted and regularly updated.</li> </ul>	Current Staff; no additional funds	Board/EXEC & CEO's Office

**2011-06-24-14-Exhibit B Board Paper ATRT Report 10  
June 2011 - All ATRT Implementation Plans**

# **Exhibit B – ATRT Recommendations Final Implementation Plans Staff Proposals, 6 June 2011**

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# ATRT Implementation Project, Recommendations 1, 2

## Project Information:

### Project:

1. Board should establish formal mechanisms for identifying the collective skill-set required by the Board (in time to enable integration of recommendations into next NomCom process beginning in late 2011):
  - a. Benchmarking Board skill-sets against similar corporate and other governance structures;
  - b. Tailoring required skills to suit ICANN's unique structure and mission through open consultation process, including with SOs and ACs;
  - c. Reviewing these requirements annually, and provide as formal starting point for NomCom each year;
  - d. Publishing outcomes and requirements as part of NomCom's call-for-nominations (starting with next NomCom – late 2011).
2. Board should regularly reinforce and review training and skills building programs (at least every 3 years).

**Responsible Entity:** Board

**ATRT proposed project deadline:** Late 2011 (Next NomCom cycle)

**Project's Lead Department:** Legal, with assistance from NomCom coordination

## Project Manager/Team Advice:

Staff recommends that these recommendations generally be accepted and subject to ongoing work.

The portion of the recommendation regarding benchmarking (Rec 1.a) is likely to require the retention of consultants, and staff recommends that the process of skill identification and refinement first be viewed as a Board and community effort, prior to spending funds for a benchmarking exercise. The ICANN Board has already received some inputs into skills identification; the 2008 Independent Review of the Board, as well as the comprehensive list of skills identified within the ATRT report. Because of the unique structure of ICANN, comparison with other organizations may be of limited utility at this time. In addition, the staff supporting the Board has access to materials and trainers at major associations dealing with corporate directorships, and those materials can be used in further refining a baseline for community discussion.

The work produced by the Board, and the discussions with the NomCom, have to take into account the Board turnover issue, with clear identification of skills held by the Board members with terms ending and the gaps that may be faced on the Board if those skill sets aren't considered in the selection of directors.

The remainder of the work recommended should proceed toward adoption. However, the need for community consultation and input, as well as coordination with NomCom processes, may require additional time for implementation. The Chair of the NomCom has already started informal consultations towards the implementation of this item, and the continued cooperation of the NomCom (as anticipated) is essential. Further, the NomCom Review Final Report includes a recommendation on the drafting processes for solicitation of advice from the Board and SO/AC Chairs, work that is currently underway within the NomCom, including reference to how such a process can be formally included within NomCom procedures.

The current state of work within ICANN towards these measures is promising. The BGC has been very active in creating a framework for enhancing the skills of the Board. More information about this work can be found in reference to Recommendation 4.

Upon completion of the consultations described above, the ICANN Bylaws on the NomCom should be reviewed to determine if any amendments are recommended to formally recognize this work.

### **Plan for Implementation:**

Task 1: Review 2010 Board Governance Committee work to identify Board member skill sets, both in terms of committee needs and individual Board member skill identifications.

Task 2: Compile list of specific skills necessary for independent directors.

Task 3: Solicit SO, NomCom and At-Large input on skills considered in making appointments to ICANN Board and prioritization of those skills.

Task 4: Poll past ICANN Board members and Liaisons for identification of skills necessary for service on the ICANN Board and the training that would be beneficial.

Task 5: Determine process to achieve Board member participation in skill assessment presently on annual BGC workplan.

Task 6: Review scheduling for ongoing consultations with community regarding applicability of skill sets to ICANN.

Task 7: Coordinate conversation between NomCom Chair and Chair of Board to identify scope of information requested from Board for skill assessment, in respect of the independence of the NomCom processes.

Task 8: Coordinate with SOs and the At-Large on consideration of skill assessment for future selection.

Task 9: [NomCom] include identified skill sets as well as any enhanced training commitments identified in call for nominations.

Task 10: Review need for revisions to ICANN Bylaws

### **Proposed Timeline:**

By May 2011: Propose additional workplan items, if needed, for BGC agenda regarding skill set selection and outreach. Include provision of skill set identification to NomCom as annual item of work. Begin information consultation with the NomCom to prepare for receipt of Board inputs. – Initial work done

The BGC is in a process of forming a plan to have the community consultation regarding Board skill set identification, and this will likely include the initiate calls for skill set identification and prioritization by SOs and former Board members, which will be subject to refinement based on a later, more fulsome consultation.

As a skill set identification iterates, the BGC will work to identify current skills on the Board, and will work in coordination with the NomCom to provide that identification for inclusion in call for nominations for 2012 and/or consideration in selection.

Milestone: Formal launch of Board training program in 2012; interim trainings and orientations may occur.

Milestone: 2012 NomCom Call for Nominations includes additional skill sets information.

After 2012, community consultation on skill sets, determine if outside consultant needed to assist in benchmarking to other organizations.

Training and skill identification will be ongoing processes. Staff is currently working to engage external training resources to assist in the design of appropriate training programs, and a formal training session was offered in March 2011.

### **Proposed Resources:**

FY 2011 (immediate): Legal, NomCom and Policy staff resources for coordination of outreach and compilation of skill sets.

FY 2012: Legal, NomCom and Policy staff resources for coordination of consultation and implementation.

FY 2012: Board Training Consultant, budget requested (est cost: \$50,000); implementation of training programs (est cost:\$150,000). Future trainings will be budgeted in future FY.

FY 2013: Consider allocation for future outside consultant work on skills assessment and budgeting.

### **Key Consultations:**

BGC and Board as a whole to oversee skill set identification and participate in identification exercised;

NomCom, GNSO, ccNSO, ASO and At-Large Community, for consultation on skill set identification;

Prior Board members and Liaisons

Potential public comment period in 2011-2012 for community consultation on Board skills after first skills identification completed.

## ATRT Implementation Project, Recommendation 3

### **Project Information:**

**Project:** Board & NomCom should increase transparency of NomCom's deliberations & decision-making process; e.g. explain timeline, skill-set criteria before process starts, & explain choices made at the end.

**Responsible Entity:** Board and NomCom

**ATRT proposed project deadline:** ASAP but Starting no later than next Nom Com – late 2011

**Project's Lead Department:** Operations/Organizational Reviews

**Project Manager:** Olof Nordling (Staff supporting NomCom Chair)

**Project Team Members:** Olof Nordling, Joette Youkhanna, Amy Stathos

### **Project Manager/Team Advice:**

Staff recommends that the Board adopt this recommendation.

This recommendation is in line with the already adopted NomCom Review Implementation Plan, which was approved by the Board as part of ICANN's Organizational Review processes and followed the NomCom Review Working Group's Final Report making recommendations relating to this issue. Implementation can be done in two ways: a) by voluntary NomCom action, mainly informally, supported by Board/BGC and NomCom guidelines, or b) formally, by specifying the recommendation's provisions as detailed requirements in the ICANN Bylaws. Staff advice is to follow approach a), which enables more rapid implementation and flexibility for future enhancements. The only drawback of a) compared to b) is that the statutory independence of NomCom does not guarantee that future NomComs will follow the chosen approach. If this is considered a problem, an added process-oriented provision may be justified in the Bylaws as a basis for compliance with the recommendation.

### **Preliminary Plan for Implementation:**

The current NomCom has already taken voluntary steps to comply with the recommendation and held consultations and public sessions to that effect at ICANN's Silicon Valley meeting in March 2011.

Staff will redraft the NomCom guidelines and/or web site with processes needed to implement this recommendation, in consultation with with the NomCom, SIC and BGC. These consultations will also aim to identify any Bylaws changes that may be advisable and, if needed, staff will draft such for public comment and subsequent Board adoption.

A questionnaire/public comment period will provide feedback concerning the voluntary efforts of this year's NomCom and will further inform drafting of guidelines and Bylaws changes if needed.

All actions shall be finalized to enable full implementation with the launch of NomCom 2012.

**Proposed Timeline:**

March 2011: NomCom consultations and public sessions at ICANN's March meeting.

March - July 2011: Consultations, redrafting of guidelines and, if needed, Bylaws changes.

August- September 2011: Questionnaire/public comments to gauge satisfaction with current NomCom's efforts to follow the recommendation. Public comment period for any Bylaws changes.

October 2011: Finalization of guidelines in light of public comments. Adoption of any agreed Bylaws changes. Launch of NomCom 2012.

**Proposed Resources:**

The plan mainly requires efforts from the current NomCom and Legal staff and does not require additional budget resources to any appreciable degree.

**Key Consultations:**

NomCom2011, BGC, SIC, ALAC, ccNSO and GNSO.



# ATRT Implementation Project, Recommendation 4

## Project Information:

**Project:** 4. Board should continue to enhance Board performance & work practices.

**Responsible Entity:** Board

**ATRT proposed project deadline:** None listed

**Project's Lead Department:** Legal

## Project Manager/Team Advice:

Staff recommends that this recommendation generally be accepted and subject to ongoing work.

This work is already ongoing and Staff suggests it continue. In addition, the Board training programs identified for implementation under ATRT Recommendation #2 are expected to provide further refinement to Board performance and work practices.

The BGC has been active in enhancing Board practices, including the standardization of Committee charters - requiring Committee annual review of activities and standardizing committee work practices. Highlights of this work include the Audit Committee identification of committee best practices, and the recent revisions to the Audit Committee and Finance Committee Charters.

For both 2009 and 2010, the Board has conducted self-appraisals in an attempt to continue to identify where work improvements can be made. While "full-blown" self-appraisals are likely not necessary on an annual basis, some form of regular self-appraisal is of value, particularly as the Board membership evolves. The Board is also continually working with the CEO to enhance the Board's performance through better definition of staff roles and Board roles, and through the continued improvement of staff briefing papers to the Board. The work processes of the Board should also be improved through the better definition and utilization of consultation processes, to create clear channels of communication as well as predictability of cycles of information for use in Board decisions.

In addition, work is already underway to review the tools the Board uses in performing its work. The enhancement of tools is anticipated to facilitate communications among Board members, and to reduce the burden on each member in performing his or her duties. Finally, staff is actively working on how to enhance the Board Support functions to allow the Board to work more efficiently.

## Plan for Implementation:

Task 1: Complete the 2010 self-appraisal work for BGC review and public posting.

Task 2: Create annual work plan for each Board Committee, including annual review of committee charter.

Task 3: Continue refinement to Board papers to address Board member needs in information and work flow.

Task 4: Clarify and define process for flow of communications to/from Board/staff and Board/community.

Task 5: Review tools necessary for the fulfillment of Board responsibilities and research feasibility of providing a standardized tool set to each Board member.

Task 6: BGC, with the Board Chair, to review the scope and regularity of Board self-appraisals as tools for improvement of Board performance.

Task 7: Survey Board members to determine if any further regularized reporting from staff would improve Board performance.

Task 8: Subject to resource availability, provide leadership training to staff responsible for supporting Board committees to better serve the Board committees.

### **Timeline:**

Immediate and continuing work: Task 3 is ongoing.

The Board has discussed the 2010 appraisal at its Istanbul retreat, and work is being done towards posting of the appraisal. Based on the outcomes of the 2010 appraisal, the BGC needs to decide on fact of and scope of self assessment for 2011 as discussed in Task 6.

All Board Committees either already have, or are in process of developing, an annual work plan.

Based on outcome of budgetary discussions, leadership training may be available in FY2012 or FY2013, though task 8 is not critical to the successful implementation of this recommendation.

Consideration of Board tools should be considered for inclusion in the FY2013 budget.

### **Proposed Resources:**

Proper completion of the Board support needs will require approximately additional FTEs in both a Board support role as well as additional legal counsel needs, to uniformly coordinate workplans, committee processes and communication flows. Since the release of the ATRT report, one FTE has already been hired to perform a Board support role. It is anticipated that at least two further FTEs are required in the legal/Board secretary department, at an approximate resource need of US\$340,000.

If a self-assessment is completed in 2011, approximately US\$5000 is necessary for external consultants.

### **Key Consultations:**

BGC, Chair of Board, all Board Committees, all staff supporting Board committees.

No public comment period will be required to meet this recommendation. However, the successful revision of public comment processes will be key in assisting the Board in modifying its internal practices.

## ATRT Implementation Project, Recommendation 5

### Project Information:

**Project:** 5. Board should implement compensation scheme for voting Board Directors.

**Responsible Entity:** Board

**ATRT proposed project deadline:** Expeditiously

**Project's Lead Department:** Legal

### Project Manager/Team Advice:

Staff supports an appropriate review of Board compensation, following relevant laws and restrictions on non-profit organizations.

**\*Privileged and Confidential Advice Set Forth Below\***

Privileged and Confidential

**\*Privileged and Confidential Advice Set Forth Above\***

**Key Consultations:**

Board of Directors as a whole, and possible assistance by designated committees of the Board  
Required public comment on Bylaws change.

# ATRT Implementation Project, Recommendation 6

## Project Information:

**Project:** 6. Board should clarify the distinction between issues that are subject to ICANN's policy development processes & those matters that are within the executive functions performed by staff & Board, and develop complementary mechanisms for consultation in appropriate circumstances with the relevant SOs & ACs on administrative & executive issues that will be addressed at Board level.

**Responsible Entity:** Board

**ATRT proposed project deadline:** As soon as possible, but no later than June 2011

**Project's Lead Department:** Legal, with assistance from the Policy department.

## Project Manager/Team Advice:

Staff recommends that the Board accept this recommendation with a modification of the proposed completion date, subject to ongoing work.

While work to implement the recommendation will be well underway in advance of the June 2011 suggested deadline, completion of implementation is not feasible in that time period. Historical analysis should be conducted to classify the various actions taken by the Board in the past and identify whether an SO/AC was consulted prior to Board action. The classification of actions and decisions within ICANN will be a helpful exercise for the entirety of the organization in addressing the recommendations of the ATRT. The categorization called for will inform the proper structure of public comment processes or consultation for each type of action or decision, and in the creation of consultation mechanisms that are more useful than the "one size fits all" model used today. This work may also assist the Board in improvements to its work practices, through better identification of more administrative items.

In order to create a framework to competently address this recommendation, staff will immediately undertake a categorization exercise, using the Resolution wiki unveiled during the Cartagena meeting. Staff will work to categorize Board action into policy/executive/administrative and other categories, and then review whether public comment was received on those items. After that categorization is completed, consultation with the SOs and ACs will likely be necessary to identify the appropriate levels of consultation needed for each type of decision.

Another challenge posed by this recommendation is the lack of clear definition – organization wide – of what constitutes a new "policy" rather than "implementation advice" or other type of Board action. The appropriate level of consultation may vary depending on the circumstance, such for a policy/not policy decision, and the need to recognize that many consultations on policy-related decisions should be coordinated prior to reaching the point of Board action. A community consultation will likely be necessary on this item. However, such a consultation should not take place prior to establishing a baseline understanding of categorization.

Staff has been working closely with the team implementing Recommendations 16-17 regarding public comment, as similar categorization work will be part of the new public comment scheme. Staff will work closely with the Recommendation 16-17 team and consider the community input regarding the usefulness of the attempts to better classify the types of items released for community comment, to avoid duplication of effort.

### **Plan for Implementation:**

Task 1: Prepare document identifying current requirements for public comments prior to Board action, based in Bylaws, operating procedures or in established practice.

Task 2: Undertake a categorization exercise using the Resolution wiki, to assign each type of action taken and the scope of consultation prior to the Board's decision. Include historical public comment periods to aid in categorization.

Task 3: After completion of the categorization exercise, create a proposal for Board and community consideration regarding the categorization and levels of consultation needed prior to Board action. The consultation on the refinement of the public comment periods will inform this work.

Task 4: As part of the Board's setting of the agenda, categorization of the type of actions under consideration by the Board to be identified.

Task 5: Determine if references to the Policy Development Processes within the Bylaws have to be refined to reflect the distinction between policy creation and other decisions.

Task 6: Initiate community consultation on better definition of policy work within the organization, based upon the baseline created through the categorization work.

### **Proposed Timeline:**

By March 2011: Produce document identifying the current Bylaws-mandated and other required public comment based upon established practice.

In conjunction with the public consultation on Recommendations 16-17, complete the categorization of wiki actions, and provide BGC with a proposal regarding possible distinctions.

After BGC review, initiate community consultation on the proposed distinctions/levels of consultations required for various Board actions.

### **Proposed Resources:**

Legal Department support for this implementation will consume approximately 30% of one FTE. Policy department support will consume approximately 10% of one FTE, particularly during the creation of a proposal. The heavy resource allocation will likely end approximately three-four months into implementation, however the community consultations required in 2012 will require at a minimum 10% of one policy FTE and 10% of one legal FTE.

### **Key Consultations:**

ICANN Executive Staff, ICANN Board, and all ICANN SOs/ACs, particularly SOs with active Policy Development Processes. A public comment period is likely once the Board approves a proposal for categorization for community consideration.



# ATRT Implementation Project, Recommendation 7, 8

## Project Information:

### Project:

7. Board should:

7.1 Promptly publish all appropriate materials related to decision-making processes – including preliminary announcements, briefing materials provided by staff & others, detailed Minutes, and individual Directors’ statements relating to significant decisions.

7.2 Publish a “thorough and reasoned explanation of decisions taken, the rationale thereof, and the sources of data and information on which ICANN relied” and “ICANN should also articulate that rationale for accepting or rejecting input received from public comments & the ICANN community, including [SOs & ACs].”

8. Board should have a document produced and published that clearly defines the limited set of circumstances where materials may be redacted and that articulates the risks (if any) associated with publication of materials. These rules should be referred to by the Board and staff when assessing whether material should be redacted and cited when such a decision is taken.

**Responsible Entity:** Board

**ATRT proposed project deadline:** Immediately, for 7.1 and 7.2. Start of March 2011 ICANN meeting 8.

**Project’s Lead Department:** Legal

## Project Manager/Team Advice:

This recommendation has been adopted and is now a part of standard operating procedures.

The work called for in Recommendation 7 is already underway. While refinements will be made as necessary, the implementation has begun. The milestones already achieved include:

- As of June 2010, the briefing materials provided to the Board have been posted along with the approved minutes of that Board meeting. The first meeting the briefing materials posting was completed for was the 22 April 2010 meeting. The postings have continued for every meeting since.
- The comprehensive nature of the Board minutes has been improved, and staff will continue to reflect the Board’s detailed discussions.
- As of the 25 January 2011 meeting, staff began including proposed rationale statements in Board submissions, addressing the items set forth in the Affirmation of Commitments. If the Board does not propose significant modification to the draft rationale statements, those draft statements will be posted with the Approved Resolutions for each meeting. This practice was instituted on 27 January 2011, with the posting of the 25 January 2011 Approved Resolutions. The rationale statements will be

considered final when posted with the Minutes as approved for each meeting. The rationale statements are to address the sources of data and information, as well as to address community input accepted and rejected. Given that some decisions are far more straightforward than others, there are varying levels of rationale statements being produced (light, medium and heavy). The more substantial the comment and the more significant the decision, the broader the rationale statement will be. As the categorization work proceeds in accordance with Recommendation 6 above, the categorizations may be of use in determining the level of rationale statement necessary.

- Minutes: Detailed discussion is not available in actions taken on the Consent Agenda. In an effort to improve Board performance, the Board implemented a consent agenda process to quickly address items that the Board does not require discussion to address. Rationale statements are now provided for the actions taken on the Consent Agenda.
- Individual Director Statements: There is no obligation for directors to produce statements in support of any vote. In addition, if any director makes a statement on the record of a meeting, that statement is included within the minutes of the meeting. The BGC may wish to consider the feasibility of creating a template to assist the directors in the drafting of such statements, if they wish to produce one.
- Rationale Statements For Items Arising Out of the ICANN structure: As discussed in response to ATRT Recommendation 20, there are some items that are presented to the Board, such as policy recommendations arising out of the SOs, for which the Board has to rely upon the proper inputs being considered and rationale statements being prepared. The Board's decision on the policy matter should not be considered an opportunity to re-weigh the community inputs into the policy development process; such a result would be a failure of accountability. The work described in ATRT Recommendation 20 will help cure this limitation.
- Redaction of Board materials: Staff prepared a document defining the set of circumstances used when redacting Board briefing materials. The Defined Conditions for Non-Disclosure set forth in the Documentary Information Disclosure Policy (DIDP) currently guide the set of circumstances associated with redaction of the Board briefing materials. While these DIDP conditions will remain the baseline for redactions, there is great value in producing a document to guide staff and inform the community on the specific issue of redaction of Board materials. As evidenced through the very publication of the Board briefing materials, ICANN has narrowed the previously-applied scope of its application of the conditions for non-disclosure in favor of increased transparency and accountability. The document was posted in March 2011. Of note, beginning with the 12 December 2010 Board meeting materials, the basis for each redaction was set forth on every page where a redaction occurred. A review of how to best cite to the circumstances requiring a redaction will continue.

New work to be done to meet the recommendations

In terms of "preliminary announcements", it is understood that the ATRT is referring to the detail of the notice provided to the community regarding the items under discussion on the Board's upcoming agenda, and whether action on the item is anticipated. Consideration needs to be given on what level of detail can be placed on the publicly-posted agenda, when

balanced with the need to post agendas as soon as practicable. Staff will begin to review how additional detail can be provided and will start to incorporate additional detail into the agendas as soon as possible.

### **Plan for Implementation:**

Task 1: Obtain Board feedback on the sufficiency of the rationale statements being drafted and modify statements accordingly.

Task 2: Revise internal Board submission templates to set out a template to produce a proposed rationale.

Task 3: Continue practice of posting Board materials with approved minutes, and produce description of timing of Board material posting for release to the community.

Task 4: Include more detail on posted Board agendas, to identify: (1) a better description of issue before the Board; (2) whether action is anticipated on the item. The inclusion of detail will be an iterative exercise, and should be performed in a manner that maximizes the public availability of agendas.

Task 5: Board to consider feasibility of producing template for individual director statements on votes and whether such templates are needed.

Task 6: Draft document setting forth conditions for redaction of Board material and make publicly available.

Task 7: Refine redaction of Board materials to indicate basis for redactions.

Task 8: In coordination with Language Services team, determine best process for timely posting of translation of Board materials.

### **Proposed Timeline:**

Nearly all tasks within this recommendation have been implemented and integrated into standard operating procedures.

Remaining tasks will be performed on an ongoing, as needed basis, such as the refinement of rationales based upon continual Board feedback, and the evaluation of the need for a template for individual director statements.

Continual work is being done to enhance the level of information available to the community, including refinement of the Board agenda, as well as evaluation of the scope of translation of the Board Briefing materials.

### **Proposed Resources:**

Resources for translations of materials is addressed within staff response to ATRT Recommendations 18 and 19.

**\*Privileged and Confidential Material Identified Below\***

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The time of one-half to one FTE within the Legal department could be solely dedicated to the creation of rationale statements for in-depth decisions. Every department that produces Board papers will devote additional resources to the production of rationale statements.

Meeting the remainder of the recommendations will not require substantial staff resources.

Translation of Board materials will cost approximately US\$79,000.

**Key Consultations:**

Board, and SOs/ACs.

# ATRT Implementation Project, Recommendation 9

## Project Information:

Board, acting through the GAC-Board joint working group (JWG), should clarify what constitutes GAC public policy “advice” under the Bylaws

**ATRT proposed project deadline:** By March 2011

**Project’s Lead Department:** GAC Liaison

**Project Manager:** GAC Liaison

**Project Team Members:** : Jamie Hedlund, Sam Eisner

## Project Manager/Team Advice:

Staff recommends that the Board adopt this recommendation with a modification to the proposed project deadline.

The Board/GAC Joint Working Group (JWG) included this issue in the Terms of Reference for its work, and discussions have been ongoing to assess what constitutes GAC advice. The JWG may deliver its final report around the time of the ICANN June 2011 Meeting, though it may slip until the October Meeting. Once the final report is provided, the Board as a whole will have an opportunity to review the recommendations within the report for acceptance or further clarification. In the absence of a final report, the following “strawman” is offered by staff for Board consideration.

## Preliminary Plan for Implementation:

Task 1: Board and GAC discuss relevant excerpt from draft final JWG report (below):

*What constitutes GAC advice?*

The Bylaws require the Board to take due account of GAC advice, but do not provide a detailed definition of what constitutes GAC advice, place any limitation on what form such advice should take or require that it be consensual. GAC members have worked on the basis that any explicit advice, in any written form, constitutes the kind of advice foreseen in the Bylaws.

In practice, the GAC produces various kinds of written advice for communication to the Board, including:

- 1) letters signed by the GAC Chair on behalf of the GAC
- 2) communiqués endorsed by the GAC at the conclusion of each GAC face-to-face meeting.

- 3) overarching “principles” documents, typically developed over successive face-to-face GAC meetings.
- 4) “issues” documents, including interim issues documents.

As reflected in the Bylaws, the focus of the GAC is on public policy advice. Such advice constitutes the majority of advice that is issued by the GAC.

There are also instances where the GAC generates advice on matters related to the effectiveness of ICANN’s procedures for facilitating interactions between the ICANN constituencies in support of policy development. For example, the comments formulated by the GAC on the frequency of ICANN meetings.

The GAC Chair also provides advice verbally. However, in these instances, the Chair is expected to represent agreed GAC views on public policy-related matters. The Chair can also be expected to provide advice in relation to mundane procedural matters that do not have the same “representational” implications for the GAC membership.

#### *“Formal” advice*

In the past, the Board has sought to clarify whether GAC advice in a particular instance should be viewed as “formal”. However, the ICANN Bylaws and GAC Operating Principles make no reference to the formality of advice produced. Again, the Bylaws instead reference GAC advice that has a public policy aspect to it.

#### *Policy development process*

Policy development at ICANN is an iterative process. As such, GAC advice to the Board must frequently be developed in stages as new information becomes available and GAC members have the opportunity to further reflect on a particular matter. It is not uncommon for the GAC to offer advice in stages for the purpose of clarifying, revising or reiterating views as an ICANN policy development process unfolds.

It is also worth noting that the Bylaws call for GAC advice to go solely to the Board, rather than to the other Supporting Organizations and Advisory Committees.

#### *GAC consensus*

As per Principle 47 of the *GAC Operating Principles*, the GAC first seeks consensus. If it is not possible to reach consensus then a full range of views can be presented to the Board.

Providing consensual advice to the Board has several advantages:

- Seeking common views provides a means for presenting the Board with a coherent message and presumably, this makes it easier for the Board to incorporate GAC advice into its final decision.
- it identifies common public policy priorities at the global level.
- it maintains consistency with ICANN’s iterative approach to policy development, allowing GAC members to develop and adapt their own national views on the basis of the arguments presented by other countries.

An appropriate balance in approach therefore would be for the GAC to identify consensus where it exists, record where it doesn't exist (and describe the various positions) and provide advice to the Board in a timely manner. If the GAC emphasizes consensus too much in its efforts to provide advice, it could be at the expense of both providing a full account of the variety of views and being able to provide advice in a timely manner.

Task 2: Board and GAC discuss creation of formal distinction between two types of GAC advice and their significance under the bylaws: 1) GAC consensus advice and 2) other advice communicated by the GAC to the Board that does not reflect a consensus position. Only the first would trigger bylaw requirements for the Board to consult with the GAC in the event that the Board indicates an intention not to follow the GAC consensus advice. For GAC advice that does not reflect consensus, the Board would receive the advice but the bylaw requirements regarding Board consideration of the advice would not apply. This distinction between the two types of GAC advice would be incorporated into the JWG Final Report.

Task 3: If Board and GAC accept the distinction between consensus and other advice, the Board could ask the GAC to undertake two further actions. First, it would ask the GAC to commit to clarify in all of its written communications to the board whether it is conveying advice and if so whether this advice reflects the consensus position of the GAC.

Second, the Board could request the GAC to revise its Operating Principles document to define the term consensus and the manner in which consensus is achieved. Currently, Principle 47 calls for GAC work to be done by consensus wherever possible but neither explains what is meant by the term "consensus" nor does it describe the means of achieving consensus or determining when consensus exists. Consistent with the overarching principles of transparency and accountability, and to ensure global confidence in the integrity of the GAC's advice development processes, the GAC should agree to define the term consensus for the benefit of the entire ICANN community and should describe the manner by which consensus is achieved and recognized. The proposed revisions to GAC Operating Principle 47 would be incorporated into the JWG Final Report.

Task 4: Once tasks two and three are completed, Board determines whether to accept JWG final report recommendation. If yes, Board adopts resolution accepting JWG recommendation. If no, Board consults with GAC Chair to determine process for further joint Board-GAC consideration of this issue. Once Board and GAC reach agreement as to what constitutes GAC public policy advice under the Bylaws, Board adopts resolution reflecting same..

### **Proposed Timeline:**

According to current estimates, the JWG may deliver its final report at the Singapore Meeting in June 2011. It is possible however that the Final Report will not be ready until the Senegal Meeting in October 2011. The Affirmation of Commitments requires the Board to "take action" on the ATRT recommendations no later than June 30, 2011. If the Final Report is submitted at or before the Singapore meeting, the Board may be in a position to approve implementation of this recommendation. If not, the Board may have to take other action to comply with the Affirmation of Commitments, such as directing the JWG to finalize their report before the

Senegal meeting. It would also be helpful if the GAC would recommend this type of action in its expected Communique from the Singapore meeting.

The remainder of the timeline for implementation is dependent upon the Board's decision. There will likely be further implementation work necessary if the Board accepts the recommendation set out in the JWG final report. If the Board rejects the recommendation, the Board would then initiate further consultation with the GAC on this issue, and a further timeframe for that work would have to be agreed upon between the Board and the GAC.

### **Proposed Resources:**

If the Board accepts the JWG Final Report recommendation on clarifying GAC public policy advice, no requirements for additional resources are anticipated. If however the Board rejects the JWG recommendation, it is possible that additional staff resources and financial resources to support Board-GAC consultations on this issue will be required.

### **Key Consultations:**

Board, GAC, Board-GAC Joint Working Group

(No public comment anticipated)



## ATRT Implementation Project, Recommendation 10

### Project Information:

#### Project:

10. Board, acting through the JWG, should establish a more formal, documented process by which it notifies the GAC in writing of matters that affect public policy concerns to request GAC advice ICANN should develop an on-line record of each request to, & advice received from, the GAC along with the Board's consideration of & response to each advice.

**ATRT proposed project deadline:** By March 2011

**Project's Lead Department:** Legal

**Project Manager:** TBD

**Project Team Members:** TBD

### Project Manager/Team Advice:

Staff recommends that the Board adopt this recommendation with a modification to the proposed deadline.

Given the inaugural consultations with the GAC, as well as the need to involve the GAC in the creation of a meaningful process of notification, there is no feasible way that this recommendation can be completed within the time stated. In addition, the stated time is not sufficient to properly design a useful online mechanism for the tracking of GAC advice and the Board's response thereto.

As seen in the 28 October 2010 meeting, ICANN has started producing charts identifying GAC advice or communications on a variety of topics. The creation of a single online record tracking the GAC advice will be a helpful tool as the Board and the GAC address the consultation processes. However, the types of information that will be populated in such an online record will likely need to be a topic of discussion between the Board and the GAC, and is dependent upon the definition of GAC "advice", as sought through Recommendation 9. In addition, the information that will be used to populate this system is partially dependent upon the rationale documents that are now being produced. Internal planning for such a tool should commence.

The creation of a process for notification of the GAC is a multi-faceted issue. For GAC/Board interactions, the JWG (or another group as designated by the Board and GAC) should work to obtain some clarity on the GAC's expectations of notification and timing of such matters. However, the issue of GAC participation and engagement at the policy development level also must be addressed. The timing of GAC/Board discussions relating to earlier policy recommendations can result in modifications of policy decisions reached through the defined policy development processes – a result that may be avoided through earlier engagement in

policy development processes. The outcomes of ATRT Recommendations 12 and 13 will be helpful to this discussion.

### **Preliminary Plan for Implementation:**

Task 1: Plan/design online record system

Task 2: JWG (or other) to consult with GAC on proposed notification process as well as the scope of items the GAC wishes to have included in the online tracking system

Task 3: Upon completion of consultation, the notification process should be documented and made publicly available

Task 4: While planning is done to create a robust online tool for tracking of GAC advice, staff to compile identified GAC advice and post in a single location on the ICANN website

Task 5: Staff to create process for continued population of items in the online record system, reflecting updates in a timely fashion

### **Proposed Timeline:**

By end of April 2011: Compile identified GAC advice and post in single location on ICANN website; Determine if external consultant is needed for design of more robust online tool to meet recommendation. If external consultant is needed, completion of robust tool may need to be completed within FY 2013. Seek advice from the Board/GAC JWG regarding the notification process and online tools.

By June 2011: Initiate discussions with GAC on proposed notification processes and content of online tools. Because of the interdependency with the other GAC-related recommendations, the deadline for the completion of this work is unknown.

Note: The proposed timeline for all work identified is subject to GAC availability and timely provision of responses

### **Proposed Resources:**

Potential external consultant to design online record tool: Approximately US\$50,000

Additional staff resources will be necessary to support the consultation on the process, as well as ongoing maintenance of a record tool. These resources will be partially addressed in staff response to ATRT Recommendation 13.

### **Key Consultations:**

ICANN Board, GAC, and Joint Working Group or other, as designated. No public comment anticipated

# ATRT Implementation Project, Recommendation 11

## Project Information:

11. Board & GAC should work together to have the GAC advice provided & considered on a more timely basis; Board, acting through the JWG, should establish a formal, documented process by which the Board responds to GAC advice. This process should set forth how & when the Board will inform the GAC, on a timely basis, whether it agrees or disagrees with the advice & will specify what details the Board will provide to the GAC if it disagrees with the advice; process should also set forth procedures by which GAC & Board will then “try in good faith & in a timely efficient manner, to find a mutually acceptable solution.” Consider establishing other mechanisms by which Board & GAC can satisfy the Bylaw provisions relating to GAC advice.

**ATRT proposed project deadline:** By March 2011

**Project’s Lead Department:** GAC Liaison

**Project Manager:** GAC Liaison

**Project Team Members:** Legal, Policy, Compliance, other staff TBD

## Project Manager/Team Advice:

Staff recommends that the Board adopt this recommendation with a modification to the proposed project deadline.

The Board/GAC Joint Working Group (JWG) included this issue in the Terms of Reference for its work, and discussions have been ongoing to assess these issues. The JWG may deliver its final report around the time of the June ICANN Meeting, though it may slip until the October Meeting. Once the final report is provided, the Board as a whole will have an opportunity to review the recommendations within the report for acceptance or further clarification. Therefore, even at the time of the transmission of the JWG final report, the work required to fulfill this Recommendation 11 will not be completed.

The work set out in Recommendation 9 and 10 will also guide the implementation of this Recommendation, as a definition of advice, as well as a defined process for notification of a potential decision, will necessarily impact a process for when and how that advice is to be provided to the Board.

The creation of the online tool as discussed in Recommendation 10 will help provide tracking from which a more formal process can be generated, and will also assure that items of GAC advice are not disregarded as the Board proceeds to action.

## Preliminary Plan for Implementation:

Task 1: Board and GAC discuss the following relevant excerpt from the draft Final JWG Report:

### *Board process for receiving GAC advice*

Pending further clarification regarding Board processes for receiving GAC advice and contending with receiving conflicting advice, the JWG makes the following observations.

If the Board only acknowledges GAC advice when disagreeing, seeking clarification or revision to GAC advice, it is not possible for the GAC to know what the Board intends to do with all advice received.

For example, ICANN/IANA has not been referencing the 2005 GAC *Principles and Guidelines for the Delegation and Administration of Country Code Top Level Domains* (2005) but rather an earlier version of the document.

How can this circumstance be avoided in the future? Some form of register, accessible on a public web-site, could be useful. For example, the SSAC website (see <http://www.icann.org/en/committees/security/ssac-documents.htm>) offers a comprehensive and up-to-date list of all SSAC "reports and advisories" since 2001. The GAC has no similar register to refer to.

### *Board process when conflicting advice*

There are various examples of the GAC providing advice that is, or potentially is, in conflict with views coming from other parts of the ICANN community. Better clarity on how the Board addresses conflicting advice would assist in the development of recommendations related to GAC advice.

While it is not clear how many times the Bylaw provisions on the rejection of GAC advice have been applied, it appears that the Board rarely considers rejecting GAC advice on the basis that the Board is taking actions "inconsistent" with GAC advice.

Reviewing past examples of GAC advice with the assistance of the Board could be illustrative:

1. GAC recommendations to the Board regarding WHOIS studies related to the generic top level domains. In this case, the Board referred GAC recommendations to the GNSO, rather than implementing this advice.
2. GAC advice on "geographic" terms at the second-level for new gTLDs. The GAC Chair went back to the GAC for additional advice in order avoid triggering Board rejection. In this case, the Board had indicated that not all GAC advice was implementable.

### **Options**

In expectation that the Board will wish to further clarify matters regarding the issues that have been raised regarding GAC advice to the Board, the JWG is proposing the following options, rather than recommendations:

- That the Board create a transparent register or consistent record to make apparent whether/when/how the Board has taken into account or responded to particular advice from the GAC.
- Board could consider submitting written, regular requests for advice to the GAC, clearly identified as such. This approach could also be a useful component of the proposed register.

- In the event that the GAC decides to form a working group to review the *Operating Principles*, draw on the work of the JWG.
- Identify consistent methods of notating written GAC advice.

Task 2: Staff believes that all of the above options are reasonable and can be implemented. Board considers staff recommendation to adopt each of the options in order to implement this Recommendation. Board then consults with GAC and if agreed Board and GAC recommend to the JWG to include these options in its final report.

Task 3: Board determines whether to accept JWG final report recommendations. If yes, Board adopts resolution accepting JWG recommendations. If no, Board consults with GAC Chair to determine process for further joint Board-GAC consideration of these issues. Once Board and GAC reach agreement on these issues, Board adopts resolution reflecting same.

According to current estimates, the JWG may deliver its final report at ICANN's June 2011 Meeting though it is possible for this to slip until the October 2011 Meeting. In the event that the JWG report is not finalized in time for implementation by the Affirmation's June 30 deadline, the Board will have to take some other action such as direct the JWG to complete its Final Report at or before the Senegal Meeting. It would be helpful if the GAC supported this approach in its Singapore Communique.

The remainder of the timeline for implementation is dependent upon the Board's decision. There will likely be further implementation work necessary if the Board accepts the recommendations set out in the JWG final report. If the Board rejects the recommendation, the Board would then act to initiate further consultation with GAC on these issues, and a further timeframe for that work would have be agreed upon between the Board and the GAC.

### **Proposed Resources:**

If the Board accepts the JWG Final Report recommendation on clarifying GAC public policy advice, no requirements for additional resources are anticipated. If however the Board rejects the JWG recommendation, it is possible that additional staff resources and financial resources to support Board-GAC consultations on this issue will be required.

### **Key Consultations:**

Board, GAC, Board-GAC Joint Working Group

(No public comment anticipated)

# ATRT Implementation Project, Recommendation 12, 13

## Project Information:

12. The Board, acting through the GAC-Board joint working group, should develop and implement a process to engage the GAC earlier in the policy development process.

13. The Board and the GAC should jointly develop and implement actions to ensure that the GAC is fully informed as to the policy agenda at ICANN and that ICANN policy staff is aware of and sensitive to GAC concerns. In doing so, the Board and the GAC may wish to consider creating/revising the role of ICANN staff support, including the appropriate skill sets necessary to provide effective communication with and support to the GAC, and whether the Board and the GAC would benefit from more frequent joint meetings.

**ATRT proposed project deadline:** None Specified

**Project's Lead Department:** Policy

**Project Manager:** TBD

**Project Team Members:** TBD

## Project Manager/Team Advice:

Staff recommends that the Board adopt these recommendations.

To implement these recommendations, there is a wealth of existing tools and resources that the GAC can take advantage of and that can be easily customized to the GAC's interests and needs. Additional short and long-term actions, as described below, can be taken to implement these recommendations. It is important to keep in mind that the GAC itself will have an important role in successfully implementing these two closely connected recommendations. Staff suggests that the Board and GAC agree on the best method for addressing implementation – either extending the current JWG or creating a new group to address implementation details.

## Preliminary Plan for Implementation:

### Immediate Actions:

- Monthly Policy Update – While in the past each GAC member was encouraged to subscribe individually to receive this newsletter directly, the publication also could be sent directly to the GAC email list every month (if GAC allows).
- There are other newsletters prepared by ICANN (and available to each GAC member) that the GAC might also be interested in and for which the same action could be taken, such as the Compliance Newsletter: <http://www.icann.org/en/compliance/newsletter/>.
- GAC members currently are able to participate in the pre-ICANN meeting policy update interactive webinars staff conducts for all interested individuals (e.g. <http://www.icann.org/en/announcements/announcement-04feb11-en.htm>); Policy Staff could provide a special alert and invitation to GAC members for these sessions.

- All of the GNSO’s policy development working groups are open to all individuals, including GAC members; Policy Staff could provide a special alert and invitation to GAC members to participate in their individual capacities (or on behalf of individual countries).
- Individual GAC members are also free to comment on topic of interest during public comment forums; while staff recognizes that this input still does not constitute “GAC advice”, it does allow input from individual government perspectives to be heard and open forums are highlighted in the Monthly Policy Update.
- The GAC could consider assigning volunteers to act as liaisons to SO and other AC working groups that are of broad interest to the GAC (understanding that a “liaison” would not be representing the GAC, but could act as a conduit for more detailed, or GAC-nuanced information); this is already standard operating procedure between the GAC and the ccNSO in working groups that are mutually considered of interest (the ccNSO currently invites the GAC to participate in or liaise with all working groups that potentially touch on policies or practices that may be relevant to the GAC).
- As with all of ICANN’s Advisory Committees, the GAC has the right under the bylaws to “raise an issue for policy development” (for the GNSO this is specified under 1.c of Annex A, for the ccNSO this is specified in section 1.d of Annex B); the ALAC has taken advantage of this ability to initiate GNSO policy work on more than one policy issue, yet the GAC has never done so; ICANN Policy staff can meet with the GAC and describe what this Bylaws provision means and how it might be used.
- In the event that a Task Force is formed according to the rules of the ccNSO PDP, the GAC may appoint to two GAC representatives or more to a Task Force, following a formal request (section 5.a Annex B); in the event no Task Force is formed, the Chair of the ccNSO shall formally request the Chair of the GAC to offer opinion or advise as part of the ccPDP (section 8.b of Annex B).
- Upon receipt of the Final Report under a ccNSO PDP, the ccNSO Council shall formally send an invitation to the Chair of the GAC to invite the GAC to offer opinion or advise on the Final Report (section 9.a of Annex B).
- Other ACs and SOs have occasionally requested speakers who are active on various policy issues (ICANN staff members, Working Group chairs, etc.) to attend their in-person and conference call meetings to brief them on work of interest; the GAC could invite speakers on topics of interest at any time.
- Preparation of Issue Briefs, presentations and background papers by staff on topics of interest to the GAC could be provided by staff; these are typically prepared for the GNSO Council when reports are prepared, and the briefings also could be given to the GAC at times convenient to them.
- ICANN staff can help the GAC identify high-priority, and new and emerging topics that may be timely for workshops or discussion sessions at ICANN meetings.
- Historically the GAC has collaborated with both the GNSO and ccNSO on policy topics of mutual concern and interest (e.g. ccNSO/GAC Issues Paper on IDN ccTLDs, IDNC WG, Cross-SO/AC working group on Recommendation Six of the new gTLD implementation); these joint groups have produced important results to aid informed policy making and could be further encouraged where appropriate.
- To the degree that the GAC is in a position to formulate input into current policy working groups, (see endnote for background information)[i|#\_edn1] that input can be

considered by working group participants, as would be the case with comments received from other advisory committees within ICANN. This would be a very positive contribution to pending, bottom-up, policy development processes engaged in by all the SOs.

- Currently the Chair of the GAC is notified of any proposal raising **public policy issues** on which any SO or AC is seeking public comment. Going forward, Policy staff can provide specific notice to the GAC on a broader set of policy activities that might be of interest to the GAC, and provide briefings, if desired. It could be that the GAC has an interest in providing a government view on a broader range of topics, and if informed about a broader set of policy activities, the GAC might identify public policy implications or considerations not previously articulated.

#### **Short-term Actions:**

- Extend the JWG's charter to address implementation of these recommendations, or form a new Board/GAC group to do so, with staff support as needed;
- The GAC can consider re-instating one or more official "liaisons" to the GNSO Council and to other ACs and SOs where none may be active currently.
- Staff can work with the Board and GAC to identify new ways for the GAC to participate earlier in the policy development process.
- Continue the dialogue the GNSO started with the GAC at the ICANN Cartagena meeting about the efficacy of joint SO/AC working groups. This addressed: whether there are any limitations to participation by the GAC and individual GAC representatives in cross-community working groups; if so, what those limitations might be; what subjects are suitable or eligible for cross-community WGs (CWGs); and what the role of the SOs and ACs should be in reviewing/approving a CWG report. Staff thinks this dialogue could have important consequences for how the GAC and other Advisory Committees might advise the Supporting Organizations and their working groups in the future, recognizing that this also is a longer-term project.
- Recently there have been cases where investigative or exploratory work conducted by an ICANN Advisory Committee has led to subsequent policy action on the part of a supporting organization. [ii|#\_edn2] Recognizing that the GAC may only be in a position to comment on selected issues, or within specified timeframes, the GAC could consider how it might take best advantage of additional staff support and a more regular information flow on policy matters to weigh in earlier when and where it can do so. For example, the GNSO can often anticipate many months ahead certain topics that it will likely solicit SO and AC or community comments on. These could be flagged for the GAC early on so that selected topics can be considered "pre-emptively". In addition, the GAC could consider communicating more through correspondence such as the letter sent to the ICANN Chair from the GAC Chair on behalf of the GAC on the WHOIS studies, other than relying primarily on formal communiqués delivered during public ICANN meetings. Where feasible, this might help provide more timely input.

#### **Long-Term Actions:**

- (If requested by the GAC) assign additional Policy staff to support the GAC, and additional Secretariat support to help share information and publications from other SOs and AC that might be of particular interest to the GAC.



- Encourage the GAC to find ways within its own structure to contribute policy insights and expertise earlier in the policy development process – to explore additional ways that might assist the GAC to provide meaningful input earlier in policy development processes that are in the formative stages of community consideration. For example, there may be ways that could enable the GAC to provide collective input to pending policy work more readily in the future. The duration of public comment periods are likely to be extended in many cases as a result of other of these recommendations. This might provide the GAC with greater time to consider a pending policy matter than the shorter intervals sometimes conducted in the past. There is also a “capacity-building” element that may be necessary to help the GAC figure out best how it can provide input earlier in the policy development process.
- The Board and GAC should determine how frequently they should hold joint meetings and how these meetings should be planned and structured for optimal results. Staff notes language in the current bylaws that allows the GAC to “put issues to the Board directly”, and in light of this ATRT recommendation, staff suggests that the Board and GAC set aside additional time for at least one additional joint meeting a year (which could be coincident with a public ICANN meeting) that focuses exclusively on early information sharing on a pre-selected policy topic or topics that is understood to also be of significant public policy interest to the GAC. The purpose would be to engage in an early exchange of ideas on a timely issue “of the day”. Staff recommends that the SOs be consulted to determine if they have issues under discussion that might benefit from an early exchange of ideas between the Board and the GAC, and whether there are questions that could be proposed as a foundation for that discussion.
- Consider the need to review the Bylaws to determine if any amendments are needed to reflect the enhanced processes.

### **Proposed Timeline:**

All of the immediate actions suggested above can be implemented by the March 2011 ICANN meeting.

Short-term actions proposed above can be implemented by December 2011.

Longer-term options such as staffing, and reworking existing GAC processes to provide more capacity for early input on policy making would be dependent on budget allocation and GAC support for considering changes to existing ways of providing input on policy matters.

Staffing a separate Board-GAC meeting with a new agenda will also take incremental resources to arrange and prepare briefing papers.

### **Proposed Resources:**

Up to one additional FTE executive/senior-level Policy staff support and incremental Secretariat support to distribute policy-related documents, coordinate GAC communications with Policy Staff and other SO/ACs as appropriate, and for related administrative assistance.

### **Key Consultations:**

- Internal consultation involving the Policy, Legal and GAC-related staff and with HR and the CFO regarding the potential staffing and budget implications.

- Consultations with the GAC Secretariat.
- Consultation with the Board and GAC about improvements and proposals that they would see as most useful, and with the Board/GAC working group designated to conduct this work and the options they identify has having the greatest potential (draft report contains a great deal of useful information and observations, but also identifies some challenges with previous efforts to improve the situation, for example, use of liaisons in the past).
- Direct consultation between the GAC and the Board whether they think they would benefit from more frequent joint meetings, and if so, how those meetings should be structured and organized to achieve maximum results.

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i Background: As reflected in the Bylaws, the focus of the GAC is on public policy advice. The Bylaws note that the GAC should provide advice particularly on “matters where there may be an interaction between ICANN’s policies and various laws and international agreements or where they may affect public policy issues”. Such advice constitutes the majority of advice that is issued by the GAC, but is only a subset of policy issues being discussed by ICANN policy making bodies. It is also worth noting that in the case of GNSO and ASO policy proposals the ICANN Bylaws call for GAC advice to go solely to the Board, rather than to the other Supporting Organizations and Advisory Committees. While the Board could certainly convey GAC advice on a particular matter to a pending SO or AC working group if one exists, at times it may be preferable for the GAC to provide advice directly. In the case of the ccNSO, the GAC is formally requested to either participate in a task force or offer its advice to the ccNSO Council if no task force is formed on issues relevant to the GAC. The GAC also can be requested by the ccNSO to offer its advise or opinion on the ccNSO’s final recommendations.

Since policy development at ICANN is a bottom up, iterative process, policy working groups benefit significantly from input that is provided as early in the consideration process as possible. Typically today, the Board considers policy recommendations only once they have been fully discussed and analyzed by one or more SO working groups, and only after the relevant Supporting Organization has reviewed the issue and associated recommendations and has made an official recommendation to the Board. If the Board reaches out to the GAC once it receives a recommendation from an SO for action, most of the policy development process would be complete and it can be difficult to consider fully GAC concerns or suggestions at such a late point in the process.

The GNSO is in the process of changing its Policy Development Process (PDP) and is placing new emphasis on early information gathering activities that should be conducted even before a PDP is launched. In light of this, it may be useful to consider some of the barriers that have made it relatively difficult for the GAC to provide advice early in the policy development process, and to encourage the GAC to develop proactive advice that can be directed to specific working groups where it can be considered “in real-time”.

Note that staff is not suggesting that these recommendations preclude in any way the options currently afforded to the GAC and to the Board under the ICANN Bylaws to advise the Board on policy matters.

The Policy Department has a wealth of expertise and information on a broad range of policy topics of interest to the GAC, and some excellent opportunities exist to communicate this information to the GAC more regularly and in a more targeted way. Many tools could be implemented with minimal funding right away. With additional funding, more senior policy staff resources could also be assigned to help the GAC engage earlier in the policy development process, and more Secretariat functions to help the GAC keep more informed of those policy activities that are of greatest interest to the GAC in a systematic and thorough way.

ii For example, early work by the SSAC, which wrote several papers analyzing deficiencies in WHOIS, led to GNSO focus on studies and further GNSO documentation of those deficiencies. Early concerns identified by the ALAC relative to the recovery of expired domain names led to a GNSO policy development process that is currently underway and is considering changes to improve the situation. When the GAC has provided input on policy and other matters in the formative stages, such as the GAC's detailed and extensive set of recommendations that it provided in April 2008 on WHOIS studies, the input has been of significant value. In the case of the WHOIS studies, the GAC input was instrumental in helping to define the studies ultimately selected by the GNSO to pursue. This was also true with the ccNSO-GAC IDNC WG recommendations on the fast track process.

## ATRT Implementation Project, Recommendation 14

### **Project Information:**

14. Board should endeavor to increase the level of support & commitment of governments to the GAC process; encourage member countries & organizations to participation in GAC & place particular focus on engaging nations in developing world & need for multilingual access to ICANN records; Board also should work with GAC to establish a process to determine when & how ICANN engages senior govt. officials on public policy issues on a regular & collective basis to complement existing GAC process.

**ATRT proposed project deadline:** None provided.

**Project's Lead Department:** GAC Liaison

**Project Manager:** GAC Liaison

**Project Team Members:** TBD

### **Project Manager/Team Advice:**

Staff recommends that the Board should approve and implement this recommendation.

Governments play an extremely important role in the ICANN multi-stakeholder environment. Currently, more than 100 nations have representatives on the Governmental Advisory Committee but not all are heavily engaged or committed to ICANN or the multi-stakeholder model. Some governments advocate for ICANN's role to be subsumed into an Intergovernmental organization (IGO) such as the UN or the ITU. Many others have not declared a position and others appear not to be aware of ICANN and the role it plays. For some GAC members, it is not clear how much support they have for their involvement with ICANN from their governments.

Increasing GAC membership and making it easier for GAC members to participate in ICANN is important for the future success and legitimacy of the organization. While most of this recommendation calls for Board action, it cannot be implemented without the cooperation and support of the GAC. Progress will require joint dialog, planning and execution by the Board and GAC.

Finally, the Board/GAC Joint Working Group (JWG) is expected to release its final report at the June 2011 ICANN meeting, though this may slip until the October Meeting. The current draft addresses one element of this recommendation (ICANN engagement of high-level government officials) but further work remains to be done. The Board should review the final report for guidance on how to implement this recommendation.

### **Plan for Implementation:**

Task 1: Board and GAC consider the following staff recommendations for addressing each of the elements of Recommendation 14:

- Encourage member countries & organizations to participation in GAC & place particular focus on engaging nations in developing world & need for multilingual access to ICANN records: **Increase travel support to fund additional GAC members per year to attend ICANN meetings; increase interpretation and translation services support. These changes are reflected in the draft FY12 budget which includes \$210k for ICANN meetings travel support and \$250k for outreach support.**
- Board also should work with GAC to establish a process to determine when & how ICANN engages senior govt. officials on public policy issues on a regular & collective basis to complement existing GAC process. **Hold annual meeting of high-level government officials at ICANN international meeting. Most funding would come from meeting budget to support board-govt meeting and reception/dinner.**

Task 2: Board and GAC direct JWG to incorporate these recommendations into final report regarding how to enhance effective governmental participation in ICANN.

Task 3: Board determines whether to accept JWG final report recommendation. If yes, Board determines how best to work with GAC to implement each of the elements of the recommendation and considers whether to adopt a resolution reflecting same. If no, Board consults with GAC Chair to determine process for further joint Board-GAC consideration of this issue.

### **Proposed Timeline:**

According to current estimates, the JWG will deliver its final report at the ICANN Meeting in June or October 2011. If the report is not ready for the June Meeting, the ICANN Board will have to take some other action in order to comply with the Affirmation of Commitments requirement to “take action” before June 30, 2011. For example, it could direct the JWG to finalize its report at or before the Senegal Meeting. It would be helpful if the GAC would recommend this type of action in its Singapore Communique.

The remainder of the timeline for implementation is dependent upon the Board’s decision. There will likely be further implementation work necessary if the Board accepts the recommendation set out in the JWG final report. If the Board rejects the recommendation, the Board would then action to initiate further consultation with GAC on this issue, and a further timeframe for that work would have be agreed upon between the Board and the GAC.

### **Proposed Resources:**

Additional funding would be required for increased GAC travel support and increased interpretation and translation services. The draft GAC budget for FY12 seeks additional resources for each of these items. It does not contain a request to support senior government officials’ engagement with ICANN. Those expenses may fall properly under the meetings

budget. Regardless, without further detail on the parameters of senior government engagement at ICANN meetings, it is not possible to forecast what those expenses may be.

**Key Consultations:**

Board-GAC Joint Working Group; ICANN Board; GAC; BGRC

## ATRT Implementation Project, Recommendation 15

### **Project Information:**

15. The Board should, as soon as possible but no later than June 2011, direct the adoption of and specify a timeline for the implementation of public notice and comment processes that are distinct with respect to purpose (e.g. Notice of Inquiry, Notice of Policy Making) and prioritized. Prioritization and stratification should be established based on coordinated community input and consultation with staff.

**ATRT proposed project deadline:** ASAP but no later than June 2011

**Project's Lead Department:** Stakeholder/Policy

**Project Manager:** Filiz Yilmaz

**Project Team Members:** Representatives from Stakeholder/Policy, Communications, Legal, and Project Office

### **Project Manager/Team Advice:**

Staff recommends that the Board adopt this recommendation with modification of the due date. The need for this modification is explained below.

Many improvements can be made to ensure that the Public Comment Notices are clear, understandable and provide sufficient information in plain language so that interested parties can decide quickly and easily which topic they want to follow and comment upon.

**Stratification:** Staff performed an initial assessment of public comment forums over the last two years and notes that the topics are extremely varied and do not fit neatly into common categories, such as a Notice of Inquiry or Notice of Policy Making. Further consultation with the ICANN community will be required in order to develop a more standardized categorization linked to ICANN policy and procedures. Staff recommends that additional research be conducted, a stratification list be developed internally and via a Focus Group some community members are asked for feedback on this list. At the end of this process, staff can propose a public comment forum stratification list that can be posted for public comment for wider community input. This stratification work may be assisted by the categorization work identified in response to ATRT Recommendation 6 (on distinguishing between policy and staff functions).

**Prioritization:** Solicitations for public comments at ICANN typically cover a broad array of topics of interest to diverse stakeholders, but most are very important to some sub-set of the ICANN community. Staff should not be placed in a position of deciding on the importance or priority of one public comment request over another, as this is neither appropriate nor useful to a broad and diverse community.

Staff recommends that necessary improvements in the re-design of Public Comment Pages are made so that the reader makes the prioritization decision themselves without explicit mention of it as a data token.

The current page is hard to read, displaying all open, closed and archived public comments in one page. They lack of standardization in both content and presentation, navigation is not clear and the page designs are cluttered, resulting in lack of focus (e.g., Open vs. Closed) and too much content replication (e.g., background/history).

Staff recommends that the ICANN Public Comment web page be re-designed for clarity of the display by means of standardization of both content and presentation (supported by new Staff templates), clear navigation, clean page designs, each page singularly focused (e.g., Open, Recently Closed, Upcoming) and minimizing the content duplication.

It should be noted that the implementation of a Language Service Policy may affect the implementation timeline for this recommendation.

### **Preliminary Plan for Implementation:**

Staff proposes a two-phase deployment for a successful implementation of this recommendation. Phase 1 focuses on more immediate changes that can be made, while Phase 2 contains improvements that will take more time to implement due to the complexity of the tasks involved.

#### **Phase 1:**

Task 1: The Sr Dir Participation and Engagement will work with other staff to implement a new coordination and clearance process if the required resources (1 additional FTE) are provided. The level and depth of this coordination and clearance effort will depend heavily on the resourcing and support received. An "ICANN Internal Public Comment Process" document, will be created to provide clear guidance on how public comment forums should be started, carried out, and concluded by both ICANN Staff and by the other stakeholders (ICANN Board, SOs, ACs).

Task 2: A new template will be created for opening a public comment forum to collect and post the necessary information. This template would note the designated priority level (low/medium/high) by the SO/AC requesting the public comment period. By using this template, all essential information will be collected to ensure a clear and concise notice is posted on the ICANN Public Comment web page, indicating what kind of input is expected.

Task 3: A new summary template will be created to ensure that the "summary and analysis" that is posted at the conclusion of all public comment processes by the responsible ICANN Staff meets the communities' needs.

Task 4: ICANN Staff guidelines and best practices for the processing of comments will be developed.

Task 5: Initial Re-design the ICANN Public Comment web pages is nearly complete. Basic improvements include:

- Direct attention first to the current Open issues: Public Comment landing page opens with the list of "Open Public Comments" at a given time.



- Links point to other Public Comment categories such as Upcoming Public Comments (ATRT recommendation 21), Recently Closed Public Comments and Archived Public Comments.
- Little or no page scrolling is required
- Each Public comment forum box follows a standardized key data elements with minimized content duplication and display key info links that are easy to find and are placed in standard location
- Each Announcement page for each public comment follows standard sections for consistency and thoroughness

Task 6: Staff conducts further research and develops an appropriate stratification list, collects feedback internally on the list.

Task 7: Staff works to form a Focus Group for an initial consultation on the stratification list.

### **Phase2:**

Task 8: Feedback from the Focus Group is incorporated.

Task 9: Stratification list goes out for a Public Comment period for wider community input, together with the other elements of the implementations required by ATRT recommendations 16-17.

Task 10: Re-design ICANN's Public Comment web page based on inputs received.

### **Proposed Timeline:**

**Phase 1:** (Most tasks in Phase 1 can be performed simultaneously.)

End of June 2011 - Tasks 2 - 5 (mainly templates and the guidelines for Staff and the re-designed Public Comment Webpages) will be completed.

End of August 2011 – Task 6 -7

Execution and completion of Task 1 depends on the resourcing.

**Phase 2:** (Tasks in Phase 2 are more time consuming and they have external dependencies requiring consultation and coordination.)

End of December 2011 - Task 8-10 are estimated to be completed.

### **Proposed Resources:**

Staffing: 6 FTEs will need to devote at least 20% to 40% of their time to this implementation plan within the proposed timeline above.

If the improved ICANN Internal Public Comment Process is put in place, additional resources will be needed for oversight and maintenance. It is estimated that one new FTE support for the Sr Dir Participation will be required for the continuing management and coordination of the Public Comment Process.

For the project management support from a Policy Consultant the cost is estimated to be \$20,000.

**Key Consultations:**

Internal Executive Team and Staff, Board and Public Participation Committee, SOs and ACs, ICANN Community via Focus Group and Public Comment

# ATRT Implementation Project, Recommendation 16, 17

## Project Information:

16. Public notice and comment processes should provide for both a distinct “Comment” cycle and a “Reply Comment” cycle that allows community respondents to address and rebut arguments raised in opposing parties’ comments.

17. As part of implementing recommendations 15 and 16, timelines for public notice and comment should be reviewed and adjusted to provide adequate opportunity for meaningful and timely comment. Comment and Reply Comment periods should be of a fixed duration.

**ATRT proposed project deadline:** Prior to June 2011

**Project’s Lead Department:** Stakeholder/ Policy

**Project Manager:** Filiz Yilmaz

**Project Team Members:** Stakeholder/Policy, Communications, Legal, Project Office

## Project Manager/Team Advice:

Staff recommends that the Board adopt this recommendation with a modification of the deadline.

Recommendations 16 and 17 are understood to have two aspects: structural improvements for the commenting cycles (see Staged description below); and technical improvements to the Public Comment interface.

## Structural improvements:

Staff proposes a two-staged Public Comment Process that will be deployed:

Stage 1: Comment:

This period will be a minimum of 30 days. It can be set for a longer term or extended based on clear and explicit announcement of the requesting entity. The 30-day comment period will start when the Public Comment material is published on the ICANN Public Comment web page. During and prior to this 30-day Comment period, all interested stakeholders of the ICANN Community will be encouraged to provide their inputs.

Stage 2: Reply Comment:

This period will be a minimum of 15 days, starting immediately after the close of the 30-day comment period. This period will allow interested parties an opportunity to review all comments submitted during the 30-day Comment period and add additional points or materials.

All the comments received within the entire minimum 45 days (Comment Period + Reply Comment Period) will be taken into account in the summary and analysis process.

The end date of the entire Comment and Reply Comment periods cannot be later than a week before the regularly-scheduled Board meeting where action on the item for Public Comment is anticipated. This will allow the completion of summary and analysis prior to the Board being asked to make a decision.

With regards to Recommendation 17 and “fixed duration” for the stages of Public Comments, staff suggests that only a fixed “minimum” time be required. Since ICANN’s stakeholders have different needs and some issues may require more time than others, Staff believes flexibility on timelines is warranted. Establishing a minimum timeline and issuing clear announcements will help achieve the goal of collecting meaningful and timely comments.

### **Technical Improvements:**

The current forum system for ICANN Public Comments does not provide an easy and user-friendly mechanism to reply to a particular comment that has been made by another participant. This system needs to be improved. The primary problem is that the current Public Comment Forum runs on very old forum software. ICANN’s web development team has been planning to transition the Forum to Confluence wiki software with modifications, but the task is not trivial.

It is envisioned that the improved public comment forum interface will allow instant interaction and discussion between commenters if the participants would like to post their opinions in this manner. Staff has already considered this topic as well as exploring other technical improvements, which can be easily integrated into the new ICANN.ORD redesign project.

### **Preliminary Plan for Implementation:**

Task1: Staff develops the two-staged Public Comment period as described briefly above and posts it for public comment.

Task 2: Based on inputs received, implement a new Public Comment structure, making all necessary web page changes, and announcements.

Task 3: Integrate the technical improvements that are mentioned under the title of “Technical Improvements” above to Public Comment forum interface.

### **Proposed Timeline:**

End of August 2011 - Task 1: Estimated to be completed.(within Phase 1 of Implementation for Recommendation 15)

End of December 2011 - Task 2: Estimated to be completed (within Phase 2 of Implementation for Recommendation 15).

Task 3: TBA

### **Proposed Resources:**

Staffing: 6 current FTEs will need to devote at least 20% to 40% of their time to this implementation plan within the proposed timeline above.

The proposed implementation may require changes to ICANN's By-laws as well as some specific changes to the PDPs or operational procedures of some ICANN supporting organizations or advisory committees. ICANN Legal and Policy teams as well as the SOs/ACs may need to devote extra resources to this area.

ICANN's Translation policy may also affect the proposed resources required as well as the timelines described above.

**Key Consultations:**

Board, Public Participation Committee, SOs and ACs, ICANN Community via Public Comment

## ATRT Implementation Project, Recommendation 18

### **Project Information:**

18. The Board should ensure that access to documentation within the policy development processes and the public input processes are, to the maximum extent feasible, provided in multi-lingual manner.

**ATRT proposed project deadline:** None specified

**Project's Lead Department:** Communications

**Project Manager:** Christina Rodriguez

**Project Team Members:** David Olive

### **Project Manager/Team Advice:**

Staff recommends that the Board adopt this recommendation, with the understanding that steps 2 and 3 of the Preliminary Plan for Implementation will not take place before FY2013; and seeks approval to support the "Technical Improvements" section of Recommendation #15 by including multilingual support for the policy development-related public comment forums to be conducted in multiple languages.

ICANN is engaged in significant translation activities in support of its policy development processes, but staff recognizes that more can be done. Staff understands the intent, with respect to the ATRT recommendation, that "documentation" within the policy development processes and the public input processes be provided in a multi-lingual manner. Public comment on communities' needs in this area, of course, also would be valuable.

The Board approved "Translation Principles" in February 2008 as part of the "[Accountability and Transparency Frameworks and Principles](#)." The Policy Department has had a [Translations Policy](#) in place since October 2008. Although many other ICANN documents and web page postings are available in translated form, and interpretation support is provided for key events at ICANN meetings, there is no single translations policy that applies to all of ICANN's publications, documents or public input processes and meetings. This is not to say that everything should be translated equally. The policy department's Translations Policy recognizes that SOs and ACs may have differing needs, and sets guidelines for translations of web postings for each SO and AC accordingly.

Staff recommends that the ICANN Language Services Manager take steps to propose an ICANN-wide Language Services Policy and Procedures as suggested below.

## **Preliminary Plan for Implementation:**

To address the need for short-term improvement while allowing time for the more extensive, long-term changes (e.g., ICANN web site in multiple languages), staff proposes the following multi-phase approach:

1. By August 2011, Staff proposes to roll out a new “Language Services Policy and Procedures” to replace the original “Translation Programme.” This new document will provide the processes and rules to be followed by all ICANN departments (including those that support the Board, SOs and ACs) related to services such as:
  - a. Editing for Plain English
  - b. Translation
  - c. Interpretation
  - d. Conference Call Interpretation
  - e. Real Time Transcription (RTT) (Scribing)
  - f. Transcriptions (After the fact transcription of audio files)
2. Once the ICANN English web site has been revamped, an assessment will be conducted to determine cost and time needed to produce mirror sites in the other five U.N. languages. The production of ICANN sites in other languages will not be scheduled to take place in FY2012. Additional studies may also be needed to examine how other organizations facing similar challenges have handled their transition to becoming a multilingual organization.
3. During FY2012, Staff will research and seek community input on whether and how ICANN’s public comment forums should be multi-lingual. Issues addressed will include:
  - Should all public comment forums be run in other languages in addition to English? If yes, which languages?
  - What is the impact on timing, as allowing comments in different languages would also mean translating those comments back to English?
  - Often, translations are available later than the publication of the English version of a document. Does that mean that a public comment forum does not start until all versions are available and can run for the same time?
  - What would be the budgetary impact?

If the outcome from this research and assessment results in the implementation of multi-lingual public comment forums, the implementation of this new support will begin in FY2013. This will allow time to plan and assess all the related work to be done from an engineering standpoint, as well as the inclusion of such support within the Language Services budget structure.

## **Proposed Timeline:**

**31 July 2011:** ICANN Language Services Policy and Procedures to be finalized and reviewed internally

**8 August 2011:** Language Services Policy and Procedures to be provided to the Board, SOs and ACs

**1 September 2011:** ICANN Language Services Policy and Procedures and Procedures will be implemented

**Proposed Resources:**

The FY2012 budget includes all expenses related to putting the ICANN Language Services Policy and Procedures in place. The proposed budget for FY2012 is \$ 2.1; this budget includes all proposed services in the Language Services Policy and Procedures document. Exclusions are the possible addition of translations resulting from the outcome of work related to holding Public Comment Forums in multiple languages; and the cost for any translations and linguistic support related to the production of ICANN's web site in other languages. If a need is identified, these projects will be proposed in the FY2013 budget.

**Key Consultations:**

Policy, Legal, Communications Staff, Board, SOs, ACs, Community



# ATRT Implementation Project, Recommendation 19

## Project Information:

19. Board should publish its translations (including rationale) within 21 days of take a decision (in languages called for in ICANN Translation Policy).

**ATRT proposed project deadline:** None listed

**Project's Lead Department:** Legal

**Responsible Entity:** Board

## Project Manager/Team Advice:

Although not yet formally adopted by the Board, this recommendation is already implemented as part of standard operating procedures, with modification. Staff recommends that this recommendation be formally accepted.

The 25 January 2011 Approved Resolutions into the UN languages, were posted prior to the Silicon Valley Meeting. The approved Minutes of the 25 January 2011 meeting were also made available in translated versions within 21 days of the approval of the minutes. Staff is in the process of creating a workflow for the continued translation of these materials within the timeframe set forth in the Recommendation, and this process has produced timely translations for all Resolutions and Minutes in 2011. This translation work includes the rationale statements, in the event of particularly lengthy rationale statements, those specific items may not be available within the 21-day window. If that should ever occur, every attempt will be made to complete all rationale translations within 21-day window, and the unavailability of individual rationale statements will not delay the posting of the other translated materials.

Staff recommends that the translation of Board Preliminary Reports is not feasible nor a good use of ICANN resources. Preliminary Reports are only posted for short periods of time, and are not maintained as official records of the Board meetings. A main part of the Preliminary Report is the Approved Resolutions, which are provided in translated form, and the incremental costs in producing additional translation of the limited information available in the Preliminary Report are, in the aggregate, quite high.

Work is also being done to coordinate the translation of Board briefing materials. To best maximize resources within the organization, usage of translated Board briefing materials should be monitored and reviewed within a year's time to determine if it may be more feasible to move to a translation-upon-request model for selected items within the briefing materials. As some items within the briefing materials are not in furtherance of Board decisions (such as press clips and informational reports from third parties) the value of translating such materials may be minimal when compared to the cost of translation. To address these concerns, staff will propose guidelines for Board briefing materials translations with a focus on the translation of deliberative materials.

Because much of the Board and community work is dependent upon the ICANN Bylaws, ICANN will be producing translations of the ICANN Bylaws in the UN Languages as soon as

possible. The work is already underway. Staff is also coordinating a workflow to obtain timely translations of amendments to the Bylaws as approved by the Board.

The Language Services department is aware of the need to prioritize the translation of Board decisional work. In addition, Language Services will be working closely with the Legal department to monitor the quality of the translations of Board decisional documents to assure the high quality of translations made available to the public.

### **Plan for Implementation:**

A process for the posting of translations of Approved Resolutions and Minutes has already been initiated.

Task 1: Review Board briefing materials to create proposed guidelines regarding the translation of Board briefing materials, with a focus on translation of decisional materials. After one year's time, review the usage of Board briefing material translations to determine if another mode of identifying documents for translation should be implemented.

Task 2: Post translations of ICANN Bylaws and implement internal process for notifying Language Services of future Bylaws amendments for timely translation and posting

Task 3: Continually monitor quality of Board decisional material translations to determine if new vendors are required

### **Timeline:**

By March 2011, the posting of translations of Approved Resolutions and Minutes has been integrated into internal processes.

The goal for posted translations of the ICANN Bylaws is August 2011.

Staff will continue to revise and produce guidelines for the posting of Board briefing materials to test the costs of producing translations.

### **Proposed Resources:**

ICANN Language Services staff budgeted the translations discussed above for US\$125,000 within FY12. The actual cost could substantially exceed the budgeted amount; the Board briefing materials are over 200 pages for each meeting, sometimes over 300. With the inclusion of rationale statements, the Approved Resolutions for each meeting will be nearly twice the length of the 2010 postings. Additional resources may be necessary.

The internal staffing to request translations of existing material is incremental.

### **Key Consultations:**

The translations will assist organization-wide in community consultation.

At the time of the review of the scope of Board briefing material translation, community consultation/public comment may be needed.

## ATRT Implementation Project, Recommendation 20

### Project Information:

20. Board should ensure that all necessary inputs that have been received in policy making processes are accounted for and included for consideration by the Board; to assist this the Board should adopt & post a mechanism (e.g. checklist or decision template) that certifies what inputs have been received & are included for Board consideration.

**ATRT proposed project deadline:** As soon as possible

**Project's Lead Department:** Legal with assistance from the Policy Department

**Responsible Entity:** Board

### Project Manager/Team Advice:

Staff recommends that the Board adopt this recommendation.

The work to address this recommendation is two-fold. First, the Board can implement a checklist process to confirm that necessary inputs have been considered, for submission to the Board as part of its briefing materials. Second, processes can be implemented to address a void that currently exists in assuring that the necessary inputs were considered at the SO level during a policy development process. The Board needs to be provided with documentation of the comprehensive work and inputs into policy development processes.

The policy development work done at the SO level should evolve to assure that the necessary inputs are made, and the outcomes of that process need to include documentation of those inputs. Currently, Annex A of the ICANN Bylaws spells out the seven requirements that must be included in a GNSO Council Report to the Board (to be prepared by staff within five days of a GNSO Council decision to make a recommendation to the Board), so in the GNSO policy development process, extensive detail is required today. The reports arising out of the ASO Global Policy Development Process include reference to public forums and discussions within each RIR. The ccNSO PDP, set forth in Annex B to the ICANN Bylaws, requires certain inputs to be included within reports to the Board

These reports from the SOs can be enhanced through work already underway towards creating Board rationale statements (introduced for the 25 January 2011 meeting). The template for Board Rationale Statements can be refined for the SOs in order to provide information to the Board on the inputs received. The creation of templates to be used by the SOs in the policy development processes may be helpful.

In addition, a review of inter-SO/AC provision and use of liaisons may also facilitate the provision of necessary inputs into SO-level policy work. Currently, the Bylaws do not clarify the expected role of liaisons to the various SO/ACs. These liaisons could be assigned the responsibility for making sure that the represented SO/AC's input is submitted during the PDP in a timely manner. Finally, achieving commitments on the timely completion of summary and analysis of public comments will also create some discipline around the acknowledgement of and consideration of inputs.

The SO-focused items are suggested to avoid the situation where the Board would send items back to the SO for re-evaluation of its policy recommendations for the purpose of considering the inputs of other SO/ACs into the PDPs. It is important to note that due to the variations among the SO's policy development work, the extent of impact of these recommendations may vary.

A full integration of these practices may require changes to the Bylaws or the SO operating procedures, as applicable, to clarify the use of liaisons, or to revise policy development processes.

A GNSO Working Team has released a Final Report on proposed revisions to the GNSO Policy Development Process, for consideration by the GNSO Council. If the Council approves of the recommendations in that report, there will then be a required public comment period regarding the Bylaws revisions to effectuate those recommended changes. The broader community response to this public comment period may provide some additional insight for consideration.

In addition, the ongoing work in relation to Recommendations 16-17 in improving the public comment cycle should help provide more assurance that the community has an opportunity to meaningfully participate, as well as provide standardization to the production of comment and summary analyses documents.

### **Plan for Implementation:**

Task 1: The BGC to consider whether a decisional checklist for inclusion in Board briefing materials would assist in confirmation of necessary inputs into decisions.

Task 2: Create an interim template for SO usage identifying the information necessary for a robust Board consideration of policy recommendations, using the requirements and processes stated in the current Bylaws/PDPs where applicable.

Task 3: Engage in a consultation with the SOs and ACs to address how inputs can be received and better documented, including the use of liaisons and the creation of templates to document receipt of input in policy development processes.

Task 4: Create the templates identified within the community consultation, if any.

Task 5: Review Bylaws and SO Operating Procedures to determine extent of changes needed, if any, to meet the changes identified in the community consultation.

Task 6: Establish commitments for timely completion of public comment summaries/summary and analysis (dependent upon work in Recommendation 16-17)

### **Proposed Timeline:**

After Singapore meeting: Create decisional checklist, if determined appropriate, for inclusion in Board briefing materials; create interim template for use in SO output from PDP activities.

After production of checklist for use in SO output, and in coordination with the review of the GNSO PDP, facilitate community consultation on assuring proper inputs into the policy development processes at the SO level.

Dependent upon the length and outcome of the consultation, the remaining implementation steps will be set forth after the consultation

**Proposed Resources:**

The creation of the checklist and interim template will take approximately 10 hours each from Legal and Policy staff

The completion of the interim template will add additional time to each report prepared by policy staff supporting the SOs

The consultation will require approximately 10-15% of policy support FTEs each supporting the various SOs.

**Key Consultations:**

The Board (possibly through a designated committee) for the creation of a decision template.

All ICANN SOs/ACs

# ATRT Implementation Project, Recommendation 21

## Project Information:

21. The Board should request ICANN staff to work on a process for developing an annual work plan that forecasts matters that will require public input so as to facilitate timely and effective public input.

**ATRT proposed project deadline:** June 2011

**Project's Lead Department:** Stakeholder/Policy

**Project Manager:** Filiz Yilmaz

**Project Team Members:** Stakeholder/Policy, Communications, Legal, Project Office

## Project Manager/Team Advice:

Staff recommends that the Board adopt this recommendation.

The implementation of a process to collect and post annual work plans/projects that will require public inputs will require communication and coordination among staff and the community. Staff compiling the list of activities should be careful to note that any annual plan is a projection only. In addition, staff may identify that there are sub-parts to anticipated work that may require additional consultation – for example, if a proposed work item arising out of an SO/AC projects is likely to require a Bylaws change, the public input on that resulting Bylaws change should be identified as well as the public input on the substantive discussion within the SO/AC. This exercise will likely result in a better understanding of the internal timing and processes among all parts of the ICANN structure.

## Preliminary Plan for Implementation:

Task 1: Sr Dir Participation and Engagement coordinates with ICANN Staff and the SO/AC Leaders to collect possible public comment forum topics that are likely to be raised in 2011, utilizing existing work plans or ongoing projects/programs.

Task 2: Publish the 2011 list on the newly designed Public Comment-Upcoming page.

Task 3: A draft process is developed for collecting and publishing Upcoming Public Comments on a regular basis, based on a calendar year.

Task 4: Share draft process with the PPC and SO/AC Leaders at Singapore meeting and incorporate feedback

**Proposed Timeline:**

Task 1-4: End of June 2011 (given that these are approved by Board and Singapore Meeting can be utilized for Task 4).

**Proposed Resources:**

No significant resources are required.

**Key Consultations:**

ICANN Staff/Executive Team, Board and Board Committees, SOs and ACs

## ATRT Implementation Project, Recommendation 22

### **Project Information:**

Board should ensure that senior staffing arrangements are appropriately multi-lingual, delivering optimal levels of transparency.

**ATRT proposed project deadline:** none listed

**Project's Lead Department:** Human Resources/Operations

**Project Manager:** Steve Antonoff (for CEO)

**Project Team Members:** All hiring managers

### **Project Manager/Team Advice:**

Staff recommends that the Board adopt these recommendations.

This work is already ongoing and Staff suggests that it continue. In addition, it is recommended that position descriptions and job posting be updated to reflect the desire for multiple language skills in order to deliver optimal levels of transparency. It is also recommended that ICANN identify language learning opportunities for senior staff to learn new languages, as appropriate.

Of the eight current members of the executive staff, seven speak at least a basic second language (other than English) and many are at least tri-lingual.

### **Preliminary Plan for Implementation:**

Task 1: Review all appropriate job descriptions and update to reflect the desire for multiple language skills.

Task 2: Review all appropriate job postings and update to reflect the desire for multiple language skills.

Task 3: Ensure all candidate review forms completed on candidates for senior staff positions include a section on multiple language skills.

Task 4: Identify language training programs to be made available to senior staff.

### **Proposed Timeline:**

Task 1: By March 2011 complete review and update of all current appropriate job postings. (This was completed)

Task 2: By March 2011 all candidate review forms to be completed on candidates for senior staff will include a section on multiple language skills. (This was completed)



Task 3: By May 2011 complete review and update of appropriate position descriptions. This is dependent upon a separate job description review project relating to compensation - to ensure the best use of resources the position descriptions will only be reviewed once.

Task 4: By June 2011 identify language training programs to be made available to senior staff; and by July 2011 implement, as appropriate, language training programs for senior staff.

**Proposed Resources:**

Activities will be done by current Human Resources staff; no additional FTEs are required. Language training programs will be sourced by HR staff and an estimated \$15,000 USD will be needed in the next fiscal year. Position description reviews will be done in conjunction with ICANN's outside compensation consultant - this activity is already scheduled and budgeted.

**Key Consultations:**

Staff

# ATRT Implementation Project, Recommendation 23

## Project Information:

23. Board should implement the Improving Institutional Confidence (IIC) Recommendation 2.7 that calls on ICANN to seek input from a committee of independent experts on the restructuring of its three review mechanisms; see ATRT guidance for review, including direction to look at mechanisms in IIC Recommendations 2.8 & 2.9; upon receipt of experts' final report, Board should take actions on the recommendations.

**ATRT proposed project deadline:** As soon as possible but no later than June 2011 to seek input from a committee of independent experts

**Project's Lead Department:** Legal

**Responsible Entity:** Board

## Project Manager/Team Advice:

Staff recommends that the Board adopt this recommendation with revision to the timeline, pending approval of budget.

It is unclear whether the ATRT is calling for the completion of the work of independent experts by June 2011, therefore it must be clarified that only the identification of experts will be completed by that time.

In 2009, Paul Twomey independently retained experts to conduct a review of this work arising out of the Increasing Institutional Confidence/President's Strategy Committee report. The proposed Bylaws revisions that were posted for comment in 2009 were based upon the work of those experts. While the outcomes of that work can be useful in the work called for in this Recommendation, the expert review needs to be redone. Not only was there a lack of transparency in the work performed by Twomey's selected experts; the community then rejected the expert recommendations through the public comment process.

New experts should be retained. This will be a costly and timely endeavor, through scoping the RFP, expert selection, and supporting the work of the experts.

**\*\*Privileged and Confidential Advice Set Forth Below\*\***

Privileged and Confidential

**\*\*Privileged and Confidential Advice Set Forth Above\*\***

The experts' recommendations will need to be posted for public comment prior to Board action. The costs of implementation of the recommendations (such as the formation of standing independent panels, etc.) will have to be considered and budgeted. Upon implementation, Bylaws revisions will need to be made, as well as changes to the Accountability and Transparency Framework.

### **Plan for Implementation:**

Task 1: Staff to draft RFP for team of independent experts and post according to the ICANN Procurement Guidelines

Task 2: Complete expert selection and complete contract negotiation

Task 3: Experts design and perform research to reach recommendations

**\*\*Privileged and Confidential Advice Set Forth Below\*\***

Privileged and Confidential

**\*\*Privileged and Confidential Advice Set Forth Above\*\***

Task 5: Expert report posted for public comment

Task 6: Board action on expert report, taking public comment into consideration

Task 7: Required Bylaws changes drafted (to the extent not included within the expert report) to implement Board action

Task 8: Upon approval of Bylaws changes, modify other publications/postings within ICANN to reflect new accountability mechanisms

Task 9: Implementation work to roll out new/revised accountability mechanisms

### **Proposed Timeline:**

\*Currently Pending Budget Approval\* Within three months of approval of budget: RFP to be drafted and posted, to commence vendor selection process.

The scope and time required for the independent experts may be one item for consideration in reviewing responses to RFPs. It is anticipated that this work could be complete and a final report provided within six months of the initiation of work, but that timeline may require modification. Given the import of the work of the experts to ICANN's future accountability, a focus on quality of review should be emphasized over a quick turnaround.

The time to ultimate implementation of the expert recommendations cannot be estimated without identification of what those recommendations entail.

### **Proposed Resources:**

The expert work is anticipated to be performed within FY 2012. The cost for retaining experts to perform this work is anticipated to cost anywhere between US\$200,000 - \$500,000.

**\*\*Privileged and Confidential Advice Set Forth Below\*\***

Privileged and Confidential

**\*\*Privileged and Confidential Advice Set Forth Below\*\***

The resources required for implementation of the recommendations will be assessed after the expert report is received.

Staff resources to initiate the RFP and to support the work of the experts will be significant. During the period of time that experts are preparing their report, it is estimated that at least one FTE from the Legal Department will need to dedicate approximately 10-15% percent of his or her time to support and coordination work.

### **Key Consultations:**

Upon completion of the report, a public comment period will be required. There may be additional public comment periods on further outcomes from this work, including Bylaws revisions.

It is anticipated that the experts will consult with many parts of the ICANN structure in performing research, particularly as it relates to the inclusion of the community in accountability mechanisms.

The Board as a whole will also need to be consulted during the research and implementation phases.

While the experts will design their own workplan, it can be anticipated that they will consult with external sources such as Ombudsman organizations, the ICDR (provider for the current Independent Review Panel) and others.

# ATRT Implementation Project, Recommendation 24

## Project Information:

24. Assess Ombudsman operations and relationship between Board & Ombudsman, and if needed, bring into compliance with internationally recognized standards for Ombudsman function and Board supporting the function

**ATRT proposed project deadline:** ASAP but no later than March 2011

**Project's Lead Department:** Legal

**Responsible Entity:** Board

## Project Manager/Team Advice:

Staff recommends the Board adopt this recommendation with modification to the timeline to allow for the new Ombudsman to be active in the review of the Ombudsman/Board relationship.

ICANN is currently conducting a search for a new Ombudsman. The inaugural ICANN Ombudsman left ICANN on 31 January 2011.

The transition to a new Ombudsman will assist in the assessment of how the role can mature within ICANN. Within the active search to fill the Ombudsman position, adherence to internationally recognized standards for Ombudsman function is an important qualification.

After the new Ombudsman is retained, a joint review of the Ombudsman Framework – a review between the Ombudsman and the Board (through a committee designated by the Board) – will be a first step in evolving the Ombudsman role as called for within this Recommendation. The review should focus on enhancing the independence of the Ombudsman role within ICANN as well as the Board-Ombudsman relationship, and adherence to internationally-recognized standards. A more in-depth review of the Ombudsman role is called for within Recommendation 23, therefore it would not be prudent to engage outside resources to review the operations of the Ombudsman role in response to this Recommendation while planning for the broader review is underway.

As part of the review, Board should consider making public the metrics for the Ombudsman's bonus compensation.

## Plan for Implementation:

Task 1: Complete selection process for new Ombudsman

Task 2: Upon selection, the Board (through a designated committee) to undertake a review of the Ombudsman Framework, in consultation with the newly-selected Ombudsman, to review the Ombudsman role and relationship with the Board

Task 3: Board approval of Ombudsman Framework (for public posting)

Task 4: To the extent permitted under relevant privacy and employment-related laws, publication of metrics used to assess the Ombudsman's eligibility for bonus compensation

**Proposed Timeline:**

Upon hiring of the new Ombudsman, the process for reviewing the Ombudsman relationship should begin immediately. Achieving Board approval of a revision to the Ombudsman Framework is dependent upon the scheduling of Board meetings and as well as the meetings of any committee designated by the Board to perform the review. Any improvements in the function of the role or the Board/Ombudsman relationship should be put into practice as soon as possible without awaiting formal approval of the Framework.

**Proposed Resources:**

Much of the required resource to complete this review will come from the Ombudsman.

A small amount of staff time will be required to support the Board in the fulfillment of this review.

**Key Consultations:**

The Board (through a designated committee) will be a key consultation for this review. No additional outside consultations are anticipated.

# ATRT Implementation Project, Recommendations 25 & 26

## Project Information:

25. Clarify standard for Reconsideration requests with respect to how it is applied & whether the standard covers all appropriate grounds for using the Reconsideration mechanism.

26. Board should adopt a standard timeline and format for Reconsideration Requests & Board reconsideration outcomes that clearly identifies the status of deliberations and then, once decisions are made, articulates the rationale used to form those decisions.

**ATRT proposed project deadline:** As soon as possible, but no later than October 2011

**Project's Lead Department:** Legal

**Responsible Entity:** Board

## Project Manager/Team Advice:

Staff recommends the Board adopt Recommendation 25 as part of its acceptance of Recommendation 23. Staff recommends the Board adopt Recommendation 26, with a note that the improvements anticipated through the implementation of Recommendation 26 will provide some of the clarification of application called for within Recommendation 25.

Recommendation 25 is inherently linked to the independent expert review called for in Recommendation 23; a determination of whether the standard for Reconsideration covers "all appropriate grounds" and the application of the Reconsideration mechanism should not be separated from a broader review of ICANN's accountability mechanisms.

Pending the outcome of the independent expert's review of the Accountability processes, including the Reconsideration process, actions can be taken to enhance the information provided surrounding the Reconsideration process. Staff has already started work on some of these enhancements.

First, the Reconsideration Request page on the ICANN site can be modified to serve as a better source of information regarding Reconsideration Requests. Potential improvements include noting the status of each Reconsideration Request (such as: submitted and under consideration; dismissed; or acted upon) along with the publicly posted documents for each Request. Another improvement is to provide a link to the Board action arising out of each Reconsideration Request. Since the time that Staff responded to the ATRT's questions, staff has already started to include active links to Board Actions for more recent Reconsideration Requests (See Reconsideration Requests 10-1, 10-2, and 10-3) to make this information easier to find. Staff will continue this improvement work to provide active links for more historical requests, as well as any follow-up action required for implementation of the Board decision. Improvements in the provision of information will not only improve the historical record on individual Reconsideration Requests, but will also provide a real-time status on any pending Requests.

Second, a clear depiction of the Bylaws-mandated timeline for consideration of Reconsideration Requests can be produced and placed on the Reconsideration Request page. This will provide a common understanding of the timing of the Reconsideration process. As recently seen with the .JOBS Charter Coalition Request, the timeline is not always predictable; the Requester waived strict adherence to some of the times set in the Bylaws.

Third, the committee responsible for hearing Reconsideration Requests (currently the BGC) can incorporate the new form of a Rationale Statement – as included with Board decisions as of 25 January 2011 – into its recommendations. Particularly in recent years, the committee recommendations on Reconsideration Requests are drafted to address the inputs received within the Reconsideration Process, often citing directly to source documentation within the public record and how the inputs were considered in reaching the recommendation. The inclusion of the more formal Rationale Statements will also provide the assessment of impact, and will add additional rigor to the recommendation/decision process. The committee's recommendation and rationale will both be made available to the Board for consideration in any decision on the committee's recommendation, as the recommendations are made available today.

Fourth, a template for the submission of Reconsideration Requests will be created and made available within the ATRT's suggested timeframe.

### **Plan for Implementation:**

Implementation of Recommendation 25 will follow the implementation plan for Recommendation 23.

To implement Recommendation 26:

Task 1: Modify the Reconsideration Request page to include status indicators for all Requests

Task 2: For all Requests, the Reconsideration Request page will be modified to provide information on Board action arising out of the committee recommendations, as well as related links to further implementation efforts, if any

Task 3: A graphic timeline documenting the Reconsideration Process as set forth in the Bylaws will be created and posted

Task 4: A suggested template for the submission of the Reconsideration Process will be posted for public use

Task 5: Future committee recommendations arising out of the Reconsideration Request process will include rationale statements

### **Proposed Timeline:**

The template, timeline, and improvements to the Reconsideration Request page will be completed by the end of July 2011, in advance of the ATRT's suggested deadline



**Proposed Resources:**

The improvements to the Reconsideration Request page and creation of the template will require approximately 20 hours of one Legal FTE's time, and will require support from the Communications and Marketing Team in implementing the website improvements.

**Key Consultations:**

The BGC, as the committee that is responsible for hearing Reconsideration Requests, will be consulted on the scope of rationale included. That consultation will have to take place in coordination with the consideration of future Reconsideration Requests, to be sure that the necessary information is captured. In addition, no Requests have been received since the Board began providing rationales to support the Board actions, and the BGC will need to review how the information provided within the Board's rationale statements may affect the consideration of Requests seeking reconsideration of Board actions.

Consultations will also take place in fulfillment of the work required to implement Recommendation 23.

# ATRT Implementation Project, Recommendation 27

## Project Information:

27. Board should regularly evaluate progress against these recommendations & the accountability & transparency commitments in the AoC, & in general analyze the accountability & transparency performance of the whole organization to annually report to the community on progress made & to prepare for the next ATRT review; all evaluation should be overseen by Board.

**ATRT proposed project deadline:** One year after Board action on ATRT recommendations implementation.

**Project's Lead Department:** CEO's Office

**Project Manager:** Denise Michel

**Project Team Members:** Staff Executive Team.

## Project Manager/Team Advice:

Staff recommends that the Board adopt this recommendation.

## Preliminary Plan for Implementation:

- Task 1: Staff will provide the Board and the public with regular updates on the ATRT report implementation status
- Task 2: As part of the ATRT report implementation, after proposed Implementation Plans are approved by the Board, Staff will propose metrics for each ATRT recommendation and additional benchmarks and metrics as appropriate to track ICANN's broader accountability and transparency commitments.
- Task 3: An "Accountability & Transparency Dashboard" will be developed and regularly updated for public review of ICANN's performance in this area.
- Task 4: Each year staff will conduct an organization-wide assessment of ICANN's performance against the accountability and transparency commitments in the Affirmation of Commitments and the ATRT recommendations. The assessment will be posted for public comment and submitted to the Board each January.

## Proposed Timeline:

- Task 1: Beginning February 2011, staff is periodically posting ATRT status reports and details on ATRT recommendation implementation on ICANN 's website (on the "Accountability & Transparency" webpage); staff also is providing the public with updates on ATRT-related activities through other means (e.g. blog postings, speeches, etc.)
- Task 2: By July 2011 metrics will be created for each ATRT recommendation; additional benchmarks and metrics will be provided by October 2011

- Task 3: By August 2011 staff will issue a "dashboard" which will be expanded upon and regularly updated; all relevant ATRT recommendations will be represented in the dashboard by October 2011.
- Task 4: November - December 2011 performance data will be collected; assessment will be posted in January 2012.

**Proposed Resources:**

Current FTEs will be used and an estimated US\$25,000 will be needed for research and consulting services.

**Key Consultations:**

Staff, Board, community via public comment process.

**2011-06-24-15-Annex-A-NET-Renewal-Agreement 2011-06-08 (FINAL)**

ANNEX A TO BOARD SUBMISSION NO. 2011-06-24-15

**SUBMISSION TITLE:** Proposed .NET Renewal Registry Agreement

Public Comment Summary and Analysis

Sources:

Public Comment Postings (11 April 2011-10 May 2011). The full text of the comments may be found at <http://forum.icann.org/lists/net-agreement-renewal/>.

The forum received 186 comments, they have been categorized and summarized as follows, and an analysis of comments for each topic has been provided.

### **1. Presumptive Renewal – Summary of Comments**

“...renewal continues to be anti-competitive and therefore does not serve the public interest.” (*G. Kirikos 5/9/2011; R. Sampson 5/9/2011*)

ICANN should eliminate the third party management of the .NET registry completely and operate the registry for .NET itself as it has done with respect to the root zone and the .INT registry. (*G. Kirikos 5/9/2011; R. Sampson 5/9/2011*)

The "presumptive renewal" in existing contracts only applies if ICANN decided to outsource the management of the TLD. Nothing compels it to outsource that function. The contract only says that \*if\* the function is outsourced, then VeriSign must be able to renew. In the event that ICANN decides to internalize the function, it is not bound by presumptive renewal, since that external function no longer exists. (*G. Kirikos 5/9/2011; R. Sampson 5/9/2011*)

“ICANN can also "break" the presumptive renewal by deconstructing the existing contract into 2 brand new separate contracts:

- (a) a contract for management of the .NET database of names (i.e. creation of names, renewals, transfers, etc.), and
- (b) a separate contract for \*resolution\* of the zone file (i.e. servers around the world handling the DNS requests for the .NET zone). ” (*G. Kirikos 5/9/2011; R. Sampson 5/9/2011*)

“The contract should be changed to include language which separates the formal Registry Operator (RO) functions (zone file signing, zone file production from one or more distinct data sources, pointer data to registrar held "thin registry" registrant data, registrar transfer processing, registrar invoicing, ICANN reporting and transactional fee processing and payment), from the Data Base Operator (DBO) (aka "registry technical services") set of functions, allowing registrants, through their registrars, to select the underlying competitive DBO for a given domain.” (*E. Brunner-Williams 5/10/2011; ALAC 5/17/2011*)

“It does not hurt ICANN in any way to put out a Request for Proposals from other prospective registry operators, to see what other options exist, and in particular what prices could be offered that would benefit consumers. We believe that savings would be immense, at least 50% lower than existing fees charged by VeriSign to registrars.” (*G. Kirikos 5/9/2011; R. Sampson 5/9/2011*)

ICANN is not bound by the renewal provisions of the existing .NET registry agreement because:

- the current agreement is being challenged on antitrust grounds in the CFIT litigation;
- the board must seek the advice of multiple law firms and the DOJ as to the legality of the current contract;
- ICANN should set aside the renewal provision and allow VeriSign to challenge that decision in court. (*G. Kirikos 5/9/2011; R. Sampson 5/9/2011*)

The Board should act on the 9 August 2007 GNSO recommendation that “there was majority support for the concept of a re-bid of registry contracts.” Presumptive renewal is a bad idea and remains an anti-competitive mistake that the Board should correct. (*D. Younger 5/10/2011*)

The operation of the .NET registry should be put out to competitive bid. (*M. Kellerman 5/10/2011; N. Norder 5/10/2011*)

“...where the contract has been held for more than three five year periods, the presumption of re-award absent adverse circumstances is incompatible with [ICANN’s] original, and continuous, competition policy goal.” (*E. Brunner-Williams 5/10/2011*)

“I am opposed to the new net agreement renewal. It's nothing but a shill for the recording and movie industries and does no good for consumers.” (*J. LeCheminant 5/10/2011*)

“I am in opposition to the proposed changes in the .net contract. The proposed process appear to lack even a semblance of checks and balances to prevent the mis-use of the process and as such should not be adopted.” (*B. Ferrell 5/10/2011*)

The presumptive renewal provisions “conflict with ICANN’s mission to enhance competition and to act for the benefit of the Internet community as a whole.” (*Telepathy Inc. 5/10/2011*)

“...the presumption of renewal should be discussed by the community before it is enshrined in a contract. At the very least a clause should be added that, should a Policy Development Process be held on the topic of presumption of renewal, the consensus view of such a PDP would be applicable to future considerations of renewal for this contract.” (*A. Doria 5/10/2011*)

“The statement of ICANN's position, "ICANN's gTLD registry agreements provide for presumptive renewal so long as certain requirements are met," fails to distinguish between legacy contracts, established before ICANN's existence, and contracts entered into subsequent to the 2001 and 2004 rounds of the new gTLD process, and prospective contracts from any continuation of ICANN's new gTLD process. This is unfortunate as there are substantive differences of market power exercised by the holder of pre - ICANN registry agreements, and the holders of ICANN registry agreements, and one of ICANN's core public purposes arose from

a competition policy goal, which necessitates distinguishing between actors in a market with market power and actors lacking market power.” (ALAC 5/17/2011)

“The ALAC deplors the fact that no community input was allowed at an earlier stage of the negotiations on the new contract. Given that the contractual conditions are matters of policy, it seems inappropriate that these negotiations were held behind closed doors without community observers or input.” (ALAC 5/17/2011)

### **Presumptive Renewal – Analysis of Comments**

The renewal provisions in the current .NET Registry Agreement are consistent with the all other ICANN gTLD agreements. These renewal provisions encourage long-term investment in robust TLD operations, and this has benefitted the community in the form of reliable operation of the registry infrastructure. ICANN does not have the right under the current .NET Registry Agreement to unilaterally refuse to renew the agreement or to bifurcate registry functions. No court has found the renewal provisions to be illegal, and intentionally breaching the renewal provision would not be prudent as it would expose ICANN to liability under the contract.

### **2. Approval of New Registry Services – Summary of Comments**

ICANN should be required to seek expert advice when making determinations regarding the competition implications of new registry services. (D. Younger 5/10/2011)

### **Approval of New Registry Services – Analysis of Comments**

ICANN is permitted to seek expert advice in connection with the review of proposed registry services under the existing .NET Registry Agreement and all other gTLD agreements. Not every proposed new registry service will raise competition issues and it would not be appropriate to require expert antitrust advice in all cases. Also, the process for review of new registry services is consistent with other agreements and with the GNSO-developed Registry Services Evaluation Policy.

### **3. Rights Protection – Summary of Comments**

The URS should not be included in the .NET renewal. (65 comments)

The .NET registry agreement should implement best practices for registry agreements that have developed since the current .NET agreement was signed, including appropriate provisions from the new gTLD registry agreement as it now appears in the New gTLD applicant guidebook, including thick WHOIS, enhanced Whois data quality requirements (similar to those implemented for .ASIA, .MOBI and .POST), abuse point of contact, cooperation with contract audits, emergency transition and continuity plans and rights protection mechanisms (including the URS). (IPC 5/09/2011)

New rights protection mechanisms (such as those recommended by the IPC) should not be adopted in connection with the renewal of the .NET registry agreement. (101 *comments*)

“Rights protections mechanisms developed for the new gTLD program, especially Uniform Rapid Suspension, should not be imposed on .Net through the contract renewal and revision process.” (ICA 5/10/2011)

“The .NET registry should implement Thick WHOIS, and WHOIS that is Verified (e.g. PIN codes mailed to registrants, before resolution of a domain name).” (G. Kirikos 5/9/2011; R. Sampson 5/9/2011)

“ICANN should seek as a fundamental principle to amend this contract to minimally include requirements for Thick Whois.” (Business Constituency 5/11/2011)

“It is unfortunate that ICANN has not included in the renewal of the contract a provision for .NET to transition to a thick WHOIS model at some specific date in the future (perhaps during the term of this agreement but no later than the time of the next renewal).” (ALAC 5/17/2011)

#### **Rights Protection – Analysis of Comments**

The draft .NET Registry Agreement that was posted for public comment did not include obligations of the registry operator to participate in the URS or any other newly developed rights protection mechanism currently under development for the new gTLD program. The IPC submitted comments suggesting that these mechanisms should be incorporated into the .NET Registry Agreement. There is considerable opposition to this IPC proposal from current .NET registrants reflected in the public comments and it would be premature to implement these mechanisms into a large existing TLD without further study and community discussion. The question of transitioning a large existing registry to “thick” Whois raises operational and other issues that require further discussion and consideration. Such a change might be implemented separately from the renewal process, and there is no compelling basis for ICANN to require such a change as a condition of renewal has been presented. In agreement with most comments, no change to the .NET Registry Agreement is recommended.

#### **4. Use of Traffic Data (Section 3.1(f)) – Summary of Comments**

“We oppose the use of traffic data by VeriSign, or other registry operators.” (G. Kirikos 5/9/2011; R. Sampson 5/9/2011)

“We do not oppose allowing VeriSign to make commercial use of .Net traffic data so long as ICANN rigorously enforces the contract restrictions on reintroduction of SiteFinder or other wildcard services and such data is made available on a nondiscriminatory basis.” (ICA 5/10/2011)



“Without a Policy Development Process of what are acceptable uses of Traffic Data, agreeing to such a wide scope of permissible use is not appropriate. Not only does the community need to discuss this issue and come to a bottom-up decision of what limits are appropriate in a registry's use of Traffic Data, but an impact analysis of the effect of this on privacy would need to be done. It would also be necessary to ascertain whether this degree of data usage was permissible under all applicable national laws.” (A. Doria 5/10/2011)

### **Use of Traffic Data (Section 3.1(f)) – Analysis of Comments**

The inclusion of the new provision with respect to the use of traffic data was done to make the .NET Registry Agreement consistent with existing registry agreements for large gTLDs in accordance with the renewal provisions of the current .NET Registry Agreement. Public comments have not suggested any harm to registrants or other community members in all the other gTLDs with agreements that permit the registry to make use of traffic data. Additional language was added to clarify that services akin to SiteFinder are not permitted.

### **5. Special Programs for Registrars (Section 7.1(b)) – Summary of Comments**

We oppose this provision because it could lead to gaming and discriminatory practices. “Because geographies was not defined, it could even be pinpointed to certain states (Arkansas, Wyoming, Nevada) or even cities (Tokyo, Berlin), where ‘friends of VeriSign’ were located.” “If lower prices were targeted to certain regions, it is trivial for domain name registrants to lie about their location. WHOIS is unverified (despite our repeated proposals that ICANN institute Verified WHOIS). Furthermore, it is trivial for companies to setup “shell companies” to take advantage and exploit any discriminatory pricing practices that VeriSign or other registries announce.” This provision “can be used to punish and put out of business registrars that VeriSign does not like.” (G. Kirikos 5/9/2011; R. Sampson 5/9/2011)

“While we do not object to the provision that would allow ICANN to better serve the Internet community through the provision of marketing and incentive programs by VeriSign to ‘underserved geographies’, we believe that a tight definition of that term as well as additional safeguards should be written into the registry agreement to prevent potential abuse of these programs by registrars or registrants, as well as potential cross-subsidization by registrants residing in the developed world.” (ICA 5/10/2011)

### **Special Programs for Registrars (Section 7.1(b)) – Analysis of Comments**

This new provision is designed to allow Verisign flexibility in designing programs that will foster the development of DNS infrastructure in underserved geographic regions. In response to community comments, the language was revised to provide specificity and add transparency.

### **6. Registry Fees (Section 7.2(a)) – Summary of Comments**

Use of Registry-Level Transaction Fees for (1) a special restricted fund to enhance and facilitate the security and stability of the DNS, and (2) general ICANN operating funds is not appropriate and the provisions allowing for this in the contract should be stricken and all such funds should

be allocated to “developing country Internet communities to enable further participation in the ICANN mission by developing country stakeholders.” (*D. Younger 5/10/2011*)

There is no need to restrict the per-registrar component of the Variable Registry-Level Fee to the funding established by the 2004-2005 ICANN budget.” (*D. Younger 5/10/2011*)

ICANN has not justified the aberrantly high \$0.75 surcharge it imposes on every .NET domain name. ICANN makes a mockery of its own mission by burdening the Internet with excessive and unnecessary costs. The one immediate step that ICANN should take is to lower the \$.75 surcharge to match the \$.18 charged on .COM domains. (*Telepathy Inc. 5/10/2011*)

Price increases should need to be justified (*M. Kellerman 5/12/2011*)

### **Registry Fees (Section 7.2(a)) – Analysis of Comments**

The reference to the 2004-2005 ICANN budget was deleted and does not appear in the draft .NET Registry Agreement that was posted for public comment.

In connection with the competitive bidding process held in 2005 for the operation of the .NET TLD, ICANN specified a US\$0.75 registry-level registration fee for .NET. The additional funds provided by this fee aid ICANN in its mission of enhancing the security and stability of the DNS and the Internet and in improving participation in the Internet community among developing nations. ICANN utilizes the funds generated by Registry-Level Transaction Fees in accordance with the ICANN Budget, which is developed in consultation with the community and approved by the Board. ICANN committed to put the funds to the purposes set out in the .NET agreement but did not set up separate accounting or organizational separations to track this. That would have been expensive and complex and resulted in no real value. ICANN has expended funds in the areas specified in the NET agreement - in excess of the amounts received. To encourage participation of developing countries ICANN has, for example, created the fellowship program, participated in many regional meetings, increased translation, engendering participation in new gTLDs. ICANN has also expended significant funds in security: signing the root zone and implementing DNSSEC, participating in cross-industry security exercises, growing the SSR organization, and conducting studies for new gTLDs.

### **7. Pricing (Section 7.3) – Summary of Comments**

“ICANN has not published any analysis of the financial impact of 10% annual increases in the wholesale cost of domain name registrations on the public, nor has it offered any analysis of the financial impact of continued increases.” (*G. Kirikos 5/9/2011; R. Sampson 5/9/2011*)

“It seems odd that under the proposed agreement it seems that VeriSign will be allowed to increase the registration price by 10% per year (section 7.3.a). I'm sure that providing the registry service is already very profitable for them without any price increases.” (*M. Kellerman 5/10/2011*)

“ICANN should incorporate a price discovery mechanism into the process so that, as with a regulated utility that is granted a limited monopoly, the prices charged are tied to a reasonable return on invested capital. Price discovery can occur through expert consultants who can advise on the actual cost of running the .NET registry, or by opening up the .NET registry to competitive bid while allowing VeriSign the right to match the lowest bid.” (*Telepathy Inc. 5/10/2011*)

“I see no rationale for continued steep price increases for .net domain names.” (*A. Alleman 5/10/2011*)

Costs of running the registry should go down with scale. Therefore, if VeriSign wants to increase prices pursuant to this provision, it should be required to justify the need for such increase. (*Network Solutions 5/10/2011; M. Kellerman 5/12/2011*)

### **Pricing (Section 7.3) – Analysis of Comments**

Consistent with comparable unsponsored gTLD registry agreements, the prices that registry operator may charge under the .NET Registry Agreement are capped, subject only to a permitted 10% annual increase. The permitted 10% increase is designed to allow the registry operator to increase prices with inflation and increased costs of running a large registry. Permanent fixed price caps would not be appropriate, and in fact ICANN is proposing to move to complete market-based pricing for all new gTLDs as it has done with all existing sponsored gTLDs. For more information on price controls and gTLDs, please see the expert economic reports posted at <http://www.icann.org/en/announcements/announcement-06jun09-en.htm>.

Submitted by: Kurt Pritz

Position: SVP Stakeholder Relations

Date Noted: 8 June 2011

Email and Phone Number: kurt.pritz@icann.org; Contact

**2011-06-24-15-Annex-B-NET-Renewal-Agreement 2011-06-08 (FINAL)**

SUBMISSION TITLE: Proposed .NET Renewal Registry Agreement

Modifications to the Proposed .NET Renewal Registry Agreement since the publication of the redlined agreement (see <http://www.icann.org/en/tlds/agreements/net/draft-net-agreement-redline-11apr11-en.pdf>) on 11 April 2011.

As noted in the Board paper and in response to public comments on the Section 7.1(b), Special Programs, has been modified to ensure that it cannot be used for purposes beyond its intended scope.

(b) Special Programs. Notwithstanding Section 7.1(a), Registry Operator may for the purpose of supporting the development of the Internet in an underserved geographic region (a region being one or more countries), provide training, technical support, marketing or incentive programs based on the unique needs of registrars primarily focused on serving such geographies to such registrars, so long as Registry Operator does not treat similarly situated registrars differently or apply such programs arbitrarily. In addition, Registry Operator may implement such programs with respect to registrars within a specific geographic region (a region being one or more countries), so long as (i) such region is defined broadly enough to allow multiple registrars to participate and such programs are made available to all such registrars, and (ii) such programs do not favor any registrar in which Registry Operator may have an ownership interest. For the purposes of this section, an underserved geographic region is one that, in the reasonable judgement of Registry Operator, is underserved by registry operators based upon an analysis of relevant metrics, including but not limited to broadband penetration, information and technology expenditures, domain penetration, registrar penetration, web hosting penetration, Internet usage, and number of Internet users. Within five (5) calendar days of offering any such programs, Registry Operator shall post a notice of the offering of such program within the registrar facing communication tools of Registry Operator’s website (which notice shall include, at a minimum, the terms and conditions of such program and identify the underserved geographic region underlying such program).

A second modification, at ICANN’s request, is to Section 7.2(a) of the Registry Agreement, Registry-Level Transaction Fee. This change is presented below and is intended to clarify that ICANN’s commitment to broadening and developing participation in the ICANN mission and ensuring security and stability of the DNS will not require ICANN to segregate funds for any such purposes or establish separate accounts for such funds.

(a) Registry-Level Transaction Fee. Registry Operator shall pay ICANN a Registry-Level Transaction Fee in an amount equal to US\$0.75 for each annual increment of an initial or renewal domain name registration and for transferring a domain name registration from one ICANN-accredited registrar to another during the calendar quarter to which the Registry- Level Transaction Fee pertains. ICANN intends to apply this fee to purposes including: (a) a special restricted fund for developing country Internet communities to enable further participation in the ICANN mission by developing country stakeholders, (b) a special restricted fund to enhance and

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facilitate the security and stability of the DNS, and (c) general operating funds to support ICANN's mission to ensure the stable and secure operation of the DNS; provided, that ICANN will not be required to segregate funds for any such purposes or establish separate accounts for such funds.

Submitted by: Kurt Pritz

Position: SVP Stakeholder Relations

Date Noted: 8 June 2011

Email and Phone Number: [kurt.pritz@icann.org](mailto:kurt.pritz@icann.org); Contact

**2011-06-24-15-Annex-C-NET-Renewal-Agreement 2011-06-08 (FINAL)**

SUBMISSION TITLE: Proposed .NET Renewal Registry Agreement

## DRAFT Proposed .NET Renewal Agreement

### REGISTRY AGREEMENT

This REGISTRY AGREEMENT (this "Agreement") is entered into as of ~~July 1, 2005~~ \_\_\_\_\_ by and between Internet Corporation for Assigned Names and Numbers, a California nonprofit public benefit corporation ("ICANN"), and VeriSign, Inc. a Delaware corporation.

#### ARTICLE I INTRODUCTION

Section 1.1 Effective Date. The Effective Date for purposes of this Agreement shall be ~~the date on which the TLD (as defined below) is delegated within the authoritative root-server system to nameservers designated by Registry Operator~~ July 1, 2011.

Section 1.2 Top-Level Domain. The Top-Level Domain to which this Agreement applies is .net ("TLD").

Section 1.3 Designation as Registry Operator. Upon the Effective Date, until the Expiration Date as defined in Section 4.1 hereof, ICANN ~~hereby designates~~ shall continue to designate VeriSign, Inc. as the sole registry operator for the TLD ("Registry Operator").

#### ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1 Registry Operator's Representations and Warranties.

(a) Organization; Due Authorization and Execution. Registry Operator is a corporation, duly organized, validly existing and in good standing under the laws of Delaware, and Registry Operator has all requisite power and authority to enter into this Agreement. All corporate approvals and actions necessary for the entrance by Registry Operator into this Agreement have been obtained and this Agreement has been duly and validly executed and delivered by Registry Operator.

(b) Statements made During ~~Application~~ Negotiation Process. The factual statements ~~contained in Registry Operator's application for the TLD, or made in~~ in writing by ~~Registry Operator~~ both parties in negotiating this Agreement, were true and correct in all material respects at the time ~~the application was submitted to ICANN and are true and correct in all material respects as of the date this Agreement is entered into set forth above.~~ made. A violation or breach of this



subsection shall not be a basis for termination, rescission or other equitable relief, and, instead shall only give rise to a claim for damages.

Section 2.2 ICANN's Representations and Warranties.

(a) Organization; Due Authorization and Execution. ICANN is a nonprofit public benefit corporation duly organized, validly existing and in good standing under the laws of California. ICANN has all requisite corporate power and authority to enter into this Agreement. All corporate approvals and actions necessary for the entrance by ICANN into this Agreement have been obtained and this Agreement has been duly and validly executed and delivered by ICANN.

### **ARTICLE III COVENANTS**

Section 3.1 Covenants of Registry Operator. Registry Operator covenants and agrees with ICANN as follows:

(a) Preserve Security and Stability.

(i) ICANN Temporary Specifications or Policies. Registry Operator shall comply with and implement all specifications or policies established by the ICANN Board of Directors on a temporary basis, if adopted by the ICANN Board of Directors by a vote of at least two-thirds of its members, so long as the ICANN Board of Directors reasonably determines that immediate temporary establishment of a specification or policy on the subject is necessary to maintain the Stability or Security (as defined in Section 3.1(d)(iv)(G)) of Registry Services or the DNS ("Temporary Specification or Policies"). Such proposed specification or policy shall be as narrowly tailored as feasible to achieve those objectives. In establishing any specification or policy under this provision, the ICANN Board of Directors shall state the period of time for which the specification or policy is temporarily adopted and shall immediately implement the Consensus Policy development process set forth in ICANN's Bylaws. ICANN shall also issue an advisory statement containing a detailed explanation of its reasons for adopting the temporary specification or policy and why the Board believes the specification or policy should receive the consensus support of Internet stakeholders. If the period of time for which the specification or policy is adopted exceeds 90 days, the ICANN Board shall reaffirm its temporary adoption every 90 days for a total period not to exceed one year, in order to maintain such policy in effect until such time as it shall become a Consensus Policy as described in Section 3.1(b) below. If during such one year period, the temporary policy or specification does not become a Consensus Policy meeting the standard set forth in Section 3.1(b) below, Registry Operator shall no longer be required to comply with or implement such temporary policy or specification.

(b) Consensus Policies.

(i) At all times during the term of this Agreement and subject to the terms hereof, Registry Operator will fully comply with and implement all Consensus Policies found at <http://www.icann.org/general/consensus-policies.htm>, as of the Effective Date and as may in the future be developed and adopted in accordance with ICANN's Bylaws and as set forth below.

(ii) "Consensus Policies" are those specifications or policies established (1) pursuant to the procedure set forth in ICANN's Bylaws and due process, and (2) covering those topics listed in Section 3.1(b)(iv) below. The Consensus Policy development process and procedure set forth in ICANN's Bylaws may be revised from time to time in accordance with ICANN's Bylaws, and any Consensus Policy that is adopted through such a revised process and covering those topics listed in Section 3.1(b)(iv) below shall be considered a Consensus Policy for purposes of this Agreement.

(iii) For all purposes under this Agreement, the policies identified at <http://www.icann.org/general/consensus-policies.htm> shall be treated in the same manner and have the same effect as "Consensus Policies."

(iv) Consensus Policies and the procedures by which they are developed shall be designed to produce, to the extent possible, a consensus of Internet stakeholders, including the operators of gTLDs. Consensus Policies shall relate to one or more of the following: (1) issues for which uniform or coordinated resolution is reasonably necessary to facilitate interoperability, Security and/or Stability of the Internet or DNS; (2) functional and performance specifications for the provision of Registry Services (as defined in Section 3.1(d)(iii) below); (3) Security and Stability of the registry database for the TLD; (4) registry policies reasonably necessary to implement Consensus Policies relating to registry operations or registrars; or (5) resolution of disputes regarding the registration of domain names (as opposed to the use of such domain names). Such categories of issues referred to in the preceding sentence shall include, without limitation:

(A) principles for allocation of registered names in the TLD (e.g., first-come, first-served, timely renewal, holding period after expiration);

(B) prohibitions on warehousing of or speculation in domain names by registries or registrars;

(C) reservation of registered names in the TLD that may not be registered initially or that may not be renewed due to reasons reasonably related to (a) avoidance of confusion among or misleading of users, (b) intellectual property, or (c) the technical management of the DNS or the Internet (e.g., establishment of reservations of names from registration);

(D) maintenance of and access to accurate and up-to-date information concerning domain name registrations;

(E) procedures to avoid disruptions of domain name registration due to suspension or termination of operations by a registry operator or a registrar, including procedures for allocation of responsibility for serving registered domain names in a TLD affected by such a suspension or termination; and

(F) resolution of disputes regarding whether particular parties may register or maintain registration of particular domain names.

(v) In addition to the other limitations on Consensus Policies, they shall not:

(A) prescribe or limit the price of Registry Services;

(B) modify the standards for the consideration of proposed Registry Services, including the definitions of Security and Stability (set forth below) and the standards applied by ICANN;

~~(C) for three years following the Effective Date, modify the procedure for the consideration of proposed Registry Services;~~

(C) ~~(D)~~ modify the terms or conditions for the renewal or termination of this Agreement;

(D) ~~(E)~~ modify ICANN's obligations to Registry Operator under Section 3.2 (a), (b), and (c);

(E) ~~(F)~~ modify the limitations on Consensus Policies or Temporary Specifications or Policies;

(F) ~~(G)~~ modify the definition of Registry Services;

(G) ~~(H)~~ modify the terms of Sections 7.2 and 7.3, below; and

(H) ~~(I)~~ alter services that have been implemented pursuant to Section 3.1(d) of this Agreement (unless justified by compelling and just cause based on Security and Stability).

(vi) Registry Operator shall be afforded a reasonable period of time following notice of the establishment of a Consensus Policy or Temporary Specifications or Policies in which to comply with such policy or specification, taking into account any urgency involved.

In the event of a conflict between Registry Services (as defined in Section 3.1(d)(iii) below), on the one hand, and Consensus Policies developed in

accordance with this Section 3.1(b) or any Temporary Specifications or Policies established pursuant to Section 3.1 (a)(i) above, on the other hand, the Consensus Policies or Temporary Specifications or Policies shall control, notwithstanding any other provisions contained within this Agreement.

(c) Handling of Registry Data.

(i) Data Escrow. Registry Operator shall establish at its expense a data escrow or mirror site policy for the Registry Data compiled by Registry Operator. Registry Data, as used in this Agreement, shall mean the following: (1) data for domains sponsored by all registrars, consisting of domain name, server name for each nameserver, registrar id, updated date, creation date, expiration date, status information, and DNSSEC delegation signer ("DS") data ~~(if Registry Operator implements DNSSEC)~~; (2) data for nameservers sponsored by all registrars consisting of server name, each IP address, registrar id, updated date, creation date, expiration date, and status information; (3) data for registrars sponsoring registered domains and nameservers, consisting of registrar id, registrar address, registrar telephone number, registrar e-mail address, whois server, referral URL, updated date and the name, telephone number, and e-mail address of all the registrar's administrative, billing, and technical contacts; and, (4) domain name registrant data collected by the Registry Operator from registrars as part of or following registration of a domain name. The escrow agent or mirror-site manager, and the obligations thereof, shall be mutually agreed upon by ICANN and Registry Operator on commercially reasonable standards that are technically and practically sufficient to allow a successor registry operator to assume management of the TLD. To this end, Registry Operator shall periodically deposit into escrow all Registry Data on a schedule (not more frequently than weekly for a complete set of Registry Data, and daily for incremental updates) and in an electronic format mutually approved from time to time by Registry Operator and ICANN, such approval not to be unreasonably withheld by either party. In addition, Registry Operator will deposit into escrow that data collected from registrars as part of offering Registry Services introduced after the Effective Date of this Agreement. The schedule, content, format, and procedure for escrow deposits shall be as reasonably established by ICANN from time to time, and as set forth in Appendix 1 hereto. Changes to the schedule, content, format, and procedure may be made only with the mutual written consent of ICANN and Registry Operator (which neither party shall unreasonably withhold) or through the establishment of a Consensus Policy as outlined in Section 3.1(b) above. The escrow shall be held under an agreement, substantially in the form of Appendix 2, as the same may be revised from time to time, among ICANN, Registry Operator, and the escrow agent.

(ii) Personal Data. Registry Operator shall notify registrars sponsoring

registrations in the registry for the TLD of the purposes for which Personal Data (as defined below) submitted to Registry Operator by registrars, if any, is collected, the intended recipients (or categories of recipients) of such Personal Data, and the mechanism for access to and correction of such Personal Data. Registry Operator shall take reasonable steps to protect Personal Data from loss, misuse, unauthorized disclosure, alteration or destruction. Registry Operator shall not use or authorize the use of Personal Data in a way that is incompatible with the notice provided to registrars. "Personal Data" shall refer to all data about any identified or identifiable natural person.

(iii) Bulk Zone File Access. Registry Operator shall provide bulk access to the zone files for the registry for the TLD to ICANN on a continuous basis in the manner ICANN may reasonably specify from time to time. Bulk access to the zone files shall be provided to third parties on the terms set forth in the TLD zone file access agreement reasonably established by ICANN, which initially shall be in the form attached as Appendix 3 hereto. Changes to the zone file access agreement may be made upon the mutual written consent of ICANN and Registry Operator (which consent neither party shall unreasonably withhold).

(iv) Monthly Reporting. Within 20 days following the end of each calendar month, Registry Operator shall prepare and deliver to ICANN a report providing such data and in the format specified in Appendix 4. ICANN may audit Registry Operator's books and records relating to data contained in monthly reports from time to time upon reasonable advance written notice, provided that such audits shall not exceed one per quarter. Any such audit shall be at ICANN's cost, unless such audit shall reflect a material discrepancy or discrepancies in the data provided by Registry Operator. In the latter event, Registry Operator shall reimburse ICANN for all costs and expenses associated with such audit, which reimbursement shall be paid together with the next Registry-Level Fee payment due following the date of transmittal of the cost statement for such audit.

(v) Whois Service. Registry Operator shall provide such whois data as set forth in Appendix 5.

(d) Registry Operations.

(i) Registration Restrictions. Registry Operator shall reserve, and not register any TLD strings (i) appearing on the list of reserved TLD strings attached as Appendix 6 hereto or (ii) located at <http://data.iana.org/TLD/tlds-alpha-by-domain.txt> for initial (i.e., other than renewal) registration at the second level within the TLD.

(ii) Functional and Performance Specifications. Functional and Performance Specifications for operation of the TLD shall be as set forth in Appendix 7 hereto, and shall address without limitation DNS services; operation of the shared registration system; and nameserver operations.

Registry Operator shall keep technical and operational records sufficient to evidence compliance with such specifications for at least one year, which records ICANN may audit from time to time upon reasonable advance written notice, provided that such audits shall not exceed one per quarter. Any such audit shall be at ICANN's cost.

(iii) Registry Services. Registry Services are, for purposes of this Agreement, defined as the following: (a) those services that are both (i) operations of the registry critical to the following tasks: the receipt of data from registrars concerning registrations of domain names and name servers; provision to registrars of status information relating to the zone servers for the TLD; dissemination of TLD zone files; operation of the registry zone servers; and dissemination of contact and other information concerning domain name server registrations in the TLD as required by this Agreement; and (ii) provided by the Registry Operator for the .net registry as of the Effective Date, as the case may be; (b) other products or services that the Registry Operator is required to provide because of the establishment of a Consensus Policy (as defined in Section 3.1(b) above); (c) any other products or services that only a registry operator is capable of providing, by reason of its designation as the registry operator; and (d) material changes to any Registry Service within the scope of (a), (b) or (c) above. Only Registry Services defined in (a) and (b) above are subject to the maximum price provisions of Section 7.3, below.

(iv) Process for Consideration of Proposed Registry Services. Following written notification by Registry Operator to ICANN that Registry Operator may make a change in a Registry Service within the scope of the preceding paragraph:

(A) ICANN shall have 15 calendar days to make a “preliminary determination” whether a Registry Service requires further consideration by ICANN because it reasonably determines such Registry Service: (i) could raise significant Security or Stability issues or (ii) could raise significant competition issues.

(B) Registry Operator must provide sufficient information at the time of notification to ICANN that it may implement such a proposed Registry Service to enable ICANN to make an informed “preliminary determination.” Information provided by Registry Operator and marked “CONFIDENTIAL” shall be treated as confidential by ICANN. Registry Operator will not designate “CONFIDENTIAL” information necessary to describe the purpose of the proposed Registry Service and the effect on users of the DNS.

(C) ICANN may seek expert advice during the preliminary determination period (from entities or persons subject to confidentiality agreements) on the competition, Security or Stability implications of the Registry Service in order to make its “preliminary determination.” To the extent ICANN determines to disclose

confidential information to any such experts, it will provide notice to Registry Operator of the identity of the expert(s) and the information it intends to convey.

(D) If ICANN determines during the 15 calendar day “preliminary determination” period that the proposed Registry Service, does not raise significant Security or Stability (as defined below), or competition issues, Registry Operator shall be free to deploy it upon such a determination.

(E) In the event ICANN reasonably determines during the 15 calendar day “preliminary determination” period that the Registry Service might raise significant competition issues, ICANN shall refer the issue to the appropriate governmental competition authority or authorities with jurisdiction over the matter within five business days of making its determination, or two business days following the expiration of such 15 day period, whichever is earlier, with notice to Registry Operator. Any such referral communication shall be posted on ICANN's website on the date of transmittal. Following such referral, ICANN shall have no further responsibility, and Registry Operator shall have no further obligation to ICANN, with respect to any competition issues relating to the Registry Service. If such a referral occurs, the Registry Operator will not deploy the Registry Service until 45 calendar days following the referral, unless earlier cleared by the referred governmental competition authority.

(F) In the event that ICANN reasonably determines during the 15 calendar day “preliminary determination” period that the proposed Registry Service might raise significant Stability or Security issues (as defined below), ICANN will refer the proposal to a Standing Panel of experts (as defined below) within five business days of making its determination, or two business days following the expiration of such 15 day period, whichever is earlier, and simultaneously invite public comment on the proposal. The Standing Panel shall have 45 calendar days from the referral to prepare a written report regarding the proposed Registry Service's effect on Security or Stability (as defined below), which report (along with a summary of any public comments) shall be forwarded to the ICANN Board. The report shall set forward the opinions of the Standing Panel, including, but not limited to, a detailed statement of the analysis, reasons, and information upon which the panel has

relied in reaching their conclusions, along with the response to any specific questions that were included in the referral from ICANN staff. Upon ICANN's referral to the Standing Panel, Registry Operator may submit additional information or analyses regarding the likely effect on Security or Stability of the Registry Service.

(G) Upon its evaluation of the proposed Registry Service, the Standing Panel will report on the likelihood and materiality of the proposed Registry Service's effects on Security or Stability, including whether the proposed Registry Service creates a reasonable risk of a meaningful adverse effect on Security or Stability as defined below:

**Security:** For purposes of this Agreement, an effect on security by the proposed Registry Service shall mean (1) the unauthorized disclosure, alteration, insertion or destruction of Registry Data, or (2) the unauthorized access to or disclosure of information or resources on the Internet by systems operating in accordance with all applicable standards.

**Stability:** For purposes of this Agreement, an effect on stability shall mean that the proposed Registry Service (1) is not compliant with applicable relevant standards that are authoritative and published by a well-established, recognized and authoritative standards body, such as relevant Standards-Track or Best Current Practice RFCs sponsored by the IETF or (2) creates a condition that adversely affects the throughput, response time, consistency or coherence of responses to Internet servers or end systems, operating in accordance with applicable relevant standards that are authoritative and published by a well-established, recognized and authoritative standards body, such as relevant Standards-Track or Best Current Practice RFCs and relying on Registry Operator's delegation information or provisioning services.

(H) Following receipt of the Standing Panel's report, which will be posted (with appropriate confidentiality redactions made after consultation with Registry Operator) and available for public comment, the ICANN Board will have 30 calendar days to reach a decision. In the event the ICANN Board reasonably determines that the proposed Registry Service creates a reasonable risk of a meaningful adverse effect on Stability or Security, Registry Operator will not offer the proposed Registry Service. An unredacted version of the Standing Panel's report shall be provided to Registry Operator upon the posting of the report. The Registry Operator may respond to the report of the Standing Panel or



otherwise submit to the ICANN Board additional information or analyses regarding the likely effect on Security or Stability of the Registry Service.

(l) The Standing Panel shall consist of a total of 20 persons expert in the design, management and implementation of the complex systems and standards-protocols utilized in the Internet infrastructure and DNS (the "Standing Panel"). The members of the Standing Panel will be selected by its Chair. The Chair of the Standing Panel will be a person who is agreeable to both ICANN and the registry constituency of the supporting organization then responsible for generic top level domain registry policies. All members of the Standing Panel and the Chair shall execute an agreement requiring that they shall consider the issues before the panel neutrally and according to the definitions of Security and Stability. For each matter referred to the Standing Panel, the Chair shall select no more than five members from the Standing Panel to evaluate the referred matter, none of which shall have an existing competitive, financial, or legal conflict of interest, and with due regard to the particular technical issues raised by the referral.

(e) Fees and Payments. Registry Operator shall pay the Registry-Level Fees to ICANN on a quarterly basis in accordance with Section 7.2 hereof.

(f) Traffic Data. Nothing in this Agreement shall preclude Registry Operator from making commercial use of, or collecting, traffic data regarding domain names or non-existent domain names for purposes such as, without limitation, the determination of the availability and Security and Stability of the Internet, pinpointing specific points of failure, characterizing attacks and misconfigurations, identifying compromised networks and hosts, and promoting the sale of domain names; provided, however, that such use does not disclose domain name registrant, end user information or other Personal Data as defined in Section 3.1(c)(ii) for any purpose not otherwise authorized by this agreement. In this regard, in the event the TLD registry is a "thick" registry model, the traffic data that may be accessible to and used by Registry Operator shall be limited to the data that would be accessible to a registry operated under a "thin" registry model. The process for the introduction of new Registry Services shall not apply to such traffic data. Nothing contained in this Section 3.1(f) shall be deemed to constitute consent or acquiescence by ICANN to a re-introduction by Registry Operator of the SiteFinder service previously introduced by the Registry Operator on or about September 15, 2003, or the introduction of any other service employing a universal wildcard function, except that this sentence shall not prohibit the provision of nameservice or any other non-registry service for a domain or zone used for other than registration services to unaffiliated third parties by a single entity (including its affiliates) for domain names registered

through an ICANN-accredited registrar. To the extent that traffic data subject to this provision is made available, access shall be on terms that are non-discriminatory.

(g) Cooperation. The parties agree to cooperate with each other and share data as necessary to accomplish the terms of this Agreement.

Section 3.2 Covenants of ICANN. ICANN covenants and agrees with Registry Operator as follows:

(a) Open and Transparent. Consistent with ICANN's expressed mission and core values, ICANN shall operate in an open and transparent manner.

(b) Equitable Treatment. ICANN shall not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and shall not single out Registry Operator for disparate treatment unless justified by substantial and reasonable cause.

(c) TLD Zone Servers. In the event and to the extent that ICANN is authorized to set policy with regard to an authoritative root server system, it will ensure that (i) the authoritative root will point to the TLD zone servers designated by Registry Operator for the Registry TLD throughout the Term of this Agreement; and (ii) any changes to the TLD zone server designation submitted to ICANN by Registry Operator will be implemented by ICANN within seven days of submission.

(d) Nameserver Changes. Registry Operator may request changes in the nameserver delegation for the Registry TLD. Any such request must be made in a format, and otherwise meet technical requirements, specified from time to time by ICANN. ICANN will use commercially reasonable efforts to have such requests implemented in the Authoritative Root-Server System within seven calendar days of the submission. (e) Root-zone Information Publication. ICANN's publication of root-zone contact information for the Registry TLD will include Registry Operator and its administrative and technical contacts. Any request to modify the contact information for the Registry Operator must be made in the format specified from time to time by ICANN.

## **ARTICLE IV TERM OF AGREEMENT**

Section 4.1 Term. The initial term of this Agreement shall be six years from the Effective Date (the "Expiration Date"). Registry Operator agrees that upon the earlier of (i) termination of this Agreement by ICANN in accordance with Article VI below or (ii) the Expiration Date, it will cease to be the Registry Operator for the TLD, unless, with respect to termination under the foregoing clause (ii), Registry Operator and ICANN agree on terms for renewal of the Agreement as set forth in Section 4.2 below prior to the Expiration Date.

**Section 4.2 Renewal.** This Agreement shall be renewed upon the expiration of the initial term set forth in Section 4.1 above and each later term, unless the following has occurred: (i) following notice of breach to Registry Operator in accordance with Section 6.1 and failure to cure such breach within the time period prescribed in Section 6.1, an arbitrator or court has determined that Registry Operator has been in fundamental and material breach of Registry Operator's obligations set forth in Sections 3.1(a), (b), (d) or (e); Section 5.2 or Section 7.3 and (ii) following the final decision of such arbitrator or court, Registry Operator has failed to comply within ten days with the decision of the arbitrator or court, or within such other time period as may be prescribed by the arbitrator or court. Upon renewal, in the event that the terms of this Agreement are not similar to the terms generally in effect in the Registry Agreements of the 5 largest gTLDs (determined by the number of domain name registrations under management at the time of renewal), renewal shall be upon terms reasonably necessary to render the terms of this Agreement similar to such terms in the Registry Agreements for those other gTLDs. The preceding sentence, however, shall not apply to the terms of this Agreement regarding the price of Registry Services; the standards for the consideration of proposed Registry Services, including the definitions of Security and Stability and the standards applied by ICANN in the consideration process; the terms or conditions for the renewal or termination of this Agreement; ICANN's obligations to Registry Operator under Section 3.2 (a), (b), and (c); the limitations on Consensus Policies or Temporary Specifications or Policies; the definition of Registry Services; or the terms of Section 7.3. Upon renewal, Registry-Level Transaction Fees may be reasonably modified so long as any increase in such fees shall not exceed the average of the percentage increase in Registry-Level Transaction Fees for the 5 largest gTLDs (determined as above), during the prior three-year period.

**Section 4.3 Changes.** While this Agreement is in effect, the parties agree to engage in good faith negotiations at regular intervals (at least once every three calendar years following the Effective Date) regarding possible changes to the terms of the Agreement, including to Section 7.2 regarding fees and payments to ICANN.

**Section 4.4 Failure to Perform in Good Faith.** In the event Registry Operator shall have been repeatedly and willfully in fundamental and material breach of Registry Operator's obligations set forth in Sections 3.1(a), (b), (d) or (e); Section 5.2 or Section 7.3, and arbitrators in accordance with Section 5.1(b) of this Agreement repeatedly have found Registry Operator to have been in fundamental and material breach of this Agreement, including in at least three separate awards, then the arbitrators shall award such punitive, exemplary or other damages as they may believe appropriate under the circumstances.

## **ARTICLE V DISPUTE RESOLUTION**

**Section 5.1 Resolution of Disputes.**

(a) **Cooperative Engagement.** In the event of a disagreement between Registry

Operator and ICANN arising under or out of this Agreement, either party may by notice to the other invoke the dispute resolution provisions of this Article V. Provided, however, that before either party may initiate arbitration as provided in Section 5.1(b) below, ICANN and Registry Operator must attempt to resolve the dispute by cooperative engagement as set forth in this Section 5.1(a). If either party provides written notice to the other demanding cooperative engagement as set forth in this Section 5.1(a), then each party will, within seven calendar days after such written notice is deemed received in accordance with Section 8.6 hereof, designate a single executive officer as its representative under this Section 5.1(a) with full authority to act on such party's behalf to resolve the dispute. The designated representatives shall, within 2 business days after being designated, confer by telephone or in person to attempt to resolve the dispute. If they are not able to resolve the dispute during such telephone conference or meeting, they shall further meet in person at a location reasonably designated by ICANN within 7 calendar days after such initial telephone conference or meeting, at which meeting the parties shall attempt to reach a definitive resolution. The time schedule and process set forth in this Section 5.1(a) may be modified with respect to any dispute, but only if both parties agree to a revised time schedule or process in writing in advance. Settlement communications within the scope of this paragraph shall be inadmissible in any arbitration or litigation between the parties.

(b) Arbitration. Disputes arising under or in connection with this Agreement, including requests for specific performance, shall be resolved through binding arbitration conducted as provided in this Section 5.1(b) pursuant to the rules of the International Court of Arbitration of the International Chamber of Commerce ("ICC"). The arbitration shall be conducted in the English language and shall occur in Los Angeles County, California, USA only following the failure to resolve the dispute pursuant to cooperative engagement discussions as set forth in Section 5.1(a) above. There shall be three arbitrators: each party shall choose one arbitrator and, if the two arbitrators are not able to agree on a third arbitrator, the third shall be chosen by the ICC. The prevailing party in the arbitration shall have the right to recover its costs and reasonable attorneys' fees, which the arbitrators shall include in their awards. Any party that seeks to confirm or vacate an arbitration award issued under this Section 5.1(b) may do so only pursuant to the applicable arbitration statutes. In any litigation involving ICANN concerning this Agreement, jurisdiction and exclusive venue for such litigation shall be in a court located in Los Angeles County, California, USA; however, the parties shall also have the right to enforce a judgment of such a court in any court of competent jurisdiction. For the purpose of aiding the arbitration and/or preserving the rights of the parties during the pendency of an arbitration, the parties shall have the right to seek a temporary stay or injunctive relief from the arbitration panel or a court, which shall not be a waiver of this agreement to arbitrate.

Section 5.2 Specific Performance. Registry Operator and ICANN agree that irreparable damage could occur if any of the provisions of this Agreement was not performed in accordance with its specific terms. Accordingly, the parties agree that they each shall be entitled to seek from the arbitrators specific performance of the terms of this Agreement (in addition to any other remedy to which each party is entitled).

Section 5.3 Limitation of Liability. ICANN's aggregate monetary liability for violations of this Agreement shall not exceed the amount of Registry-Level Fees paid by Registry Operator to ICANN within the preceding twelve-month period pursuant to Section 7.2 of this Agreement. Registry Operator's aggregate monetary liability to ICANN for violations of this Agreement shall be limited to fees and monetary sanctions, if any, due and owing to ICANN under this Agreement within the preceding twelve month period. In no event shall either party be liable for special, indirect, incidental, punitive, exemplary, or consequential damages arising out of or in connection with this Agreement or the performance or nonperformance of obligations undertaken in this Agreement, except as provided pursuant to Section 4.4 of this Agreement. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, REGISTRY OPERATOR DOES NOT MAKE ANY WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES RENDERED BY ITSELF, ITS SERVANTS, OR ITS AGENTS OR THE RESULTS OBTAINED FROM THEIR WORK, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, NON-INFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE.

## **ARTICLE VI TERMINATION PROVISIONS**

Section 6.1 Termination by ICANN. ICANN may terminate this Agreement if and only if: (i) Registry Operator fails to cure any fundamental and material breach of Registry Operator's obligations set forth in Sections 3.1(a), (b), (d) or (e); Section 5.2 or Section 7.3 within thirty calendar days after ICANN gives Registry Operator written notice of the breach, which notice shall include with specificity the details of the alleged breach; and (ii) (a) an arbitrator or court has finally determined that Registry Operator is, or was, in fundamental and material breach and failed to cure such breach within the prescribed time period and (b) following the decision of such arbitrator or court, Registry Operator has failed to comply with the decision of the arbitrator or court.

Section 6.2 Bankruptcy. This Agreement shall automatically terminate in the event Registry Operator shall voluntarily or involuntarily be subject to bankruptcy proceedings.

Section 6.3 Transition of Registry upon Termination of Agreement. Upon any expiration of this Agreement as provided in Section 4.1 or termination of this Agreement as provided in Sections 6.1 and 6.2, the parties agree to work cooperatively to facilitate and implement the transition of the registry for the TLD in accordance with this Section 6.3. Registry Operator shall agree to provide ICANN or any successor registry authority that may be designated for the TLD with any data regarding operations of the registry for the TLD necessary to maintain operations that may be reasonably

requested in addition to that data escrowed in accordance with Section 3.1(c)(i) hereof.

Section 6.4 Rights in Data. Registry Operator shall not be entitled to claim any intellectual property rights in Registry Data. In the event that Registry Data is released from escrow as set forth in Section 3.1(c)(i), rights, if any, held by Registry Operator in the data shall automatically be licensed on a non-exclusive, irrevocable, royalty-free, paid-up basis to ICANN or to a party designated in writing by ICANN.

Section 6.5 No Reimbursement. Any and all expenditures, capital investments or other investments made by Registry Operator in connection with this Agreement shall be at Registry Operator's own risk and ICANN shall have no obligation to reimburse Registry Operator for any such expense, capital expenditure or investment. Registry Operator shall not be required to make any payments to a successor registry operator by reason of registry fees paid to Registry Operator prior to the effective date of (i) any termination or expiration of this Agreement or (ii) transition of the registry, unless any delay in transition of the registry to a successor operator shall be due to the actions of Registry Operator.

## ARTICLE VII SPECIAL PROVISIONS

### Section 7.1 Registry-Registrar Agreement.

(a) Access to Registry Services. Registry Operator shall make access to Registry Services, including the shared registration system, available to all ICANN-accredited registrars, subject to the terms of the Registry-Registrar Agreement attached as Appendix 8 hereto. Registry Operator shall provide all ~~ICANN~~ ICANN-accredited registrars following execution of the Registry-Registrar Agreement, provided registrars are in compliance with such agreement, operational access to Registry Services, including the shared registration system for the TLD. Such nondiscriminatory access shall include without limitation the following:

- (i) All registrars (including any registrar affiliated with Registry Operator, if any) can connect to the shared registration system gateway for the TLD via the Internet by utilizing the same maximum number of IP addresses and SSL certificate authentication;
- (ii) Registry Operator has made the current version of the registrar toolkit software accessible to all registrars and has made any updates available to all registrars on the same schedule;
- (iii) All registrars have the same level of access to customer support personnel via telephone, e-mail and Registry Operator's website;
- (iv) All registrars have the same level of access to registry resources to resolve registry/registrar or registrar/registrar disputes and technical

and/or administrative customer service issues;

(v) All registrars have the same level of access to data generated by Registry Operator to reconcile their registration activities from Registry Operator's Web and ftp servers;

(vi) All registrars may perform basic automated registrar account management functions using the same registrar tool made available to all registrars by Registry Operator; and

(vii) The shared registration system does not include, for purposes of providing discriminatory access, any algorithms or protocols that differentiate among registrars with respect to functionality, including database access, system priorities and overall performance.

Such Registry-Registrar Agreement may be revised by Registry Operator from time to time, provided however, that any such revisions must be approved in advance by ICANN.

(b) Special Programs. Notwithstanding Section 7.1(a), Registry Operator may for the purpose of supporting the development of the Internet in an underserved geographic region (a region being one or more countries) provide training, technical support, marketing or incentive programs based on the unique needs of registrars primarily focused on serving such geographies to such registrars, so long as Registry Operator does not treat similarly situated registrars differently or apply such programs arbitrarily. In addition, Registry Operator may implement such programs with respect to registrars within a specific geographic region (a region being one or more countries), so long as (i) such region is defined broadly enough to allow multiple registrars to participate and such programs are made available to all such registrars, and (ii) such programs do not favor any registrar in which Registry Operator may have an ownership interest. For purposes of this section, an underserved geographic region is one that, in the reasonable judgment of Registry Operator, is underserved by registry operators based upon an analysis of relevant metrics, including but not limited to broadband penetration, information and technology expenditures, domain penetration, registrar penetration, web hosting penetration, internet usage and number of internet users. Within five (5) calendar days of offering any such programs, Registry Operator shall post a notice of the offering of such program within the registrar facing communication tools of Registry Operator's website (which notice shall include, at a minimum, the terms and conditions of such program and identify the underserved geographic region underlying such program).

(c) (b)-Registry Operator Shall Not Act as Own Registrar. Registry Operator shall not act as a registrar with respect to the TLD. This shall not preclude

Registry Operator from registering names within the TLD to itself through a request made to an ICANN-accredited registrar. In addition, where there is an imminent threat to the Security and Stability of the TLD or the Internet, this provision shall not preclude Registry Operator, for the purpose of protecting the Security and Stability of the TLD or the Internet, from temporarily preventing the registration of one or more names; provided, as soon as practicable but no later than 3 business days of taking such action, Registry Operator provides ICANN with a written notice of such action, which notice shall list all affected names, state the expected length of time that such names will not be available for registration, and explain why Registry Operator took such action. The contents of such notice shall be treated as confidential to the extent permitted by law. If ICANN disagrees with such action, it will instruct Registry Operator to release such names and Registry Operator shall immediately release such names upon receipt of such written instructions from ICANN.

(d) ~~(e)~~-Restrictions on Acquisition of Ownership or Controlling Interest in Registrar. Registry Operator shall not acquire, directly or indirectly, control of, or a greater than fifteen percent ownership interest in, any ICANN-accredited registrar.

## Section 7.2 Fees to be Paid to ICANN.

(a) Registry-Level Transaction Fee. ~~Commencing on 1 July 2005,~~ Registry Operator shall pay ICANN a Registry-Level Transaction Fee in an amount equal to US\$0.75 for each annual increment of an initial or renewal domain name registration and for transferring a domain name registration from one ~~ICANN accredited~~ ICANN accredited registrar to another during the calendar quarter to which the Registry- Level Transaction Fee pertains. ICANN intends to apply this fee to purposes including: (a) a special restricted fund for developing country Internet communities to enable further participation in the ICANN mission by developing country stakeholders, (b) a special restricted fund to enhance and facilitate the security and stability of the DNS, and (c) general operating funds to support ICANN's mission to ensure the stable and secure operation of the DNS; provided, that ICANN will not be required to segregate funds for any such purpose or establish separate accounts for such funds.

(b) Payment Schedule. Registry Operator shall pay the Registry-Level Fees specified in Sections 7.2(a) and (c), and Section 7.2(d), if applicable, by the 20th day following the end of each calendar quarter (i.e., on April 20, July 20, October 20 and January 20 for the calendar quarters ending March 31, June 30, September 30 and December 31) of the year to an account designated by ICANN.

(c) Fixed Registry-Level Fee. ~~Commencing on 1 July 2005,~~ Registry Operator shall pay ICANN a quarterly Fixed Registry-Level Fee in an amount equal to US\$37,950 for each quarter ~~during the twelve-month period ending June 30, 2006.~~ Such fee is subject to increase on July 1 of each year thereafter in an



amount established by ICANN's Board of Directors, but not to exceed a sum equal to 115% of the prior year's fee. One dollar (USD) of the Fixed Registry-Level Fee shall be waived for each dollar that the Registry-Level Transaction Fee exceeds US\$2,000,000 per annum.

(d) Variable Registry-Level Fee. For fiscal quarters in which ICANN does not collect a variable accreditation fee from all registrars, upon receipt of written notice from ICANN, Registry Operator shall pay ICANN a Variable Registry-Level Fee. The fee will be calculated by ICANN, paid to ICANN by the Registry Operator in accordance with the Payment Schedule in Section 7.2(b), and the Registry Operator will invoice and collect the fees from the registrars who are party to a Registry-Registrar Agreement with Registry Operator. The fee will consist of two components; each component will be calculated by ICANN for each registrar:

(i) ~~(i)~~ The transactional component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each fiscal year but shall not exceed US\$~~0.15~~0.25.

(ii) The per-registrar component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each fiscal year, ~~but the sum of the per-registrar fees calculated for all registrars shall not exceed the total Per-Registrar Variable funding established pursuant to the approved 2004-2005 ICANN Budget.~~

(e) Interest on Late Payments. For any payments ten days or more overdue, Registry Operator shall pay interest on late payments at the rate of 1.5% per month or, if less, the maximum rate permitted by applicable law.

### Section 7.3 Pricing for Domain Name Registrations and Registry Services.

(a) Pricing. ~~From 1 July 2005 through 31 December 2006, the~~The price to ICANN-accredited registrars for new and renewal domain name registrations and for transferring a domain name registration from one ICANN-accredited registrar to another, shall not exceed a total fee of US\$~~4.25~~5.40, which fee consists of (A) a Registry Operator service fee ("Service Fee") equal to US\$~~3.50~~4.65, and (B) an ICANN fee equal to US\$0.75. ~~On 1 January 2007, the controls on Registry Operator's pricing set forth in this Section 7.3(a) shall be eliminated. Commencing on 1 January 2007, the~~The Service Fee charged during a calendar year for each annual increment of a new and renewal domain name registration and for transferring a domain name registration from one ICANN-accredited registrar to another, shall not exceed the highest Service Fee charged during the

preceding calendar year multiplied by 1.10. The same Service Fee shall be charged to all ICANN-accredited registrars. Volume discounts and marketing support and incentive programs may be made if the same opportunities to qualify for those discounts and marketing support and incentive programs ~~is~~are available to all ICANN-accredited registrars. For the avoidance of doubt, the programs expressly permitted by Section 7.1(b) shall not be a violation of this Section 7.3(a).

(b) Adjustments to Pricing for Domain Name Registrations. Registry Operator shall provide no less than six months prior notice in advance of any price increase for domain name registrations and shall continue to offer domain name registrations for periods of up to ten years.

## ARTICLE VIII MISCELLANEOUS

### Section 8.1 Indemnification of ICANN.

(a) Registry Operator shall indemnify, defend, and hold harmless ICANN (including its directors, officers, employees, and agents) from and against any and all third-party claims, damages, liabilities, costs, and expenses, including reasonable legal fees and expenses, arising out of or ~~directly~~ relating to ~~third-party claims against ICANN and any of the following: (a): (a) ICANN's reliance, in connection with its decision to delegate the TLD to Registry Operator or to enter into this Agreement, on information provided by Registry Operator in its application for the TLD; (b) Registry Operator's establishment or operation of the registry for the TLD; (bc) Registry Services to the extent the acts giving rise to the claim were performed by or at the direction~~ Operator's provision of Registry ~~Operator~~ Services; ~~(ed)~~ (e) collection or handling of Personal Data by Registry Operator; ~~(de)~~ (d) any dispute concerning registration of a domain name within the domain of the TLD for the registry; and ~~(ef)~~ (f) duties and obligations of Registry Operator in operating the registry for the TLD. ~~With respect to each of (a), (c), (d), and (e), such indemnification obligation shall not apply to any claim arising, in whole or in part, out of any conduct of ICANN inconsistent with ICANN's obligations under; provided that Registry Operator shall not be obligated to indemnify, defend, or hold harmless ICANN to the extent the claim, damage, liability, cost, or expense arose due to a breach by ICANN of any obligation contained in~~ this Agreement. For avoidance of doubt, nothing in this Section 8.1 shall be deemed to require Registry Operator to reimburse or otherwise indemnify ICANN for the costs associated with the negotiation or execution of this Agreement, or with the monitoring or management of the parties' respective obligations under this Agreement. Further, this section shall not apply to any request for attorney's fees in connection with any litigation or arbitration between or among the parties.

(b) For any claims by ICANN for indemnification whereby multiple registry

operators (including Registry Operator) have engaged in the actions or omissions that gave rise to the claim, Registry Operator's aggregate liability to indemnify ICANN with respect to such claim shall be limited to a percentage of ICANN's total claim, calculated by dividing the number of total domain names under registration with Registry Operator within the TLD (which names under registration shall be calculated consistently with Section 7.2 hereof for any applicable quarter) by the total number of domain names under registration within all TLDs for which the registry operators thereof that are engaging in the same acts or omissions giving rise to such claim. For the avoidance of doubt, in the event that a registry operator is engaged in the same acts or omissions giving rise to the claims above, but such registry operator(s) do not have the same or similar indemnification obligations to ICANN as set forth in 8.1(a) above, the number of domains under management by such registry operator(s) shall nonetheless be included in the calculation in the preceding sentence.

Section 8.2 Indemnification Procedures. ~~If any third party claim is commenced that is indemnified under Section 8.1 above, notice thereof shall be given to ICANN as promptly as practicable.~~ If ICANN receives notice of any third-party claim that is indemnified under Section 8.1 above, ICANN shall promptly notify Registry Operator of such claim. Registry Operator shall be entitled, if it so elects, in a notice promptly delivered to ICANN ~~within a reasonable period of time~~, to immediately take control of the defense and investigation of such claim and to employ and engage attorneys reasonably acceptable to the indemnified party to handle and defend the same, at the indemnifying party's sole cost and expense, provided that in all events ICANN shall be entitled to control at its sole cost and expense the litigation of issues concerning the validity or interpretation of ICANN policies or conduct. ICANN shall cooperate, at its own cost, in all reasonable respects with Registry Operator and its attorneys in the investigation, trial, and defense of such claim and any appeal arising therefrom; provided, however, that the indemnified party may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such claim and any appeal arising therefrom. No settlement of a claim that involves a remedy affecting ICANN other than the payment of money in an amount that is indemnified shall be entered into without the consent of ICANN, ~~which consent shall not be unreasonably withheld~~. If Registry Operator does not assume full control over the defense of a claim subject to such defense in accordance with this Section, Registry Operator may participate in such defense, at its sole cost and expense, and ICANN shall have the right to defend the claim in such manner as it may deem appropriate, at the ~~reasonable~~ cost and expense of Registry Operator.

Section 8.3 No Offset. All payments due under this Agreement shall be made in a timely manner throughout the term of this Agreement and notwithstanding the pendency of any dispute (monetary or otherwise) between Registry Operator and ICANN.

Section 8.4 Use of ICANN Name and Logo. ICANN grants to Registry Operator a non-exclusive royalty-free license to state that it is designated by ICANN as the Registry Operator for the Registry TLD and to use a logo specified by ICANN to signify that

Registry Operator is an ICANN-designated registry authority. This license may not be assigned or sublicensed by Registry Operator.

Section 8.5 Assignment and Subcontracting. Any assignment of this Agreement shall be effective only upon written agreement by the assignee with the other party to assume the assigning party's obligations under this Agreement. Moreover, neither party may assign this Agreement without the prior written approval of the other party, which shall not be unreasonably withheld. Notwithstanding the foregoing, ICANN may assign this Agreement ~~(i)~~ in conjunction with a reorganization or re-incorporation of ICANN, to another nonprofit corporation organized for the same or substantially the same purposes, ~~or (ii) as may be required pursuant to the terms of that certain Memorandum of Understanding between ICANN and the U.S. Department of Commerce, as the same may be amended from time to time~~. Registry Operator must provide notice to ICANN of any subcontracting arrangements, and any agreement to subcontract portions of the operations of the TLD must mandate compliance with all covenants, obligations and agreements by Registry Operator hereunder. Any subcontracting of technical operations shall provide that the subcontracted entity become party to the data escrow agreement mandated by Section 3.1(c)(i) hereof.

Section 8.6 Amendments and Waivers. No amendment, supplement, or modification of this Agreement or any provision hereof shall be binding unless executed in writing by both parties. No waiver of any provision of this Agreement shall be binding unless evidenced by a writing signed by the party waiving compliance with such provision. No waiver of any of the provisions of this Agreement or failure to enforce any of the provisions hereof shall be deemed or shall constitute a waiver of any other provision hereof, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

Section 8.7 No Third-Party Beneficiaries. This Agreement shall not be construed to create any obligation by either ICANN or Registry Operator to any non-party to this Agreement, including any registrar or registered name holder.

Section 8.8 Notices, Designations, and Specifications. All notices to be given under or in relation to this Agreement shall be given either (i) in writing at the address of the appropriate party as set forth below or (ii) via facsimile or electronic mail as provided below, unless that party has given a notice of change of postal or email address, or facsimile number, as provided in this agreement. Any change in the contact information for notice below shall be given by the party within 30 days of such change. Any notice required by this Agreement shall be deemed to have been properly given (i) if in paper form, when delivered in person or via courier service with confirmation of receipt or (ii) if via facsimile or by electronic mail, upon confirmation of receipt by the recipient's facsimile machine or email server, ~~provided that such notice via facsimile or electronic mail shall be followed by a copy sent by regular postal mail service within two (2) business days~~. Whenever this Agreement shall specify a URL address for certain information, Registry Operator shall be deemed to have been given notice of any such information when electronically posted at the designated URL. In the event other

means of notice shall become practically achievable, such as notice via a secure website, the parties shall work together to implement such notice means under this Agreement.

If to ICANN, addressed to:

Internet Corporation for Assigned Names and Numbers  
4676 Admiralty Way, Suite 330  
Marina Del Rey, California 90292  
Telephone: 1-310-823-9358  
Facsimile: 1-310-823-8649  
Attention: President and CEO  
With a Required Copy to: General Counsel  
Email: (As specified from time to time.)

If to Registry Operator, addressed to:

VeriSign, Inc.  
21355 Ridgetop Circle  
Dulles, VA 20166  
Telephone: 1-703-948-~~4463~~4524  
Facsimile: 1-703-450-7326  
Attention: VP, ~~Associate~~ General Counsel,  
~~VNDS~~Naming With a Required Copy to: General  
Counsel Email: (As specified from time to time.)

Section 8.9 Language. Notices, designations, determinations, and specifications made under this Agreement shall be in the English language.

Section 8.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 8.11 Entire Agreement. This Agreement (including its Appendices, which form a part of it) constitutes the entire agreement of the parties hereto pertaining to the operation of the TLD and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties on that subject. In the event of a conflict between the provisions in the body of this Agreement and any provision in its Appendices, the provisions in the body of the Agreement shall control.

[\[signature page follows\]](#)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

**INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS**

By: \_\_\_\_\_  
~~Dr. Paul~~  
~~Twomey~~Rod  
Beckstrom  
President and CEO

Date:

**VeriSign, Inc.**

By: \_\_\_\_\_  
Mark D. McLaughlin ~~Sr.~~  
~~Vice~~ President and Chief  
Executive Officer

Date:

Submitted by: Kurt Pritz

Position: SVP Stakeholder Relations

Date Noted: 8 June 2011

Email and Phone Number: [kurt.pritz@icann.org](mailto:kurt.pritz@icann.org); Contact  
I f ti

# 2011-06-24-16-FY12 Operating Plan and Budget





FY12 Operating Plan and Budget  
Fiscal Year Ending 30 June 2012

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## 1. Executive Summary of the FY12 Operating Plan and Budget

Striking the balance between responding to the needs and requests of ICANN's diverse community and ensuring responsible use of ICANN's funds for ongoing operations and increasing initiatives does not come about easily. It is important that the budget planning process be undertaken using a bottom-up, collaborative approach involving ICANN constituency groups, stakeholders (including those who contribute to its revenue), ICANN staff and the ICANN Board of Directors. The process for earlier input thus far has greatly enhanced communication among stakeholders and between ICANN and the Internet community.

In FY11, ICANN undertook multiple initiatives to improve transparency, build a stronger executive team, elevate ICANN meetings to the next level, advance the New gTLD operational readiness, increase DNSSEC adoption, facilitate IPv4 transition to IPv6, strengthen contractual compliance and engage the global community at a higher level.

With an FY11 approved budget of \$59.3 million, ICANN achieved significant progress on most of the planned activities of the fiscal year. This was a transformational year on ICANN's journey to strengthen the multi-stakeholder model and meets the agreed upon deliverables within the Affirmation of Commitments.

FY11 work was a combination of core operating activities, funded projects, and board approved initiatives within the operating year. These board approved initiatives, totaling an additional \$2.9 million in expenses, included:

- Additional AOC review costs
- Third ICANN Board retreat
- ICANN Board/GAC meeting (and preparations)
- IDN Variant Panel

To accomplish this work, the Board approved the use of the \$1.5 million contingency to cover the costs incurred in FY11, which leaves the remaining \$1.4 million to be carried over into the draft FY12 budget.

Looking forward, FY12 appears even more challenging as ICANN progresses towards a higher level of excellence and a wider portfolio of work required by the community. In addition to a six percent forecasted increase in operating expenses to offset cost of living adjustment, new projects such as implementing the ATRT recommendations, Whois studies, development of IDN guidelines, and infrastructure improvements add another layer of commitment and cost. Although more than half of the twenty-seven ATRT recommendations are implemented and maintained by existing staff, the implementation of the remaining recommendations requires

an additional \$3.6 million, \$1 million of which is budgeted in the FY12 contingency fund for potential Board compensation.

With the scope of work now defined, the budget owners' bottom up forecast for FY12 resulted in a budget of \$73 million. In addition to the resources needed to perform the activities included in the Strategic Plan, consideration was given to budget submission requests from the ICANN Supporting Organizations, Advisory Committees, and stakeholder groups for the first time. These requests were posted for public comment on 17 May 2011 in conjunction with the posting of the FY12 Framework.

In order to establish an appropriate target for the FY12 budget, a top down model was created from the current FY11 forecast to arrive at a target operating expense budget amount of \$67 million.

In response to the challenge of balancing the community needs with the development of a reasonable budget, department owners took a closer look at the activities that were integral to the Strategic Plan. Difficult decisions then had to be made as to the work that would not be funded in FY12, which included some hiring activity and travel. The end result of this collaborative effort is a \$67 million breakeven draft FY12 Operating Plan and Budget.

To understand the full impact of the work that ICANN has been called upon to engage in for FY12, it is best to compare the current year expenses to what is projected in the draft FY12 plan.

(in US dollars)	FY12 DRAFT BUDGET	FY11 FORECAST	FY11 BUDGET
Registry	\$34,753,000	\$32,772,000	\$32,647,000
Registrar	\$30,902,000	\$29,803,000	\$29,159,000
RIR	\$823,000	\$823,000	\$823,000
ccTLD	\$1,600,000	\$1,600,000	\$1,600,000
IDN ccTLD	\$780,000	\$780,000	\$780,000
Meeting Sponsorships	\$900,000	\$1,283,000	\$500,000
<b>Revenue</b>	<b>\$69,758,000</b>	<b>\$67,061,000</b>	<b>\$65,509,000</b>
Compensation	\$23,844,000	\$19,847,000	\$20,846,000
Employee Benefit	\$2,857,000	\$3,286,000	\$2,512,000
Other Personnel Costs	\$2,508,000	\$2,880,000	\$3,088,000
Airfare	5,138,000	\$4,035,000	\$4,111,000
Lodging & Meals	3,404,000	\$2,950,000	\$3,048,000
Other travel & meetings	4,452,000	\$4,927,000	\$3,920,000
Professional Services	17,276,000	\$16,412,000	\$15,191,000
Facilities	\$2,100,000	\$1,950,000	\$2,109,000
Other Administration costs	\$5,421,000	\$4,877,000	\$4,462,000
<b>Operating Expenses</b>	<b>\$67,000,000</b>	<b>\$61,164,000</b>	<b>\$59,287,000</b>
Bad debt expense	\$900,000	\$781,000	\$1,400,000
Depreciation	\$1,800,000	\$1,408,000	\$1,200,000
<b>Operating Income/ (Loss)</b>	<b>\$58,000</b>	<b>\$3,708,000</b>	<b>\$3,622,000</b>
Investment Income/ (Loss)	\$2,600,000	\$5,000,000	\$1,000,000
<b>Change in Net Assets before Contingency</b>	<b>\$2,658,000</b>	<b>\$8,708,000</b>	<b>\$4,622,000</b>
Contingency	\$2,500,000	\$0	\$1,500,000
<b>Change in Net assets</b>	<b>\$158,000</b>	<b>\$8,708,000</b>	<b>\$3,122,000</b>

Figure 1-1 – FY11/ FY12 budget

The FY12 budget for operating expenses is expected to be \$7.7 million greater than FY11 budget. This increase is primarily due to the following:

1. Compensation: \$3.0 million - The increase in budgeted personnel costs is due to the following:
  - o Four percent annual merit increase

- Proposed additional resources in support of Global Engagement and Increasing International Participation
  - Proposed additional resources in support of Contractual Compliance
2. Overall Travel: \$1.9 million -This increase is largely due to the following:
- Effort to support a larger number of staff and community travel
  - Increase in meetings costs due to the larger scale of the international meetings
  - Increase of 20 selected community members provided with airfare, lodging, meals, and incidental expenses support
  - GAC/Board meeting
3. Professional Services: \$2.1 million – includes:
- Required studies to support ICANN’s policy development processes
  - Consulting services to support further progress on the New gTLD Pre-launch activities
  - Communication and Legal costs
  - Software development and technology improvements
  - Organizational reviews
  - ATRT Implementation

The development of this FY12 draft Operating Plan and Budget presents a new twist, as there are actually two budgets to consider: one without a New gTLD Program launch in FY12 and one with the assumption that the Board will vote to approve the New gTLD Program launch in FY12. The uncertainty of this decision showcases that there are still many moving parts and unknowns going into this next fiscal year. Though there are costs that will be incurred with or without a launch, there are also variables in the costs and timing of expenses such as: staffing, professional services, communications, and operations.

Assuming the Board does not approve the New gTLD Program launch in FY12, ICANN will continue to fund the development of the New gTLD Program as there are certain activities and costs that will be incurred regardless of the timing of the launch decision.

If there is Board approval for the New gTLD Program launch in FY12 (assuming 500 applications at \$185,000 each in a cost neutral model), costs will be recovered through application fees.

Additionally, \$12.5 million will be recovered from historical development costs and net assets are budgeted to increase by \$18.8 million in FY12.

(in US dollars)	No gTLD Launch	With gTLD Launch		FY12 Draft Budget With gTLD Launch
	FY12 Draft Budget No gTLD Launch	Core Operations & Projects	New gTLD	
Revenue	\$ 69,758,000	\$ 69,758,000	\$ 84,240,000	\$ 153,998,000
Operating Expenses	\$ 67,000,000	\$ 60,815,000	\$ 24,115,000	\$ 84,930,000
Non-Cash Expense	2,700,000	2,700,000	-	2,700,000
FY13 Processing Expenses Provision	-	-	17,625,000	17,625,000
Historical development recovery	-	(12,500,000)	12,500,000	-
New gTLD Risk	-	-	30,000,000	30,000,000
<b>Operating Income/ (Loss)</b>	<b>\$ 58,000</b>	<b>\$ 18,743,000</b>	<b>\$ -</b>	<b>\$ 18,743,000</b>
Investment Income/ (Loss)	2,600,000	2,600,000	-	2,600,000
<b>Change in Net Assets before Contingency</b>	<b>\$ 2,658,000</b>	<b>\$ 21,343,000</b>	<b>\$ -</b>	<b>\$ 21,343,000</b>
Contingency	2,500,000	2,500,000	-	2,500,000
<b>Change in Net Assets</b>	<b>\$ 158,000</b>	<b>\$ 18,843,000</b>	<b>\$ -</b>	<b>\$ 18,843,000</b>

Figure 1-2 – draft FY12 budget

## 2. Introduction

This draft FY12 Operating Plan and Budget, for the fiscal year beginning 1 July 2011 and ending on 30 June 2012, was developed in line with ICANN's evolving strategic planning process, from which the key initiatives and focus areas for community and staff were derived. The process for earlier input thus far has greatly enhanced communication among stakeholders and between ICANN and the Internet community.

In addition to the focus on proposed projects, ICANN must also sustain and strengthen ongoing core operations. These day-to-day operations consist of such services as the IANA functions, improved contractual compliance, registrar and registry liaison, policy development, core meeting logistics and language services, IDN Fast Track, Global Engagement and continued work on organizational excellence. Ongoing operations also include administrative support for project work and infrastructure, including rent, utilities, technical support, and connectivity.

This year's draft budget does not take into account the FY12 budget components involved in the launch of the New gTLD Program, although it does include the pre-launch budgeted activities. Section 7 of this Operating Plan provides the additional budget and operating costs in the case of approval to launch within FY12. Within this draft Operating Plan and Budget, you will find:

- Description of the key initiatives that ICANN will be focusing its resources on (aligned with the adopted 2012-2014 Strategic Plan);
- A description of this year's operations planning and budgeting process;
- Core operations and project work anticipated to be undertaken by staff and community;
- Explanation of the revenue model and spending plan for the year;
- Impact of the New gTLD Program in the case of launch approval in FY12;
- Community feedback from the FY12 Framework of the Operating Plan and Budget and
- Financial analysis and reporting

After any additional public comments and input from the ICANN community on this draft Plan, and discussions with the ICANN Board of Directors' Finance Committee, the budget will be submitted for adoption to the ICANN Board in Singapore on 24 June 2011.

As a reminder, the community and staff work described in the FY2012-2014 Strategic Plan is meant to be spread out over that three-year period; all of the work cannot be accomplished in a single fiscal year and prioritization of activities needed to happen in order to accommodate the highest priority items requested this year.

### 3. The Planning Process

ICANN's planning process helps keep the focus on ICANN's mission, mandate, and responsibilities. The goals are to maximize effective community engagement, ensure that ICANN's plans are set with the appropriate priorities and resource allocations, and to ensure their financial soundness.

ICANN produces a three-year Strategic Plan (reviewed and updated annually), along with a framework for the draft Operating Plan and Budget, and an annual Operating Plan.

The planning process is continuous and allows for the three components to overlap. The Strategic Plan is developed with community input, generally between July and February. The development of the Framework for the Operating Plan and Budget begins in mid-fiscal year with community input and target setting, and the draft Operating Plan and Budget is posted by 17 May of each year for final community review. ICANN's bylaws require that 45 days before adoption of the budget, a draft is posted for community feedback.

This year, in reaction to the community's request for earlier engagement and input into the planning process, work with the chairs of the Supporting Organizations, Advisory Committees and stakeholder groups began in late 2010. Through community calls and work sessions in Cartagena, a basic set of services and costs for each individual group was determined to be included in the fiscal year budget. It was decided that any additional requests would be accepted for review over the months leading up to the posting of the draft Plan and Budget. Once reviewed, estimated and prioritized by the community and ICANN executives, those accepted requests would be included in the draft FY12 Operating Plan and Budget for final consideration.

The Framework for the Operating Plan and Budget was posted 17 February 2011 for public comment.

This year's approved Strategic Plan 2011-2014 (Figure 3-1) was posted after being adopted by the ICANN Board at the Silicon Valley Meeting.

The Operating Plan and Budget defining ICANN's yearly goals and priorities will be before the Board for adoption at the next ICANN Meeting in Singapore.

More information about the planning process ICANN uses to develop its Strategic and Operating Plans can be found at <http://www.icann.org/en/planning/>.





## Strategic Plan 2011-2014: Four Strategic Focus Areas

Supporting... One World. One Internet.

	DNS stability and security	Competition consumer trust and consumer choice	Core operations including IANA	A healthy Internet governance eco-system
Strategic Objectives	<ul style="list-style-type: none"> <li>Maintain &amp; drive DNS uptime</li> <li>Enhance DNS risk management</li> <li>Broad DNSSEC adoption</li> <li>Enhanced international DNS cooperation</li> <li>Improved DNS resiliency</li> </ul>	<ul style="list-style-type: none"> <li>Maintain single authoritative root</li> <li>Increased TLD options in more languages</li> <li>New gTLDs including IDNs</li> <li>Lower registration abuse</li> <li>Increased industry competition</li> </ul>	<ul style="list-style-type: none"> <li>Flawless IANA operations</li> <li>Resilient L-Root operations</li> <li>Continual improvements (TQM)</li> <li>Internationalization</li> <li>Long-term IANA functions responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Continuing role in internet governance</li> <li>Stakeholder diversity</li> <li>World-class accountability and transparency</li> <li>Enhanced trust in ICANN's stewardship</li> <li>Act in global public interest</li> <li>Cross-stakeholder work</li> </ul>
Strategic Projects	<ul style="list-style-type: none"> <li>DNSSEC propagation</li> <li>Facilitate work on DNS security</li> <li>Full business continuity planning</li> <li>IPv4 exhaustion risk management</li> <li>Advocate IPv6 adoption</li> <li>RPKI deployment</li> </ul>	<ul style="list-style-type: none"> <li>Internationalized Domain Name (IDNs) expansion</li> <li>Implement new gTLDs</li> <li>Whois program improvements</li> <li>Improve policy processes</li> <li>Registrant protection</li> </ul>	<ul style="list-style-type: none"> <li>IANA infrastructure upgrade</li> <li>IANA services outreach</li> <li>Monitoring root zone performance</li> <li>IANA excellence efforts</li> <li>Organizational Effectiveness Initiative (OEI)</li> </ul>	<ul style="list-style-type: none"> <li>Affirmation of Commitments &amp; organizational reviews</li> <li>Retain &amp; support existing community while attracting new &amp; diverse community members</li> <li>Build global support for single authoritative root</li> <li>Enhanced cooperation in Internet Governance</li> </ul>
Community Work	<ul style="list-style-type: none"> <li>Local DNSSEC adoption</li> <li>Whois Internationalized Registration Data</li> <li>Develop solutions for DNS security</li> <li>IPv6 rollout</li> </ul>	<ul style="list-style-type: none"> <li>IDNA protocol implementation</li> <li>New TLD rollout</li> <li>Registrar Accreditation Agreement amendments</li> <li>gTLD Registrant Rights Charter</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening regional presence</li> <li>Monitoring of performance</li> <li>Key committee participation</li> <li>Engagement within technical community</li> <li>Final IPv4 address allocation</li> <li>Root Zone Management</li> </ul>	<ul style="list-style-type: none"> <li>Increased public participation in multi-stakeholder model</li> <li>Contributing to international fora</li> <li>Review SOs and ACs</li> </ul>
Staff Work	<ul style="list-style-type: none"> <li>Collaborative business continuity planning (BCP)</li> <li>Collaboration with RIRs &amp; technical groups</li> <li>DNSSEC operations &amp; propagation</li> <li>IPv4 &amp; IPv6 engagement</li> <li>Cooperative TLD training in developing countries</li> </ul>	<ul style="list-style-type: none"> <li>Compliance improvements</li> <li>Support SO &amp; AC work</li> <li>Global outreach</li> <li>IDN ccTLD Fast Track</li> <li>New gTLD implementation</li> <li>ICANN regional footprint</li> </ul>	<ul style="list-style-type: none"> <li>IANA request processing</li> <li>Board support</li> <li>Security and contingency operations</li> <li>L-Root operations</li> <li>Improve financial system and controls</li> <li>Staff retention and engagement</li> </ul>	<ul style="list-style-type: none"> <li>Thought leadership</li> <li>Widen international engagement</li> <li>Strengthen corporate, government &amp; other stakeholder partnerships</li> <li>Decision impact analysis &amp; reporting</li> <li>Enhance communications &amp; accessibility via improved web site</li> <li>Enhance translation strategy</li> </ul>

Multi-stakeholder – Collaborative – International – Transparent – Accountable

Figure 3-1 – Strategic Plan Overview

#### 4. The FY12 Operating Plan

The Operating Plan and Budget views of ICANN have traditionally been categorized into ICANN's organizational activities. This fiscal year, as stated in the FY12 Framework for the Operating Plan and Budget, the view has transitioned to include focus on Core Operations (day-to-day activities) and Projects (a temporary large endeavor undertaken to create a unique product, service or result) that are set within a scenario that does not include the launch of New gTLDs in FY12. The view will still provide the detail from these organizational areas, but with emphasis on Core vs. Project work.

The core organizational activities are summarized below:

##### Operating Expenses in Functional View (in Thousands of US Dollars)

Organizational Activities	FY12 Draft Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
1-New gTLD pre-Launch	6,185	7,568	6,683	(498)	-7.5%
2-IDN Programs	1,650	1,480	1,365	285	20.9%
3-IANA and Technology Operations Improvements	6,540	5,649	5,804	736	12.7%
4-Security, Stability and Resiliency Operations(SSR)	7,836	6,909	7,087	749	10.6%
5-Contractual Compliance	4,250	3,163	3,399	851	25.0%
6-Core Meeting Logistics	5,822	5,525	5,255	567	10.8%
7-Community Support	8,947	8,273	8,068	879	10.9%
8-Policy Development Support	6,825	6,246	6,421	404	6.3%
9-Global Engagement and Increasing International Participation	8,006	6,072	6,792	1,214	17.9%
10 - Organization Effectiveness and Excellence	455	189	-	455	n/a
11-Ombudsman	562	597	562	-	0.0%
12-Board Support	3,462	3,189	2,647	815	30.8%
13-Nominating Committee (NomCom) Support	844	785	820	24	2.9%
14-DNS Operations	2,645	3,131	2,185	460	21.1%
15-Organizational reviews	2,971	2,388	2,199	772	35.1%
<b>Total Operating Expenses</b>	<b>67,000</b>	<b>61,164</b>	<b>59,287</b>	<b>7,713</b>	<b>13.0%</b>

Figure 4-1 –Operating Expenses in Functional View

### 4.1 New gTLD Pre-Launch

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
1-New gTLD pre-Launch	6,185	7,568	6,683	(498)	-7.5%

As work continues on the development of the New gTLD Program, resources in support of this program remain an important part of the Operating Plan. It is necessary that certain activities (and costs) continue to occur regardless of whether the New gTLD Program is approved during the upcoming fiscal year. In FY12, ICANN will take the remaining steps necessary for approval of the Applicant Guidebook, and to complete the design and development of processes and systems necessary to conduct application processing.

Budget resources required in FY12 for these costs are estimated to be \$6.1 million, about 7.5 percent less than the FY11 budget. This reduction is primarily because ICANN is completing many of the New gTLD planned projects in preparation of approval of the New gTLD Program. The FY12 Operating Plan and Budget for New gTLD Pre-launch covers salaries, professional services, travel, and administration costs, and will be allocated across the following major activities:

- Completion and approval of Applicant Guidebook
- Completion of processes and systems for application processing (e.g. business processes, risk management activities, customer support, TLD Application System)
- Continuing communication activities

### 4.2 IDN Programs: IDN Variant, IDN Guidelines and IDN Fast Track

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
2-IDN Programs	1,650	1,480	1,365	285	20.9%

Various IDN-related community initiatives such as IDN Variant Management, IDN Guideline Development, and IDN Fast Track Operations will be focused on in FY12.

Resource commitments for the FY12 Budget are expected to be \$1.6 million or 21 percent over FY11’s budget and reflect the resources required to continue processing IDN ccTLD requests, primarily from staff labor costs, associated travel costs, and outside consulting. This will be allocated across the following activities:

- Development of the next version of the IDN guidelines for new IDNA protocol
- Encourage implementation of the new protocols in the DNS community and measure the implementation penetration and its effectiveness in making IDNs “work”
- Monitor and implement recommendations provided by the IDN PDP working group
- Completion of case studies regarding IDN Variant Management including a summary and issues report
- Completion of a study of issues related to the delegation of IDN variant TLDs including:
  - A summary and issues report of common and case specific issues on as many as six case studies in the following scripts: Arabic, Chinese (Traditional and Simplified), Cyrillic, Devanagari, Greek, and Latin.
  - A commonly understood glossary of terms to ensure that such terms are accurate and vetted with appropriate technical and linguistic communities to improve the dialogue among participants.
  - Identification of the set of challenges of working with IDN variant TLDs that are based on (a) linguistic accuracy, (b) technical feasibility and accuracy, (c) usability, (d) accessibility, and (e) security and stability.
- Execute the IDN ccTLD operations utilizing the principles of Business Excellence

### 4.3 IANA and Technology Operations Improvements

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
3- IANA and Technology Operations Improvements	6,540	5,649	5,804	736	12.7%

ICANN will enhance IANA Function and Technology Operations by continuing efforts to ensure that operations and infrastructure are robust and resilient. ICANN’s internal organization must be able to fulfill the additional operational requirements accompanying new services, including DNSSEC at the second level, scaling the number of TLDs, and other online services. The IANA department must accommodate process development and execution associated with potential

new gTLDs and ongoing IDN ccTLD requests. ICANN is focusing on excellence in performance of these activities and the underlying infrastructure elements in support of these requirements, looking beyond the conclusion of the existing contract for the IANA Functions administered through the US Department of Commerce.

In FY12, \$6.5 million of budget resources, a 12.7 percent increase over FY11, are required to support the continuing operation as well as strengthening of the IANA Function and Technology Operations.

The focus on this function for FY12, as reflected by its placement as one of the four strategic focus areas for ICANN, will be:

- Continued investment in automating the manual processes of handling transactions
- Execute external reviews of IANA Function RZM software as well as number resource and protocol parameter processes
- Develop Framework of Interpretation for ccTLD delegation and re-delegation
- IANA Contract Renewal
- Community wiki development and maintenance

#### 4.4 Security, Stability and Resilience Operations (SSR)

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
4-Security, Stability and Resiliency Operations(SSR)	7,836	6,909	7,087	749	10.6%

In FY12, budget resources required to support SSR activities are estimated at \$7.8 million, a 10.6 percent increase over FY11’s budget. The increase for SSR in FY12 is due to continued collaboration and engagement in the following activities:

- Support the IDN Program with reviews of the variant management case studies
- Conduct risk reassessment exercises prior to FY13
- Support cross-community DNS Security and Stability Analysis Working Group (DSSA-WG) through facilitating its efforts so that it delivers a gap analysis of the DNS risks and threats by the end of FY12
- Collaborate with DNS Operations on DNSSEC – periodic key rollover & audit
- Implement improvements from FY11 L-Root contingency exercise; L-single nodes

- Implement objectives contained in the FY12 SSR Framework after the community and Board of Directors buy-in
- Develop long-term plan and obtain resources to support TLD capability training in developing countries (conducting education and training programs in partnership with the Internet Society (ISOC), regional TLD organizations, and the local Internet communities)
- Close gaps identified with ISO 27002 standard for ICANN’s internal Information Security and maturing comprehensive ICANN Business Continuity practices

### 4.5 Contractual Compliance

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
5-Contractual Compliance	4,250	3,163	3,399	851	25.0%

ICANN recognizes Contractual Compliance as part of its core operations and organizational priorities to support ICANN’s mission and commitments under the Affirmation of Commitments (AOC).

Budget resources for Contractual Compliance are estimated to be \$4.2 million, about 25 percent greater than FY11. This includes hiring compliance staff in FY12 as well as ongoing and heightened efforts at contractual compliance across all areas of ICANN such as support from the Registrar Liaison, Registry Liaison, Legal, and Policy, Security and IT departments.

Work in FY12 will focus on:

- Provide additional resources to solidify and progress the current processes needed to proactively monitor and enforce the contractual provisions of registrar and registry
- Improve communications with, and reporting to, the community
- Enforce existing policy relating to Whois, including refining Port 43 monitoring tool and methodology and continuing to monitor and enforce registrars’ obligation to provide public access to Whois and publish findings as least once a year
- Conduct FY12 Whois Data Reminder Policy Audit and publish findings
- Further improvements to the Whois Data Problem Reporting System and analyze complaint data to assess trends, determine compliance actions
- Compile and communicate compliance statistics and facts and data to inform deliberations and policy recommendations
- Implement an upgrade or replacement of the consumer complaint intake system (C-Ticket), to improve data collection and analysis, overall enforcement of contracts and reporting to the community while continuing to automate key business functions

- Develop stronger relationships through dedicated outreach to registries and registrars in Europe, Middle East, Africa, South America, and Asia Pacific regions by June 30, 2012

#### 4. 6 Core Meetings Logistics

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
6-Core Meeting Logistics	5,822	5,525	5,255	567	10.8%

ICANN works collaboratively with its multi-stakeholder community to strengthen regional and global engagement in the ICANN processes. ICANN international public meetings facilitate both face-to-face and remote interaction among a growing number of international participants.

Resources required for Core Meeting activities in FY12 are budgeted at \$5.8 million, a 10 percent increase over the FY11 budget. Meeting costs in FY12 may exceed FY11's budget largely due to continued extra security considerations, increased meeting space requirements due to the rising number of participants and supported travelers, and the cost of providing the requested type of venues with the appropriate technology to support our meetings. The FY12 budget includes the staffing costs for the full-time meeting planning team as well as the professional services required for audio-visual and other meeting support costs. Travel costs for the meeting team, including pre-meeting site visits, are included. Travel costs for Board members, staff, and supported community members are covered elsewhere.

In response to the overall increase in the costs of holding the ICANN international meetings, as well as increased funding requests from the community for travel support to these meetings, the meetings team will increase its efforts to generate sponsorship contributions to help offset these cost increases. The FY12 draft budget reflects these plans, with a sponsorship contributions budget amount of \$900,000, which represents an 80 percent increase over the FY11 budget amount of \$500,000.

Ongoing activities in support of the ICANN meetings are:

- Conduct three ICANN international public meetings per year. Activities include site selection, contract negotiations, logistics planning, technical infrastructure, and sponsorship development and support

- Focus on increasing the professionalism of ICANN meetings through improved execution of audio-visual technology, simultaneous interpretation and scribing services, and remote connectivity
- Facilitate the deployment of enhanced remote participation tools that engage an increasing number of community members in the ICANN processes
- Implement the meeting site selection process developed by the ICANN Board of Directors Public Participation Committee, which provides the processes necessary to identify and select appropriate venues for ICANN public meetings
- Support an average of five additional meetings requested by Board, staff and communities. Activities include site selection, contract negotiations, logistics, audio-visual arrangements, on-site support, and other related functions
- Support ICANN public meetings (three per year) and other ICANN meetings by providing a range of language services including real-time-transcription (RTT) service, translation and interpretation.

#### 4.7 Community Support

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
7-Community Support	8,947	8,273	8,068	879	10.9%

In previous fiscal year budget documents, this section combined services and activities that combined traditional expenses devoted to support services to contracted parties. The category has been reclassified for FY12 to capture the more basic and traditional support functions that are designed to provide the basic infrastructure for community participation in ICANN.

Resources required for Community Support in FY12 are budgeted at \$8.9 million.

The ICANN FY12 budget supports an extensive infrastructure of capabilities and services for various parts of the ICANN community. This infrastructure is designed to maximize the ability of community groups to participate substantively in policy development, be active in community discussions and manage general organizational governance.

Over time, individual communities and different ICANN staff departments have requested or developed helpful tools that promote these goals. For the first time, the FY12 Budget document addresses these disparate elements in a comprehensive manner. The new “Community Support” line item incorporates services such as Language Services, Technical Services and Administrative Services.



**Language Services:** For the past several years, ICANN has been consistently improving its transcription, translation and interpretation capabilities. The FY12 budget reflects this continuing improvement by expanding the amount of both translation and interpretation services to be provided. Detail is provided in Section 5 of this document.

**Technical Services:** A critical capability offered to ICANN community members is the support for regular Internet and teleconference connectivity to support community governance, policy development and general information exchange within the community. Through aggressive member management, the staff has been able to expand services, such as more frequent teleconferences and Adobe Connect capability, while keeping costs relatively constant. The FY12 budget reflects an increased service capability offered to community groups while maintaining a relatively flat budget. In response to community requests, the FY12 budget also maintains a small contingency fund for expanded web support costs for individual community groups. The budget also includes funding to continue to support and grow remote participation capabilities at ICANN Public meetings.

**Administrative Services:** A growing theme within the community and staff is to “level the playing field” for supporting organizations, advisory committees and their sub-groupings. The FY12 budget attempts to capture the various expenses devoted to these activities – especially the particular services that are provided by the staff secretariat functions allocated to specific groups for each SO and AC and the needs and desires for additional support by various constituencies in each of those organizations.

**Travel Support:** In FY12, ICANN will provide travel support to approximately 125 community members who travel to most ICANN meetings, in accordance with [posted guidelines](#) developed through community collaboration and feedback. The purpose of travel funding continues to be to increase global awareness of ICANN and its mission, to increase participation levels at regional and international forums, and to support those who provide work and leadership to the ICANN community but may not otherwise be able to attend ICANN meetings. Travel support for community members is focused toward selected members of the Supporting Organizations and Advisory Councils, as well as stakeholder groups. Discussions with the community on the size and administration of this resource occur each fiscal year.

Ongoing activities include:

- Update Travel Guidelines as needed with community feedback and provide timely post-meeting reports for transparency
- Administer and coordinate community stakeholder travel including booking transportation and lodging as well as payment of per diems and stipends for selected community member travel to the international ICANN meetings
- Provide assistance, as appropriate, in obtaining visas for attending international ICANN meetings

- Strengthen support for the GAC and continued participation by all governments in the GAC, in particular those from developing countries and territories through travel support

**Additional Service Requests:** In response to community requests for earlier and more extensive involvement in planning community focused activities as part of the FY12 budget development process, staff invited leaders of the SOs, ACs and stakeholder groups to engage in preliminary discussions in the fall of 2010. These discussions continued in Cartagena in December 2010, where agreement was reached on the “basic set of services” that are offered to these groups to further aid them in their work. An opportunity was provided to each constituency and stakeholder group to submit additional requests for support or activities for consideration in the proposed FY12 budget. These requests were summarized and posted for public comment with the FY12 Framework in February, and followed up on through the Silicon Valley meeting and up to the posting of this draft Operating Plan.

It was determined that for FY12, additional funding will be allocated for the agreed upon requests, and are included in the budget above. In developing the prioritization process for the community budget requests, ICANN collaborated with the community, using the feedback from the posted Framework and SO/AC/SG request document. In order to clarify the strategic value and financial impact to the FY12 budget, ICANN also held one-on-one sessions with many of the constituency groups.

The proposed funded requests are shown below and a more detailed document can be found at <http://www.icann.org/en/public-comment/public-comment-201104-en.htm#op-budget-fy2012>

Request	SO/AC/SG	Activity	Short Description	Costs
FY12-1	BC	Contractual Compliance	Increase headcount to 15 in contractual compliance	\$ -
FY12-2	BC	Whois studies	Ensure that the full funding for the WHOIS studies is available and budgeted	\$ -
FY12-3	BC	Policy support	Staff support for the GNSO's policy group	\$ -
FY12-4	BC	Toolkit	Provide the Toolkit menu of services to the Business Constituency	\$ -
FY12-5	BC	Outreach Support	Establish a constituency support fund of \$20,000 per Constituency/SG	\$ -
FY12-6	SSAC	SSAC Retreat	Funding of annual SSAC Retreat	\$ 80,000
FY12-7	SSAC	SSAC Meetings at IETF Meetings	Funding for audio/visual equipment rental, room rental, teleconference facilities, and dinner	\$ 10,000
FY12-8	SSAC	SSAC Member Travel	Travel funding for 20 SSAC members to attend 3 ICANN meeting	\$ 60,000
FY12-9	SSAC	SSAC Support Staff Travel	Travel funding for 3 support staff members to attend 3 ICANN meetings to manage the several SSAC meeting	\$ -
FY12-10	SSAC	SSAC Admin Face-to-Face Mtgs	Travel funding for the SSAC Chair, Vice-Chair, Board Liaison, and 3 support staff to attend 3 face-to-face meetings in DC and in Europe	\$ -
FY12-11	NCSG	Assist NCSG in bringing new voices to ICANN	Translate the new gTLD final applicant guidebook into all ICANN supported languages	\$ -
FY12-12	ALAC-AFRALO	Capacity Building and outreach for the AFRALO ALSes in Dakar	1- Travel support for 36 participants for 6-7 days including airfare, accommodation and per diem 2- A room for 45 persons, equipped with the simultaneous interpretation infrastructure. 3- Two translators (English and French)	\$ 25,000
FY12-13	ALAC-AFRALO	Mobilize local support for new gTLDs (regional media campaign, and workshops at IGF 2012 and e-learning Africa 2012)	Media campaign: 1 month Workshop 1: Relevance and timeliness of new gTLDs : 3 days Workshop 2: applicant guide for new gTLDs: 3 days	\$ -
FY12-14	ALAC-LACRALO	LACRALO Technology Fest	Annual virtual meeting, with at least 1 delegate for each LACRALO ALS participating and contributing on various relevant ICANN topic	\$ -
FY12-15	ALAC-NARALO	NARALO presence at smaller ICANN meetings involving the contracted parties	Funding of travel expenses for members of the North American At-Large community to travel to ICANN regional and community meetings involving the contracted parties	\$ -
FY12-16	ALAC-LACRALO	In-reach and Out-reach Material	Funding for Spanish and Portuguese translation of various documents including but not limited to gTLD and gTLD funding applications; IDNs; DNSSEC; and IANA functions	\$ -
FY12-17	ALAC-NARALO	Regional survey research work on matters of policy importance to consumers in the NA region	Regional survey research work on matters of policy which are of key importance to consumers in North America	\$ 5,000
FY12-18	ALAC-NARALO	Creation and maintenance of a real NARALO web site and presence	Creation and maintenance of a NARALO Web Site and an updatable online presence	\$ -
FY12-19	ALAC-LACRALO	Out-reach to countries without ALSes	Funding for monthly conference call/adobe & interpreter with organizations in 18 of the 33 LAC countries with no ALS to present about ICANN	\$ -
FY12-20	ALAC-LACRALO	Out-reach for Program Radio, TV or podcasts	Content on ICANN, At-Large and LACRALO for Public Dissemination on media	\$ -

Request	SO/AC/SG	Activity	Short Description	Costs
FY12-21	ALAC-NARALO	Outreach video for YouTube, Blip.TV and other fora	Production of a YouTube video	\$ 1,000
FY12-22	ALAC-EURALO	Funding for EURALO F2F GA 2012 in Europe	Travel funding for EURALO General Assembly (GA) with 20 of its members in line with the next ICANN meeting in Europe in 2012	\$ 25,000
FY12-23	ALAC-LACRALO	Funding for LACRALO GA: Core operations including IANA	Travel funding for LACRALO annual meeting in 2012. One day for General Assembly and two days for LACNIC meeting	\$ 25,000
FY12-24	ALAC-APRALO	APRALO General Assembly Face-to-face 'AGM' with funding for 1 rep per ALS	Travel funding for APRALO General Assembly (GA) in line with the next ICANN meeting in Asia	\$ -
FY12-25	ALAC-APRALO	APRALO presence at Regional community events	APRALO presence at Regional IGF and AP* events, Outreach to Regional Internet community events, Throughout the year (up to six times), 2 days to 1 week per event	\$ -
FY12-26	ALAC-EURALO	EURALO Outreach/EuroDIG 2012	Travel funding for 3 Euralo members to attend the EuroDIG event in Summer 2012 in Sweden	\$ -
FY12-27	ALAC-LACRALO	LACRALO Leadership Awareness and Cohesion	Travel support for attendance of LACRALO leadership to LACNIC and LACTLD Meetings	\$ -
FY12-28	ALAC-NARALO	ICANN/At-Large presence at major Consumer-focused IT conferences Jan 9-13, March 5-10, June 13-15 (2012)	Travel funding and booth development costs for 3 IT conferences: CES (USA), Cebit(Germany), Computex(Taiwan)	\$ -
FY12-29	ALAC-AFRALO	Workshop in the IGF 2011	Request travel support funding for 5 participants to attend IGF 2011 in Nairboi for 4-5 days	\$ -
FY12-30	ALAC-NARALO	Annual conference of community access providers Pacific Community Networks Association Conference	Travel funding for Pacific Community Networks Association Conference	\$ -
FY12-31	ALAC-LACRALO	Request document translation	Key documents translated in Spanish, French or Portuguese	\$ -
FY12-32	ALAC-NARALO	Reduce EOT barriers to policy critical data	Set up a working group to produce a document with the help of legal and technical experts	\$ -
FY12-33	GAC	Policy Support	ICANN staff member to serve as liaison to the GAC	\$ -
FY12-34	GAC	Technical Support	Provide 3 ICANN email addresses in addition to the website support and email list	\$ -
FY12-35	GAC	Language Services	Translation and interpretation in 5 UN languages. About 300 pages/yr for the 3 ICANN meetings and 6 conference calls per year	\$ -
FY12-36	GAC	Telecom Support	Approx 51 calls per fiscal year. Calls to be recorded, transcribed and interpreted	\$ -
FY12-37	GAC	ICANN meetings travel support	Provide travel support to ICANN meetings to 14 addl GAC members (from 6 supported members to 20)	\$ 210,000
FY12-38	GAC	Outreach Support	Continued travel support for other ICANN and/or GAC meetings	\$ 500,000
FY12-39	IPC	Administrative support	Administrative support shared with BC	\$ -
FY12-40	IPC	Technical Support	Website Operations; Listserv costs	\$ -
FY12-41	IPC	Telecom Support	Conference calls	\$ -
FY12-42	IPC	Outreach Support	Travel support for 2 IPC officers to 3 ICANN meetings	\$ 30,000

Figure 4-2 – SO/AC/SG Additional Requests

Staff is working to develop and ensure that procedures and operations to support all of its community members are transparent, accountable, and accessible to effectively and efficiently serve their needs.

### 4.8 Policy Development Support

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
8-Policy Development Support	6,825	6,246	6,421	404	6.3%

There have been significant increases throughout the ICANN community in the volume of policy development work throughout the current fiscal year, and this level of work is expected to continue to grow in FY12. In that vein, ICANN continues to devote substantial resources to support and manage its policy processes to ensure that policies are effectively and efficiently developed by the community in a transparent, bottom-up, consensus-based manner.

As part of the on-going process of community reviews, the Board has also asked the community and directed the staff to implement structural improvement initiatives for several ICANN organizational structures; some, like the GNSO Improvements, are still in process and others, like the ALAC, ccNSO, and SSAC improvements will require substantial attention throughout FY12. In addition to funds for on-going policy support activities, the FY11 budget includes some funding for initiatives to support the structural and process upgrades recommended for those entities.

Resources required for the proposed FY12 Policy Development Support activities are estimated at \$6.8 million, a 6.3 percent increase over FY11’s budget. Budget resources are provided to allow for some new staff to support policy development efforts (e.g., ALAC support and general SO/AC secretariat support) as well as for fact-based studies to support policy development processes. In addition, some resources to implement improvements requested for the GNSO, ALAC, and SSAC improvements.

- Implementation of a new GNSO working group model and a revised GNSO policy development process (PDP). These community-developed initiatives are intended to realize the GNSO improvement initiative objectives of running more inclusive, thoroughly-researched and well-scoped PDPs that yield effective, implementable results. They are

expected to include mechanisms for evaluating the success of those efforts (see: <http://gns0.icann.org/en/improvements/>)

- The GNSO will also finalize recommendations on registration abuse and other domain name issues of concern to registrants, such as the rules governing expiring names
- As part of ICANN's ongoing strategic commitment to evolve and improve the effectiveness and transparency of its various organizational structures, the Staff will also support community development and execution of improvement implementation plans for the ALAC (see: [https://st.icann.org/at-large-improvements/index.cgi?at\\_large\\_improvements\\_workspace](https://st.icann.org/at-large-improvements/index.cgi?at_large_improvements_workspace)), SSAC (see <http://www.icann.org/en/reviews/ssac/>, and ccNSO communities.
- As part of the respective review efforts of the GNSO and ccNSO, the Staff will support the design and implementation of new GNSO and ccNSO websites and other communications tools to improve community information sharing, collaboration, and participation in ICANN's policy-related activities. These efforts will include working with community members to identify targeted topics and initiatives that would benefit from clear language explanations or overviews to expand the accessibility of ICANN's work to a broader audience.
- Provide community-identified, in-kind administrative services to ensure that fair and consistent services (aka the "toolkit") are available to all eligible GNSO organizations
- If approved by the GNSO Council, support production of community-developed studies designed to develop current data to inform community discussion and debate on the Whois service. The community will also likely see recommendations emerging from the SSAC and GNSO urging the standardization of internationalized registration data.
- Support community development and implementation of prioritization methods, benchmarking and self-assessment processes for ICANN's supporting organizations and advisory committees to manage and evaluate the effectiveness of their work and identify opportunities for improvement. Activities include:
  - For the SSAC, a retreat for members to enable them to plan, prioritize, and benchmark their work and to develop published and updated Work Plans. (See <http://www.icann.org/en/committees/security/ssac-workplan.htm>.)
  - For the ALAC, during the period 2010–2013, support one General Assembly for each of the five Regional At-Large Organizations (RALOs) held in conjunction with either an ICANN or key regional Internet stakeholder meeting in order to set priorities, develop strategies for improving participation, including capacity-building programs, and increase engagement, such as recruiting new At-Large Structures to achieve the goal of at least one At-Large Structure per country worldwide. These community support activities will contribute to a healthy Internet eco-system
  - Assist the GNSO Council as it prioritizes and manages its strategic coordination and policy activities

## 4.9 Global Engagement and Increasing International Participation

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
9-Global Engagement and Increasing International Participation	8,006	6,072	6,792	1,214	17.9%

ICANN's commitment to global engagement work and efforts to increase international participation are demonstrated by the increased allocation of resources for FY12 from FY11. Global engagement is integral to ICANN's day-to-day activities. This takes the form of outreach and recruitment to increase participation in ICANN organizations and processes. The increase in participation by ccTLDs in the ccNSO is demonstrated by the rise in ccNSO membership to 111, and the signing of two additional ccTLD accountability frameworks thus far in the fiscal year with several more under negotiation. Similarly, GAC membership has increased to 107 members and 16 official observers thus far in FY11. Increased participation and agreements are all examples of strengthening engagement in ICANN. ICANN staff, and particularly the Global Partnerships team, will work to further these participation gains in FY12. This is to ensure that all stakeholders have a voice in discussions, that there is improved accountability and transparency, and to provide on-going awareness of the importance of a single, global, interoperable Internet.

ICANN staff will work through regional entities to enhance awareness about DNS stability and security, the implementation of IDNS and TLDs, and IPv6 uptake. This includes supporting the At-Large community, facilitating improved mechanisms for participation and engagement, and providing training and education to the Internet community in the growing ICANN regions. Additionally, ICANN's Global Partnerships team will work in their regions to facilitate and support IANA Function requests where needed.

Resources required for the proposed Global Engagement activities are estimated at \$ 8 million, up 17.9 percent from the FY11 budget and include the following:

- Conduct one-on-one briefings with governmental and regulatory representatives on local and regional levels in FY12 as part of global engagement to promote a healthy Internet ecosystem
- Support ccTLD interests in accountability frameworks with ICANN. Thus far in FY11 we have added two more agreements, for a total of 64 and for FY12 our goal is to increase by five the total agreements signed. Support the processes to achieve conclusion, as well as in participation in the ccNSO and regional ccTLD initiatives through Fellowship recipient mentoring, and the inclusion of information in all presentations on ICANN structure

- Participate in events and provide presentations on ICANN at request of stakeholders, and expect increased interest in all regions as part of global engagement to promote a healthy Internet eco-system
- Participate in and monitor activities at international and regional Internet governance discussions. This may include offering information on the multi-stakeholder model and advising on strategy and approach to address issues or inform discussions affecting ICANN’s mandate or mission, as part of global engagement to promote a healthy Internet eco-system. This includes participation in the multi-stakeholder advisory group to the international Internet Governance Forum (IGF) and as the technical community liaison to the working group of the Committee for Science Technology and Development (CSTD) charged with identifying areas of improvement for the IGF
- Enhance communications and reporting tools by providing additional metrics made available to the community and general public through the dashboard showing the change each month in agreements signed between ICANN and ccTLDs, and the information on the Fellowship program illustrating applications, qualified candidates and attendees
- Strengthen support for the GAC and continued participation by all governments in the GAC, in particular those from developing countries and territories through increased travel support per ICANN meeting and collaboration and assistance to the new GAC Secretariat
- Continue to support the Fellowship program through development of an external wiki, and enhanced participation with constituency groups and stakeholders as mentors for improved capacity building

#### 4.10 Organizational Effectiveness and Improvements

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
10 - Organization Effectiveness and Excellence	455	189	-	455	n/a

The Organization Effectiveness Initiative (OEI) began as a response the Board's recommendation that ICANN staff address three areas for improvement:

1. Operations and Process
2. Staff Development, Culture, Morale and Leadership
3. The impact of globalization on the ICANN systems and structures

An organizational effectiveness survey was designed and authored with input from the entire staff. The survey was administered and analyzed, and the results formed the basis of



recommended strategic improvements to be made in the near future. Three teams were formed to address what were seen as the highest priority and most influential issues:

- Operations and Processes
- Internal Communication
- Staff Development

All three teams have completed the goal definition phase and have begun to either deliver program or policy changes.

In addition, an advisory body has been formed to assure that the program is bottom-up in both governance and implementation. The Organizational Effectiveness Advisory Team meets monthly to rank the remaining organization-wide problems and to address them using the OEI methodology based upon the best practices of John Kotter and Jim Collins. These two thought leaders are recognized authorities in Change Leadership and Organization improvement.

Resources required for the Organizational Effectiveness Initiative (OEI) and other Excellence activities in FY12 amount to \$455,000. Resources include staffing, as well as funding for staff training, communication tools and surveys. Key activities for this fiscal year include:

- Staff Development
- Communication Flow Work Team
- Operations and Process Improvements Team
- HRMS – Integrate the five HR packages currently in use (Silkroad, RedCarpet, Halogen, ADP and Kroll) into an easy to use, accurate HRMS. Either “buy” or “build” program
- IANA Business Excellence

#### 4.11 Ombudsman

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
				-	0.0%
11-Ombudsman	562	597	562	-	0.0%

The Ombudsman shall serve as an objective advocate for fairness and shall seek to evaluate and where possible resolve complaints about unfair or inappropriate treatment by ICANN staff, the Board, or ICANN constituent bodies, clarifying the issues and using conflict resolution tools such a negotiation, facilitation, and shuttle diplomacy to achieve these results.

Pursuant to the ICANN bylaws at Article V, Section 1, Paragraph 4:

*The annual budget for the Office of Ombudsman shall be established by the Board of Directors as part of the annual ICANN budget process. The Ombudsman shall submit a*

*proposed budget to the president, and the president shall include that budget submission in its entirety and without change in the general ICANN budget recommended by the ICANN president to the Board. Nothing in this Article shall prevent the president from offering separate views on the substance, size, or other features of the ombudsman’s proposed budget to the Board.*

- Receive complaints from community concerning the fairness of ICANN staff, Board, and supporting organizations actions, decisions or inactions
- Outreach concerning the activities of the Office of the Ombudsman, and ICANN as a leader in online dispute resolution
- Produce an annual report to the Board of Directors and community
- Budget as directed by Bylaw V
- Produce articles for academic and peer publications on ICANN ombudsman activities and research
- Monitor the case management and filing system
- Identify trends and critical issues to ICANN management and Board
- Increase ICANN’s reputational value through efficient neutral party dispute resolution
- Correspond with complainants in a timely fashion in the language of their choosing
- Develop internal and external relationships to foster understanding of the ombudsman process and dispute resolution mechanisms at ICANN
- Supervise the adjunct ombudsman
- (Adjunct) to act on behalf of the Ombudsman during annual leave or absences
- Maintain physical office at ICANN international public meetings to meet the community

#### 4.12 Board Support

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
12- Board Support	3,462	3,189	2,647	815	30.8%

The ICANN Board is an accountable and transparent structure designed to reflect the multi-stakeholder composition of the ICANN community and to react fairly and reasonably to the present and future needs of ICANN. ICANN’s Board of Directors consists of 16 voting members and five liaisons who meet regularly by phone, and who travel to all three ICANN meetings as well as other inter-sessional meetings.

Resources required for Board Support activities in FY12 amount to \$3.4 million. In addition to direct travel support, Board resources include staffing, as well as funding for Board training, communication tools and self-assessment.

- Maintain a variety of tools to support the work of the Board including the Board Portal
- Provide administrative and travel support for all directors at two retreats, three ICANN meetings, and as required for regularly scheduled Board meetings or appearances; provide administrative support of all Board committees
- Effectively manage the Board calendar, including regular tracking of the work of the Board and committees
- Support the Board of Directors in its work to assess Board skills and provide a variety of training options for directors
- Provide implementation support for recommendations of the ATRT

### 4.13 NomCom

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
13-Nominating Committee (NomCom) Support	844	785	820	24	2.9%

The Nominating Committee performs a vital function in contributing to the leadership competence needed to achieve ICANN’s strategic objectives as the committee appoints members to the ICANN Board as well as to the GNSO Council, ccNSO Council and ALAC. Outreach activities, including travel, as well as outside consultant work for a fair and professional evaluation process, are essential parts of the NomCom program.

FY12 budget for NomCom is estimated to be \$844,000, to fund the following activities:

- Provide travel support for NomCom members in accordance with the FY12 Travel Guidelines
- Develop short list of candidates in a timely manner
- Conclude the final selection of candidates by the end of FY12
- Hire consultant for professional evaluation of candidates, to be available when application period concludes
- Provide staff support for meeting preparation and follow-up to ensure an efficient and fair process
- Develop documentation for posting as well as for all outreach events in a timely manner
- Efficient application and reference handling for timely process
- Adapt processes in line with agreed ATRT recommendations

#### 4.14 DNS Operations

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
14-DNS Operations	2,645	3,131	2,185	460	21.1%

The DNS Operations is responsible for the operation of various components which support the global DNS infrastructure, including one of the thirteen DNS root servers (L-Root) and servers which support the number-to-name mapping in IPv4 and IPv6 (the so-called reverse DNS). All of these servers require routine maintenance and operational response in the event of observed anomalies, and all require periodic upgrades in order to ensure error-free and high-stability service.

DNSSEC in the root zone is supported by quarterly cryptographic key ceremonies which are undertaken with a high degree of transparency and public scrutiny. Each ceremony requires preparation including on-site testing, verifying availability of trusted community representatives and operational coordination with VeriSign. DNSSEC in other zones is managed through the DNS Operations Generic Signing Infrastructure (GSI).

The proposed FY12 budget for DNS operations is \$2.6 million, a 21 percent increase over FY11's budget. This increase includes:

- Recurring expenses for the various facilities, services, and external auditing functions associated with ICANN's operation of the root key signing key, support for generic key signing activities
- Operate production-quality DNSSEC services for ARPA zone over which ICANN has responsibility
- Operate pilot implementation of L-root single nodes
- Deploy and refine a measurement platform to provide an open and extensible vehicle for the collection of global performance data for the root server system in order to facilitate analysis and identification of long-term trends in system performance related to operational stability
- Perform substantial upgrade to the GSI which will include refined key management procedures and corresponding documentation, integration of a more recent release of Open DNSSEC and hardening our fail-over procedures
- Perform the role of chairman in two IETF working groups

## 4.15 Organizational Reviews and Implementation

(in Thousands of US Dollars)

Organizational Activities	FY12 Budget	FY11 Forecast	FY11 Budget	FY12 Budget less FY11 Budget	
15-Organizational reviews	2,971	2,388	2,199	772	35.1%

Resources required for the proposed Organizational Improvement activities are estimated to be \$2.9 million, up 35 percent from FY11. In FY12, the increase is largely due to the implementation of the ATRT recommendations.

In ICANN's continued efforts to facilitate the shaping of a healthy Internet eco-system, focus will be on:

- **Affirmation of Commitments review of Security Stability and Resiliency:** supporting the establishment of the Review Team and its activities, which began 1 October 2010. The Review Team is an autonomous entity established as prescribed by the Affirmation of Commitments; it is responsible for the delivery of its Final Report, which is foreseen to be ready during FY12
- **Affirmation of Commitments review of Whois:** supporting the establishment of the Review Team and its activities, which began 1 October 2010. The Review Team is an autonomous entity established as prescribed by the Affirmation of Commitments; it is responsible for the delivery of its Final Report, which is foreseen to be ready during FY12
- **External review of ASO:** conducted under the auspices of the NRO, in close liaison with Organizational Reviews and the Structural Improvements Committee. Final report from the independent reviewers is expected during FY12
- **Implementation reporting and follow-up activities for other reviews:** Multiple organizational reviews concluded the first review phase during FY11 and the outcomes have been transferred to the departments responsible for their implementation. Organizational Reviews is assisting these departments in their processes and reports progress to the SIC that is responsible for supervising implementation. In one case, namely the TLG Review, the outcome prompted the Board to establish a Board Working Group to investigate how best to replace the TLG structure. This Working Group is under formation and its main activities will occur during FY12, calling for sustained support activities from Organizational Reviews staff

## Proposed FY12 Project Work (Budgeted within the draft FY12 Plan)

### 1. Accountability & Transparency Implementation – \$2.6 million

ICANN's international, bottom-up, multi-stakeholder model and its accountability to the global community were permanently reinforced in September 2009 when ICANN and the US Department of Commerce signed the [Affirmation of Commitments](#). This agreement affirms ICANN's independence and commitment to making decisions in the public interest that are accountable and transparent. The Affirmation also commits ICANN to reviews performed by the community — including the [Accountability and Transparency review](#), the [Whois Policy review](#), and the [Security, Stability & Resiliency of the DNS review](#). ICANN intends to fulfill, and where possible exceed, our obligations under the Affirmation, and in FY12 this includes implementing these three reviews as directed by ICANN's Board.

#### a. Accountability and Transparency Review

The Accountability and Transparency Review Team's (ATRT) [final report](#) contains 27 recommendations to improve ICANN focused on four areas — the Board (including the Nominating Committee's selection processes), the Governmental Advisory Committee, public input and policy development, and review mechanisms for Board decisions. In March 2011, the Board found that “all 27 of the recommendations have the potential to advance ICANN's transparency and accountability objectives and may be implemented by ICANN following careful and transparent consideration, and with the necessary support and resources.” As of this writing, [as directed by the Board](#), staff is providing: final proposed plans for the implementation of all recommendations and input on implementation costs; proposed metrics to quantify and track activities called for in the Affirmation and final report; and proposed benchmarks that will enable ICANN to compare its accountability and transparency-related efforts to international entities' best practices.

Although implementation of a significant number of ATRT recommendations can be accommodated with incremental funding increases and staff resources contained in the initial, proposed FY12 budget, significant additional resources will be required for full implementation of the ATRT Report (implementation details are available here). To complete ATRT implementation activities in FY12, a total of US\$2.6 million in additional funds will be needed.

This covers:

- Four additional full-time personnel
- Funds for professional services to address implementation of numerous ATRT recommendations and
- Funds for translation, travel and meetings, which include resource requests recently received from the GAC and estimated funds for implementation of GAC-related ATRT recommendations

In addition, staff recommends that \$1.0 million be added to the contingency fund to ensure staff work and Board consideration of ATRT Recommendation #5 – a compensation structure for voting Board Directors – is appropriately supported.

**b. Whois & SSR Reviews**

- The Whois Policy Review Team is charged with a "review of Whois policy and its implementation to assess the extent to which Whois policy is effective and its implementation meets the legitimate needs of law enforcement and promotes consumer trust." The SSR Review Team's mandate is to review ICANN's execution of its commitment to develop and regularly update a plan "to enhance the operational stability, reliability, resiliency, security, and global interoperability of the DNS..." As of this writing, both Teams' work is ongoing and they are expected to provide the Board with final reports during FY12.

**2. IDN Programs - \$1.1 million**

- a. IDN Guidelines:** ICANN will also continue to ensure that IDN-relevant information, including best practice operational guidelines, is available at ICANN and domain name-related meetings, and will initiate participation in application development-related events to achieve a broader acceptance of new TLDs on a global scale
- b. IDN Variant Management:** We expect that new research and development areas will be undertaken in the management of variant TLDs

**3. Security, Stability and Resiliency (SSR) Programs – \$585,000**

Maintaining and enhancing the security, stability and resiliency of the established system of unique identifiers is a collaborative process and a core element of ICANN's work. The recently posted ICANN Security, Stability and Resiliency (SSR) [Framework](#) describes ICANN's role and boundaries to a wide range of stakeholders on how ICANN will contribute to global efforts through the FY12 operational year.

The Affirmation of Commitments identifies three areas of emphasis for SSR: continuity and contingency work, maintaining clear processes, and focus on emerging threats and issues. On continuity and contingency work, ICANN will remain active in FY12, supporting annual contingency exercises and participating in larger international exercises as a contributor or observer. ICANN intends to continue working with partners in the regions that have expressed a need and interest in capacity building training and education. Closing gaps on ICANN's internal information security processes toward ISO 27002 standard best practices and maturing a comprehensive ICANN business continuity plan fall under ICANN's Affirmation of Commitments to maintain clear processes and ensure appropriate business continuity planning. Under the category of emerging threats and issues, ICANN recognizes that others in the eco-system lead some of this work. ICANN may be following these activities as an observer or may play a larger

collaborative or facilitating role, depending on the topic and community interest. A specific example of community work related to emerging threats and risks is the DNS Security and Stability Analysis Working Group (DSSA-WG). The objective of the DSSA-WG is to draw upon the collective expertise of the participating Supporting Organizations and Advisory Committees, solicit expert input and report back on issues revolving threats to the DNS.

**4. Whois improvements - \$672,000 (not including AOC review)**

**a. AOC review (noted above under ATRT Implementation)**

**b. Technical improvements**

- Facilitate and promote discussion within the community about the technical evolution of Registration Data Directory Services and the potential use of a new protocol that overcomes the limitations of Whois
- Develop and support the standardization of a new Registration Data Directory Service in the IETF that will not be limited by the issues that current Whois has (e.g., supports internationalized registration data) and is extensible to support a wide array of policies present and future

**c. Compliance - fulfill commitments under the AOC, specifically in:**

- ensuring accountability, transparency and the interests of global Internet users;
- preserving the security, stability and resilience of the DNS;
- promoting competition, consumer trust, and consumer choice; and
- enforcing its existing policy relating to Whois

**d. Policy improvements**

- i. Whois Misuse Study – Approved by the GNSO Council in September 2010, initiated in April 2011 – Carnegie Mellon University will spend approximately one year analyzing the extent, nature, and impact of harmful actions taken using Whois contact information
- ii. Whois Registrant Identification Study – still being considered by the GNSO Council – this study would gather info about how business/commercial domain registrants are identified, and correlate such identification with use of proxy/privacy services
- iii. Whois Proxy and Privacy "Abuse" Study – Approved by the GNSO Council on 28 April 2011 – a research firm will spend about one year comparing a broad sample of privacy and proxy-registered domains associated with alleged harmful acts to assess:



- How often bad actors try to obscure their identity in Whois
- How this rate of abuse compares to overall proxy and privacy use
- How this rate compares to alternatives like falsified Whois data, compromised machines, and free web hosting

**iv. Whois Proxy and Privacy "Relay and Reveal" Pre-Study Survey** – Originally the GNSO Council asked staff to assess the feasibility of a study that would analyze communication relay and identity reveal requests sent for privacy and proxy-registered domains to explore and document how they are processed, and to identify factors that may promote or impede timely communication and resolution. As explained in the reports posted below, the Council decided to approve a pre-study feasibility survey, which will contact potential participants to assess whether a sufficient data sample can be obtained to launch a full study. The pre-study was approved by the GNSO Council on 28 April 2011, and will take about four months to conduct once a contract is finalized.

DRAFT

## 5. The FY12 Budget

ICANN's FY12 Budget includes estimated revenues of \$69.8 million (vs. \$65.5 million in FY11), a 6.5 percent increase over the FY11 budget, and \$67 million in operating expenses (vs. \$59.3 million in FY11), a 17.4 percent increase over the FY11 budget.

Figure 5-1 shows the FY12 proposed budget as compared to FY11's budget and FY11's forecast.

(in US dollars)	FY12 DRAFT BUDGET	FY11 FORECAST	FY11 BUDGET
Registry	\$34,753,000	\$32,772,000	\$32,647,000
Registrar	\$30,902,000	\$29,803,000	\$29,159,000
RIR	\$823,000	\$823,000	\$823,000
ccTLD	\$1,600,000	\$1,600,000	\$1,600,000
IDN ccTLD	\$780,000	\$780,000	\$780,000
Meeting Sponsorships	\$900,000	\$1,283,000	\$500,000
<b>Revenue</b>	<b>\$69,758,000</b>	<b>\$67,061,000</b>	<b>\$65,509,000</b>
Compensation	\$23,844,000	\$19,847,000	\$20,846,000
Employee Benefit	\$2,857,000	\$3,286,000	\$2,512,000
Other Personnel Costs	\$2,508,000	\$2,880,000	\$3,088,000
Airfare	5,138,000	\$4,035,000	\$4,111,000
Lodging & Meals	3,404,000	\$2,950,000	\$3,048,000
Other travel & meetings	4,452,000	\$4,927,000	\$3,920,000
Professional Services	17,276,000	\$16,412,000	\$15,191,000
Facilities	\$2,100,000	\$1,950,000	\$2,109,000
Other Administration costs	\$5,421,000	\$4,877,000	\$4,462,000
<b>Operating Expenses</b>	<b>\$67,000,000</b>	<b>\$61,164,000</b>	<b>\$59,287,000</b>
Bad debt expense	\$900,000	\$781,000	\$1,400,000
Depreciation	\$1,800,000	\$1,408,000	\$1,200,000
<b>Operating Income/ (Loss)</b>	<b>\$58,000</b>	<b>\$3,708,000</b>	<b>\$3,622,000</b>
Investment Income/ (Loss)	\$2,600,000	\$5,000,000	\$1,000,000
<b>Change in Net Assets before Contingency</b>	<b>\$2,658,000</b>	<b>\$8,708,000</b>	<b>\$4,622,000</b>
Contingency	\$2,500,000	\$0	\$1,500,000
<b>Change in Net assets</b>	<b>\$158,000</b>	<b>\$8,708,000</b>	<b>\$3,122,000</b>

Figure 5-1 – Summary of FY12 budget

## 5.1 Revenue

Financial resources to fund ICANN’s operating activities are primarily derived from registrant transactional fees, and are paid to ICANN via generic registries and registrars which are accredited by, and contracted with, ICANN. Additionally, RIRs and ccTLD registries contribute annually to ICANN. Another source of revenue for ICANN is from requests for IDNs through the Fast Track IDN ccTLD program. Total revenue expected for FY12 is \$69.8 million, an increase of about 6.5 percent over FY11. In recent years, ICANN experienced much larger growth in revenue primarily due to contractual agreements with provisions for fixed step-up increases. There are no contractual step-ups in fees in FY12, and domain name transaction-based revenue is expected to increase slightly. As has been done in prior years, contracted parties and non-contracted contributors to ICANN’s revenues are queried as to whether ICANN’s bases used for revenue estimates are reasonable and consistent with industry experts. The following table summarizes by source the FY12 revenue budget as compared to FY11.

(in US dollars)	FY12 Draft Budget	FY11 Forecast	FY11 Budget	FY12 Draft Budget change from FY11 Budget	
<b>Registry</b>	\$34,753,000	\$32,772,000	\$32,647,000	\$2,106,000	6.5%
<b>Registrar</b>	\$30,902,000	\$29,803,000	\$29,159,000	\$1,743,000	6.0%
<b>RIR</b>	\$823,000	\$823,000	\$823,000	\$0	0.0%
<b>ccTLD</b>	\$1,600,000	\$1,600,000	\$1,600,000	\$0	0.0%
<b>IDN ccTLD</b>	\$780,000	\$780,000	\$780,000	\$0	0.0%
<b>Meeting Sponsorships</b>	\$900,000	\$1,283,000	\$500,000	\$400,000	80.0%
<b>Revenue</b>	<b>\$69,758,000</b>	<b>\$67,061,000</b>	<b>\$65,509,000</b>	<b>\$4,249,000</b>	<b>6.49%</b>

Figure 5-2 – FY12 Revenue budget

### gTLD Registry Fees

ICANN has contracts with registry operators of 18 generic top-level domains (gTLDs) such as dot-asia, dot-com and dot-jobs. Registry fees are described in the respective registry agreements. Based on those agreements, registries pay a fixed fee, transaction-based fee, or both as more specifically described in Figure 5-3.

FY12 Draft Budget - Registry Revenue - Transaction & Fixed Fees					
gTLD	Fixed Fee	Fee per Trans	Estimated Trans Volume	Trans Fee	Total
aero	\$ 5,000	\$ -	7,500	\$ -	\$ 5,000
asia	-	\$ 0.50	145,800	72,900	72,900
biz	-	\$ 0.25	2,259,600	564,900	564,900
cat	10,000	\$ 1.00	46,300	46,300	56,300
com	18,000,000	\$ -	96,413,100	-	18,000,000
coop	5,000	\$ -	7,300	-	5,000
info	-	\$ 0.25	7,897,400	1,974,350	1,974,350
jobs	10,000	\$ 2.00	7,000	14,000	24,000
mobi	-	\$ 0.41	1,381,400	566,370	566,370
museum	500	\$ -	-	-	500
name	-	\$ 0.25	219,500	54,880	54,880
net	-	\$ 0.75	14,023,300	10,517,480	10,517,480
org	-	\$ 0.25	9,019,800	2,254,950	2,254,950
post	-	\$ 0.25	-	-	-
pro	25,000	\$ 0.25	78,800	19,700	44,700
tel	-	\$ 0.40	130,100	52,040	52,040
travel	10,000	\$ 2.00	32,100	64,200	74,200
xxx	25,000	\$ 2.00	230,000	460,000	485,000
<b>Total</b>	<b>\$ 18,090,500</b>		<b>131,899,000</b>	<b>\$16,662,070</b>	<b>\$ 34,752,570</b>

Figure 5-3 – Registry revenue

**Notes:**

- Transaction-based fees for .mobi and .tel are based on the average price of registrations during a billing period. The estimated rate is the average of the actual rates during FY11
- The registry fees for .post will not be effective until the TLD has been entered into the root zone. As of April 2011 the effective date of the fees has not been determined. The fees under this contract are fixed at \$6,250 per quarter and, if there are more than 50,000 domains registered, \$0.25 per billable (i.e., initial and renewed domains including renewals associated with transfers) transaction year
- gTLD registry fee revenue is estimated to increase in FY12 by 6.5 percent

The single largest source of registry revenue is from the .com contract. The .com contract revenue is based on a fixed fee per year with a stepped schedule for increases or decreases after 1 July 2009 provided specific thresholds of domain name registrations are attained over or decline below the number of domain name registrations as of 1 March 2006, the effective date of the .com contract. The thresholds are defined in Section 7.2 (b) of the .com contract viewable at <http://www.icann.org/en/tlds/agreements/verisign/registry-agmt-com-01mar06.htm>.

Historically the fees have been:

FY07 \$ 6 million  
FY08 \$ 8 million  
FY09 \$12 million  
FY10 \$18 million  
FY11 \$18 million  
FY12 \$18 million

In FY12, the fixed fee for .com is to remain the same as FY11 at \$18 million.

Aside from .com, there are eight other registries, identified above, that pay fixed fees to ICANN. Those registry fixed fees are subject to an increase each fiscal year. For FY12, ICANN will not assess increases to any fixed fees.

### **Registrar Fees**

Over 960 registrars are currently accredited by ICANN. This relationship is governed by the Registrar Accreditation Agreement (RAA), which was updated in 2009. At present, over 96 percent of gTLD registrations are held at registrars that are governed by the provisions of this new RAA. The RAA provides for the following types of fees:

- Application fee
- Annual accreditation fee
- Variable accreditation fee
- Per registrar variable fee
- Transaction based fee

In addition, the budgets since FY09 assumed an Add Grace Period (AGP) deletion fee to eliminate domain tasting. The amount for AGP deletion fees was assumed to be zero in those budgets and is also assumed to be zero for the FY12 budget. Figure 5-4 shows all registrar fees.

(in US dollars)	FY12 Draft Budget	FY11 Forecast	FY11 Budget	FY12 Draft Budget change from FY11 Budget	
<b>Application Fees</b>	\$140,000	\$120,000	\$100,000	\$40,000	40.0%
<b>Accreditation Fees</b>	\$3,600,000	\$3,631,000	\$3,600,000	\$0	0.0%
<b>Variable Fees</b>	\$3,420,000	\$3,480,000	\$3,420,000	\$0	0.0%
<b>Transaction Fees</b>	\$23,742,000	\$22,548,000	\$22,039,000	\$1,703,000	7.7%
<b>AGP Deletion Fees</b>	\$0	\$24,000	\$0	\$0	n/a
<b>Registrar Revenue</b>	<b>\$30,902,000</b>	<b>\$29,803,000</b>	<b>\$29,159,000</b>	<b>\$1,743,000</b>	<b>5.98%</b>

Figure 5-4 – Registrar revenue

**Application fees** are paid one time by prospective registrars at the time of the application. For FY12, the application fees are estimated to be \$140,000 based upon a volume of 40 applications and a per application fee of \$3,500 per application. This represents a \$1,000 increase in the per application fee from FY11's budget.

**Annual accreditation fees** are fees that all registrars are required to pay annually to maintain accreditation. The fee is \$4,000 per year. Registrars that have adopted the 2009 version of the Registrar Accreditation Agreement (2009 RAA) have the option of paying the annual \$4,000 accreditation fee in quarterly installments of \$1,000. For FY12, the annual accreditation fees are estimated at \$3.6 million, based on an estimate of a total of 900 registrars renewing and being newly accredited.

**Per-registrar variable fees** will remain at \$3.8 million per year to be paid by the registrars as a whole. The per-registrar fee is based on a validated concept that ICANN often expends the same quantum of effort in providing services to a registrar regardless of size. However, provided that the registrar is considerably smaller in size and in activity, some registrars will continue to be eligible for "forgiveness" of two-thirds of the standard per-registrar variable fee. To be eligible for forgiveness, the registrar must have (1) less than 350,000 gTLD names under its management and (2) no more than 200 attempted adds per successful net add in any registry. Forgiveness will be granted each quarter to all registrars that qualify.

The amount per registrar is calculated each quarter by dividing \$950,000 (one-fourth of \$3.8 million) equally among all registrars that have at least been accredited for one full quarter or have made at least one transaction, taking into consideration the forgiveness factor.

In addition, a discount of 10 percent is granted to those registrars that are operating under the 2009 RAA. Registrars will receive the discount starting the quarter they adopt the 2009 RAA.

The FY12 revenue budget assumes a 10 percent reduction across all registrars due to the high adoption rate of the 2009 RAA.

**Transaction-based fees** are assessed on each annual increment of an add, transfer, or renewal transaction that has survived a related add or auto-renew grace period. This fee will be billed at \$0.20 per transaction for registrars under the 2001 version of the RAA (2001 RAA) and \$0.18 per transaction for registrars under the 2009 RAA (starting the quarter they adopt the 2009 RAA). These rates are consistent with the FY11 per-transaction rates. As of April 2011, over 96 percent of domain names are managed by registrars under the 2009 RAA. The FY12 transaction fee revenue is calculated at the lower rate of \$0.18 in the anticipation that most transactions will be billed at \$0.18 by the end of the fiscal year. Transaction volume is expected to increase steadily over the next year to over 32 million transactions per quarter.

**Add Grace Period (AGP) deletion fees** are charged to registrars that delete added names within the grace period in excess of the threshold, which is the larger of 50 deletes or 10 percent of total net adds per TLD per month. This fee will be billed at \$0.20 per transaction for registrars under the 2001 version of the RAA (2001 RAA) and \$0.18 per transaction for registrars under the 2009 RAA (starting the quarter they adopt the 2009 RAA). The average deletion fee per quarter in FY11 so far is less than \$6,000. This fee is charged as a deterrent rather than a source of revenue. Because of the drastic and continued decrease in the volume of excess deletes, revenue generated from this fee is budgeted at zero.

Period	Period	Transactions	% Change
FYE 30 June 2005	Oct-Dec 2004	8,609,473	
	Jan-Mar 2005	14,852,287	72.5%
	Apr-Jun 2005	15,238,720	2.6%
FYE 30 June 2006	Jul-Sep 2005	15,361,480	0.8%
	Oct-Dec 2005	17,045,957	11.0%
	Jan-Mar 2006	20,173,715	18.4%
FYE 30 June 2007	Apr-Jun 2006	19,827,010	-1.7%
	Jul-Sep 2006	19,521,289	-1.5%
	Oct-Dec 2006	21,461,069	9.9%
FYE 30 June 2008	Jan-Mar 2007	24,601,274	14.6%
	Apr-Jun 2007	24,516,150	-0.4%
	Jul-Sep 2007	25,631,635	4.6%
FYE 30 June 2009	Oct-Dec 2007	25,815,357	0.7%
	Jan-Mar 2008	27,609,477	7.0%
	Apr-Jun 2008	27,486,425	-0.5%
FYE 30 June 2010	Jul-Sep 2008	29,064,841	5.7%
	Oct-Dec 2008	25,068,812	-13.8%
	Jan-Mar 2009	28,589,294	14.0%
FYE 30 June 2011	Apr-Jun 2009	27,407,237	-4.1%
	Jul-Sep 2009	27,576,415	0.6%
	Oct-Dec 2009	28,697,011	4.1%
FYE 30 June 2012	Jan-Mar 2010	32,626,132	13.7%
	Apr-Jun 2010	33,688,140	3.3%
	Jul-Sep 2010	30,205,527	-10.3%
FYE 30 June 2011	Oct-Dec 2010	31,084,328	2.9%
	Jan-Mar 2011	n/a	n/a
	Apr-Jun 2011	n/a	n/a
<b>Proposed FY12 Budget</b>			
FYE 30 June 2012	Jul-Sep 2010	31,044,000	-3.0%
	Oct-Dec 2010	31,742,000	2.3%
	Jan-Mar 2011	35,043,000	10.4%
	Apr-Jun 2011	34,070,000	-2.8%
		<b>131,899,000</b>	

Figure 5-5 – Transaction volume

### Regional Internet Registry (RIR) Contributions

The RIRs traditionally contribute financially once a year and support ICANN's efforts by attending meetings, inviting ICANN to attend RIR meetings, and participating in the ASO. In recent years, the Number Resources Organisation (NRO) has been contributing to ICANN on



behalf of each of the five RIRs: the American Registry for Internet Numbers (ARIN), the Réseaux IP Européens Network Coordination Centre (RIPE-NCC), the Latin American and Caribbean Internet Addresses Registry (LACNIC), Asia Pacific Network Information Centre (APNIC), and the African Network Information Center (AfriNIC).

Consistent with prior years, the RIR contribution is expected to be \$823,000 for the FY12 fiscal year.

### **ccTLD Contributions**

Many ccTLDs have expressed support of the ICANN model and understand its value. Many ccTLDs have entered agreements with ICANN including exchange of letters, accountability frameworks, and sponsorship agreements. These agreements may be viewed on the ICANN website at <http://www.icann.org/en/cctlds/agreements.html>. In addition, many ccTLDs without formal agreements with ICANN contribute to ICANN's revenues to demonstrate support for the ICANN process. Historical ccTLD contributions can be viewed at <http://www.icann.org/en/financials/cctld-2011/cctld-contributions-10-11.pdf>

The ccTLD contributions for FY12 are estimated to remain at the same level as budgeted in FY11, or \$1.6 million.

### **Fast Track IDN ccTLD**

In November 2009, ICANN launched the [Fast Track IDN ccTLD program](#), which allows countries to request an Internationalized Domain Name (IDN) string. The request processing fee per IDN ccTLD, through the Fast Track Process, is suggested to be \$26,000 per requested IDN ccTLD based on a [cost analysis](#) that was performed and communicated with the community before the launch of the program. An estimate of ongoing annual contribution fees to cover development and ongoing IDN activities as they relate to ccTLD managers is also considered. It should be noted that the processing fee, like the annual contribution, is not mandatory; as such, the expectation is not to achieve the entire amount in revenue.

The FY12 revenue from Fast Track IDN ccTLD is estimated at \$26,000 for 30 estimated requests, or \$780,000, the same level as budgeted in FY11.

### **Sponsorship Revenue**

[Meeting sponsorships](#) are available for companies wishing to contribute to the ICANN meeting experience. Sponsoring companies receive special services during an ICANN meeting. The types of services depend on the level of sponsorship. Sponsorship revenue in FY12 is estimated at \$900,000

**Investment Income**

In accordance with ICANN’s Investment Policy, working capital is kept at a balance sufficient to cover at least three months of operating expenses. Working capital funds are kept in fully-liquid, very-low-risk accounts with corresponding low interest earnings of usually less than 0.5 percent. The Investment Policy also calls for a Reserve Fund that is invested in a stocks and bonds at a moderately low risk level. As of 30 April 2011, the Reserve Fund balance was \$52.1 million. Total investment income for FY12 is budgeted to be \$2.6 million and is reported on the financial statements below operating expenses.

**5.2 Operating Expenses**

Operating expenses at ICANN are budgeted and spent in accordance with each year’s adopted Operating Plan. The tasks required to deliver on each organizational activity are accumulated, and the required resources to accomplish those tasks are estimated. The resources, which include staffing, travel and meeting, professional services, and administrative costs, are estimated to create the fiscal year operating budget. In addition, a contingency amount is added to provide for unanticipated costs and unexpected events. Further, the global economic slowdown continues to affect virtually all ICANN stakeholders, and ICANN’s current financial projections reflect that reality. Achieving strategic goals for annual contribution to the Reserve Fund while delivering on the required organizational activities requires careful planning in a resource-constrained environment. The result is the fiscal year operating expense budget which for FY12 is summarized in Figure 5-6.

(in US dollars)	FY12 Budget	FY11 FORECAST	FY11 BUDGET	FY12 Budget less FY11 Budget	
Compensation	\$ 23,844,000	\$ 19,847,000	\$ 20,846,000	\$ 2,998,000	14.4%
Employee Benefit	2,857,000	3,286,000	2,512,000	345,000	13.7%
Other Personnel Costs	2,508,000	2,880,000	3,088,000	(580,000)	-18.8%
Airfare	5,138,000	4,035,000	4,111,000	1,027,000	25.0%
Lodging & Meals	3,404,000	2,950,000	3,048,000	356,000	11.7%
Other travel & meetings	4,452,000	4,927,000	3,920,000	532,000	13.6%
Professional Services	17,276,000	16,412,000	15,191,000	2,085,000	13.7%
Facilities	2,100,000	1,950,000	2,109,000	(9,000)	-0.4%
Other Administration costs	5,421,000	4,877,000	4,462,000	959,000	21.5%
<b>Operating Expenses</b>	<b>\$ 67,000,000</b>	<b>\$ 61,164,000</b>	<b>\$ 59,287,000</b>	<b>\$ 7,713,000</b>	<b>13.01%</b>

Figure 5-6 – Operating expenses

FY12 operating expenses are budgeted to be \$67 million (without contingency) an increase of 13 percent over FY11’s budget. FY12 personnel costs are expected to be \$29.2 million, an increase of 10 percent over FY11, reflecting an increase in budgeted staffing from 143 to 158. FY12 travel and meeting costs are expected to be \$12.9 million, an increase of 17 percent from FY11. This increase is largely due to the scaling of the ICANN international meetings. FY12 professional service costs are expected to be \$17.3 million, an increase of 13.7 percent reflecting the continuing project nature of ICANN’s work and the many activities and deliverables in the FY12 operating plan. FY12 administration costs are expected to increase by 14 percent and reach \$7.5 million. The contingency allowance is proposed to be \$2.5 million for FY12. The sections that follow described in more detail the cost estimates used for the FY12 operating expense budget, including the assumptions used.

**5.2.1 Personnel costs**

(in US dollars)	FY12 Budget	FY11 FORECAST	FY11 BUDGET	FY12 Budget less FY11 Budget	
<b>Compensation</b>	\$ 23,844,000	\$ 19,847,000	\$ 20,846,000	\$ 2,998,000	14.4%
<b>Employee Benefit</b>	2,857,000	3,286,000	2,512,000	345,000	13.7%
<b>Other Personnel Costs</b>	2,508,000	2,880,000	3,088,000	(580,000)	-18.8%
<b>Personnel</b>	<b>\$ 29,209,000</b>	<b>\$ 26,013,000</b>	<b>\$ 26,446,000</b>	<b>\$ 2,763,000</b>	<b>10%</b>
	<b>158 FTEs</b>	<b>n/a</b>	<b>143 FTEs</b>	<b>15 FTEs</b>	<b>10%</b>

Figure 5-7 – FY12 Personnel costs

Personnel costs are budgeted to be \$28.9 million in FY12, an increase of 10 percent over FY11. Most of the year-over-year increase in compensation is due to the new staff joining ICANN later in the FY11 year while budgeted for an entire year in FY12.

ICANN’s current staff headcount is 127 as of 17 May 2011. A current listing of ICANN staff can be found at <http://www.icann.org/en/general/staff.html>

<b>ICANN Staffing by Organizational Activities</b>	<b>FY12 Budget</b>	<b>FY11 Budget</b>	<b>FY10 Budget</b>
1-New gTLD Implementation	15	14	16
2-IDN Programs	6	5	6
3-IANA and Technology Operations Improvements	18	17	18
4-Security, Stability and Resiliency Operations(SSR)	11	10	11
5-Contractual Compliance	15	13	15
6-Core Meeting Logistics	11	10	10
7-Constituency Support	17	16	17
8-Policy Development Support	22	20	20
9-Global Engagement and Increasing International Participation	19	16	19
10 - Organization Effectiveness and Excellence	2	2	2
11-Ombudsman	1	1	1
12-Board Support	6	5	5
13-Nominating Committee (NomCom) Support	2	2	2
14-DNS Operations	9	8	8
15-Organizational reviews	4	4	3
	<b>158</b>	<b>143</b>	<b>153</b>

Figure 5-8 – Summary of FY12 staffing

The increase in budgeted personnel costs is primarily due to proposed additional resources in support of the following functions:

- Global Engagement and Increasing International Participation – As part of the strengthening of the multi-stakeholder model and increasing globalization, new management positions are budgeted for Africa, India and northeast Asia, as well as a GAC manager
- Contractual Compliance – To enhance support of ATRT related hires, key assumptions used to calculate the costs of personnel in FY12, including the costs of the new hires, include:
  - Compensation of new hires is assumed to be based upon current market rates and individual experience and skills. Information on ICANN’s compensation programs and development processes are explained in more detail on the web site: <http://www.icann.org/en/financials/compensation-practices-01mar11-en.pdf>

As part of a Board-approved compensation program, staff members are eligible to earn a bonus based on achievement of specifically defined performance targets. The budget assumes a high percentage of bonuses are achieved, but actual payout of bonus is contingent upon completion of each individual's actual performance evaluation

- Employee Benefit (i.e., burden or fringe benefits) are approximately 12 percent of gross total compensation for all staff. More specifically, the following cost items are estimated based upon the specified percentage of gross payroll:

Benefits for US based staff include:

- Vacation expense (2 percent) US-based staff members are entitled to three weeks' vacation per year for their first five years (and four weeks per year after that). The 2 percent assumes that each staff member takes two weeks per year and one week is accrued. An individual's accrual balance is capped at twice the annual accrual rate. Thus, staff accruing at the rate of three weeks per year cannot have more than a total of six weeks accrued as a vacation balance available
- Retirement expense is now approximately 7 percent of gross total compensation and is based on ICANN's retirement plans and historical trends of participation
- Payroll taxes (7.65 percent) are based on payroll regulations (FICA).
- Benefits for non-US based staff members are based on contract terms if available
- Benefit costs for Australia-based staff members include 9 percent for pension, 6 percent for workers compensation, and 6 percent for payroll taxes
- Benefit costs for Brussels-based staff members include required benefits such as supplemental holiday pay, 13th-month pay, plus benefits including retirement and life insurance of approximately 20 percent of base pay
- Other Personnel Costs are approximately 10 percent of gross total compensation for all staff. These costs include medical/dental insurance premiums, recruitment and relocation costs

## 5.2.2 Travel and Meeting Costs

(in US dollars)	FY12 Budget	FY11 FORECAST	FY11 BUDGET	FY12 Budget less FY11 Budget	
<b>Airfare</b>	5,138,000	4,035,000	4,111,000	1,027,000	25.0%
<b>Lodging &amp; Meals</b>	3,404,000	2,950,000	3,048,000	356,000	11.7%
<b>Other travel &amp; meetings</b>	4,452,000	4,927,000	3,920,000	532,000	13.6%
<b>Travel &amp; Meetings</b>	<b>\$ 12,994,000</b>	<b>\$ 11,912,000</b>	<b>\$ 11,079,000</b>	<b>\$ 1,915,000</b>	<b>17%</b>

Figure 5-9 – FY12 Travel and Meetings costs

**Travel and Meeting Costs** for FY12 are budgeted at \$12.9 million, almost 2 million more than the \$11 million budgeted for FY11. This increase is largely due to ICANN recent effort to support a larger number of community members' travel and an increase in meetings costs due to the larger scale of the international meetings.

Travel and Meeting costs at ICANN are primarily incurred in two categories: costs for ICANN's international and regional meetings which include venue costs and required meeting services as well as the airfare, lodging, and meals for staff, Board members, vendors, and members of the ICANN community who are supported by ICANN; travel costs by ICANN staff (and some Board members) required to execute or implement ICANN's program operations or projects.

ICANN's thrice-annual meetings are large events attended by well over a thousand participants from all parts of ICANN's community including every stakeholder group, Supporting Organization (SO), Advisory Councils (ACs), regional and international leaders in Internet governance, all Board members, numerous staff members, and many others involved or interested in the work of ICANN. The meetings are held in diverse locations across the globe to provide for worldwide participation. A large part of ICANN policy development and other work is performed face-to-face, as well as through remote participation, during the ICANN meetings. Board members and liaisons, staff, and vendors attend ICANN meetings. The budget assumes that Board members and selected others fly business class while others fly coach/economy class.

In order to facilitate productivity, provide support for those in financial need, and provide outreach to increase global engagement in ICANN processes, selected community members are provided airfare, lodging, meals, and incidental expenses support. The financial assumption used for this draft FY12 Budget is that travelers are supported for the ICANN meetings as follows: 23 travelers from GNSO constituencies, 12 from ccNSO members, 25 participants of the Fellowship program, 25 At-Large members, 20 GAC members and 5 from SSAC. No travel support is assumed for the RSSAC. ASO/NRO support is offered, but has traditionally been

declined and thus does not factor into the budget. This reflects the importance to ICANN of maintaining supported travel while striving to improve the efficiency of this support.

Separately, a draft of the <http://www.icann.org/en/topics/travel-support/draft-travel-support-guidelines-fy12-14apr11-en.pdf> has been posted online to clarify support parameters and provide for fair and equal treatment across constituent groups <http://www.icann.org/en/topics/travel-support/>). The resulting community feedback has been factored into the final budget, and the Travel Guidelines for FY12 will be finalized after the Singapore meeting in June.

In addition to ICANN's public meetings, staff, vendors, Board members, and members of the community require travel resources to execute the work of ICANN. Although remote participation is utilized as much as possible, travel is required to meet and complete important projects and engage in important ICANN-related Internet activities. In addition to internal required meetings, outside meetings include those with Governments, Regional Internet Registries (e.g., RIPE NCC, LACNIC, ARIN, APNIC, and AfriNIC), Internet Governance Forum (IGF), IETF, TLD groups (e.g., APTLD, CENTR), ITU, and other groups involved in Internet governance.

- The financial assumptions for the Travel and Meetings budget:
  - ICANN meeting's core functions typically cost over \$1.5 million per meeting and include:
    - Venue costs including meeting space, audio-visual, technical support functions, power, bandwidth connectivity, and backup provisions which are estimated at about \$750,000 per meeting
    - Food and catering, registration administration, printing, office supplies, and shipping are estimated at \$250,000 per meeting
    - Meeting interpretation, scribe services, pre-meeting site inspections, and professional planning services are estimated at \$500,000 per meeting
    - Local sponsors typically pay for gala and other costs
    - These costs are also incurred for regional meetings although at a more scaled-down level
- Other assumptions used in the travel budget include:
  - Airfare costs average \$2500 and are adjusted up or down depending on the venue and class of travel
  - Lodging costs average \$250 per night for the seven-day ICANN meeting. This is adjusted up or down depending on the venue, the negotiated hotel rates, and the length of time that the traveler is required to stay for ICANN business.
  - Per diems average \$90 per day or \$500 per stipend, and are adjusted up or down depending on international guidelines for the city in which the meeting takes place

### 5.2.3 Professional Service Costs

(in US dollars)	FY12 Budget	FY11 FORECAST	FY11 BUDGET	FY12 Budget less FY11 Budget	
<b>Professional Services</b>	17,276,000	16,412,000	15,191,000	2,085,000	13.7%

Figure 5-10 – Summary of FY12 Professional Services costs

Professional Service costs for FY12’s budget are \$17 million, a 13.7 percent increase over FY11’s budget. Professional services includes required studies to support ICANN’s policy development processes, consulting services to support further progress on the new gTLD Pre-launch activities, communication costs, legal costs, software development, organizational reviews, and technology improvements.

<b>Professional Services</b>	<b>FY12 Draft Budget</b>
Financial and administrative services	\$500,000
Legal services	\$2,715,000
Media and communication	1,500,000
Organization leadership support and others	700,000
WHOIS and other studies	1,000,000
Organization review and improvement	700,000
ATRT recommendations implementation	\$1,200,000
gTLD and IDN activities	\$2,540,000
IDN Variant analysis	\$900,000
IANA support	\$264,000
RDE & Registry services	\$1,974,000
Security & DNS activities	1,117,000
Technical support	580,000
Language services	\$1,586,000
	<b>\$17,276,000</b>

Figure 5-11 – Breakdown of FY12 Professional Services costs

- Financial and administrative services, with an FY12 budget of \$0.5 million includes:
  - Audits of financial statements
  - Internal audit studies
  - Business insurance premiums
  - Cost accounting reports, including third-party validations



- Legal services, with an FY12 budget of \$2.7 million, includes:
  - Litigation
  - Support for new gTLDs
  - Corporate and contractual support services
  - Lobbying efforts
- Media and communication, with an FY12 budget of \$1.5 million includes:
  - Media and communication coordination services
  - Webinar, podcast, video production
  - Graphic designers, photography
  - Web content management
  - Publishing services
  - Public relations and Government Affairs
- Organization leadership support and others, with an FY12 budget of \$0.7 million includes:
  - Board training and skill evaluation services
  - Leadership support for CEO and Chair
  - Organization effectiveness initiative
  - IGF secretariat support
  - NomCom recruitment support
- Whois and other studies, with an FY12 budget of \$1 million, includes:
  - Whois fact based studies for policy development efforts as requested by the GNSO
  - Studies to support the Policy Development Process
  - Economic studies to complete New gTLD implementation
- Organization review and improvement, with an FY12 budget of \$0.7 million includes:
  - SO/AC improvement implementations (e.g., SSAC, GNSO, ccNSO, ALAC)
  - External facilitator for Affirmation reviews
  - Administration support for Affirmation review teams
- ART Recommendations implementation, with an FY12 budget of \$1.2 million includes:
  - Board Resolutions/Rationales Database Project
  - Board Skills Evaluation - Training Program Design
  - Public Comment Forum Improvements
- gTLD and IDN activities, with an FY12 budget of \$2.5 million, includes:
  - IDN: IDNA protocol implementation support
  - gTLD: Complete remaining Application evaluation processes; design and other development activities for the TLD Application System (TAS)
- IDN Variant analysis for \$0.9 million in FY12
- IANA Function support services, with a budget of \$0.3 million, includes:
  - IANA Business Excellence program
  - RZM software review
- RDE and registry services, with an FY12 budget of \$1.9 million includes:
  - Registrar Data Escrow (RDE) deposit services

- RDE audit services
- RSTEP stipend and review panels (budget assumes two per year)
- Registry continuity program services
- Security and DNS activities, with an FY12 budget of \$1.1 million includes:
  - Security audits and assessments
  - Business continuity and security program certifications
  - DNSSEC development and deployment efforts
- Technical support, with an FY12 budget of \$0.6 million includes:
  - Technical training
  - Mail server hosting services
  - Maintenance support services
- Language services, with an FY12 budget of \$1.6 million, and described below in more detail includes:
  - Translation services
  - Interpretation services
  - Transcription services
  - Transcribing services

Multilingualism is an essential element for an international organization that wishes to fully interact with global group of stakeholders. As we continue to strive to become more effective in the area of global communication, we are seeking to continue to develop a more robust and effective Language Services Program. This will better enable compliance with ICANN's Accountability and Transparency Frameworks and Principles. This program has two main objectives: make information about ICANN as an organization, including its history, processes, component parts and evolution, more accessible; allow people to participate effectively in the organization's ongoing decision-making and policy work.

**Language Services Program:**

- Translation \$900,000

The number of documents to be translated through the new period will increase greatly as more support is provided to the Board and the GAC.

The Communications Department, along with Language Services has acknowledged the need to also maintain a multilingual ICANN Blog. All articles posted will be translated on a daily basis to mirror the English site, providing a larger audience faster news, updates and reading material.

Language Services has also deployed a monthly maintenance of our TM (Translation Memories) System which will bring about further savings on translation and allow for more material to be translated every year. This project will also enhance translation's turn-around-time, QA and validation process, and the overall quality in regards to translation consistency.

- Interpretation \$100,000

Interpretation services are provided at each of the three ICANN public meetings as well as at some regional meetings. A contract for the provision of equipment for interpretation during the ICANN meetings is being negotiated with one specific vendor. This contract will provide the necessary technical support to deliver the service with high quality standards while locking a set cost which will represent further savings.

- Teleconference Interpretation \$150,000

Provide, as necessary, teleconference services for periodic constituency meetings, working groups, etc. participants with real-time multi-language interpretation.

- Real-time Transcriptions \$240,000

Real Time Transcription (RTT) is also referred to as scribing services, and should not be confused with translation, which in linguistics usually means converting from one language to another, such as from English to Spanish. The most common type of transcription is from a spoken-language source into text such as a computer file suitable for printing as a document. ICANN records many conference calls at their thrice-yearly meetings. The audio recordings, in many occasions, are later transcribed to produce a document to post on ICANN’s website.

- Transcription of Audio Files \$120,000

Transcribing audio recordings for sessions taking place during ICANN meetings (three per year) and other ICANN meetings that may need the same service (this applies to session(s) without real-time transcription or scribing services).

### 5.2.4 Administration Costs

(in US dollars)	FY12 Budget	FY11 FORECAST	FY11 BUDGET	FY12 Budget less FY11 Budget	
<b>Facilities</b>	2,100,000	1,950,000	2,109,000	(9,000)	-0.4%
<b>Other administration costs</b>	5,421,000	4,877,000	4,462,000	959,000	21.5%
<b>Administration</b>	<b>\$ 7,521,000</b>	<b>\$ 6,827,000</b>	<b>\$ 6,571,000</b>	<b>\$ 950,000</b>	<b>14%</b>

Figure 5-12 – Summary of FY12 Administration costs

Administration costs for FY12 are budgeted to be \$7.5 million, about \$1 million more than FY11’s budget.

<b>Administration</b>		<b>FY12 Draft Budget</b>
Facilities		\$2,100,000
Colocation & Insurance		\$1,280,000
Equipment & Software		\$530,000
Telecommunication & Network Connectivity		\$1,481,000
Office Administration		\$660,000
Contributions, Training & Conferences		\$1,020,000
Warranty & Support services		\$450,000
		<b>\$7,521,000</b>

Figure 5-14 – Breakdown of FY12 Administration costs

- Facilities, with an FY12 budget of \$2.1 million, are described in more detail below includes:
  - Office rent for Marina del Rey
  - Office rent for Palo Alto
  - Office rent for Washington D.C.
  - Office rent for Brussels
  - Office rent for Sydney
- Co-location and Insurance, with an FY12 budget of \$1.3 million includes:
  - Co-location services for ICANN operations
  - Co-location for L-Root services
  - General business insurance
- Equipment and software, with an FY12 budget of \$0.5 million includes:
  - Computer supplies
  - Computer and small equipment
  - Application software and license purchase
- Telecommunication & Network connectivity, with an FY12 budget of \$1.5 million includes:
  - Internet bandwidth
  - Telephone services (Landline, Skype and others)
  - Mobile phone services
  - Audio conferencing
- Office administration, with an FY12 budget of \$0.6 million includes:

- General office supplies
- Printing, postage and shipping
- Taxes, licenses and fees
- Contributions, training and conferences, with an FY12 budget of \$1 million includes:
  - Board training
  - Staff training
  - Professional association dues and memberships
  - Educational and outreach materials
  - Sponsorships and organizational contributions
- Warranty and support services, with an FY12 budget of \$0.4 million includes:
  - Warranties and Maintenance
  - Hosting services
  - Taxes, fees and licenses

(in US dollars)	FY12 BUDGET	FY11 FORECAST	FY11 BUDGET	FY12 BUDGET change from FY11 BUDGET	
<b>Marina Del Rey*</b>	\$930,000	\$930,000	\$930,000	\$0	0.0%
<b>Brussels</b>	\$230,000	\$220,000	\$300,000	(\$70,000)	-23.3%
<b>Sydney</b>	\$130,000	\$120,000	\$100,000	\$30,000	30.0%
<b>Washington, DC</b>	\$420,000	\$380,000	\$395,000	\$25,000	6.3%
<b>Palo Alto</b>	\$390,000	\$300,000	\$384,000	\$6,000	1.6%
<b>Total Facilities</b>	<b>\$2,100,000</b>	<b>\$1,950,000</b>	<b>\$2,109,000</b>	<b>(\$9,000)</b>	<b>-0.4%</b>

\* includes parking

Figure 5-15 – FY12 Office Space costs

- ICANN, a non-profit public benefit corporation, maintains its corporate headquarters at its Marina Del Rey (MdR) location at 4676 Admiralty Way, Marina del Rey, California 90292. The occupancy agreement for office space in MdR was executed in December 2007 and approved by the Board. This agreement term expires in June 2012; calls for occupancy of 19,757 square feet and total costs for MdR occupancy are expected in FY12 to be \$930k, flat with FY11. ICANN also maintains branch offices in Brussels, Sydney, Washington D.C., and Palo Alto.
- Staff in Sydney has had office space provided since January 2007. In January 2008, a multi-year lease was executed with plans to expand ICANN’s operations in Sydney to support the Asian

regions and time zones. The current lease expires February 2013. Included in the lease is an annual escalation clause increasing the rent each year under the lease.

- The Brussels office FY12 occupancy costs are anticipated to be reduced for the fiscal year. The reduction in cost will be achieved by moving to a more cost effective space during the fiscal year. Negotiations for new space are already underway.
- The Washington D.C. office opened at the end of FY 10 and included six months of free rent which overlapped into FY11. FY12 is budgeted at \$420,000 based on the multi-year lease arrangement (through 2017). This lease contains a predetermined annual rent increase..
- The Palo Alto office opened in September 2010. The FY11 forecast includes free rent at the beginning of the lease. FY12 is anticipated to have occupancy costs of \$390,000. This lease contains a predetermined annual rent increase.

### 5.3 Non-cash Expenses

Non-cash expenses include depreciation of capital expenses and bad debt expense.

Bad debt expense is the estimate of the amounts that will not be collectable from Accounts Receivable previously billed.

Depreciation is based on ICANN’s depreciation policies and capital expenditures in recent years as well as for the depreciation of the capital items proposed in FY11.

(in US dollars)	FY12 Budget	FY11 FORECAST	FY11 BUDGET	FY12 Budget less FY11 Budget
<b>Bad debt expense</b>	900,000	781,000	1,400,000	(500,000) -35.7%
<b>Depreciation</b>	1,800,000	1,408,000	1,200,000	600,000 50.0%
<b>Non Cash Expenses</b>	<b>\$ 2,700,000</b>	<b>\$ 2,189,000</b>	<b>\$ 2,600,000</b>	<b>\$ 100,000 4%</b>

Figure 5-16 – FY12 Bad Debt expense and Depreciation

**5.3.3 Capital Expenditures**

(in US dollars)	FY12 BUDGET	FY11 FORECAST	FY11 BUDGET	FY12 BUDGET change from FY11 BUDGET	
Business Applications	\$725,000	\$500,000	\$1,140,000	(\$415,000)	-36.4%
Infrastructure Improvement	\$430,000	\$200,000	\$290,000	\$140,000	48.3%
Business Continuity and Disaster Recovery	\$100,000	\$40,000	\$200,000	(\$100,000)	-50.0%
New TLD Application System	\$425,000	\$180,000	\$395,000	\$30,000	7.6%
IANA Automation	\$65,000	\$150,000	\$65,000	\$0	0.0%
Registry and Registrar Automation	\$125,000	\$50,000	\$115,000	\$10,000	8.7%
Participation and Engagement Infrastructure	\$250,000	\$55,000	\$110,000	\$140,000	127.3%
LRoot - Infrastructure Improvement	\$425,000	\$125,000	\$225,000	\$200,000	88.9%
Leasehold Improvement	\$1,530,000	\$0	\$0	\$1,530,000	N/A
<b>Capital</b>	<b>\$4,075,000</b>	<b>\$1,300,000</b>	<b>\$2,540,000</b>	<b>\$1,535,000</b>	<b>60.4%</b>

Figure 5-18 – FY11 Capital expenditures

The draft capital budget for FY12 is \$4 million, which is a \$1.5 million increase from the \$2.5 million in the FY11 budget. A key piece of the FY12 capital expenditure plan includes the deployment of delayed application software initiatives such as: a new financial system, a document management system, and a human resources management system. Additionally, there will be an enhancement to the existing RADAR (Registrar) system and for a new Registry Onboarding system. The FY12 capital budget reflects significant growth in funds for participation and engagement as driven by ATRT. Another expenditure will be facility improvements for both Mdr and Brussels offices that were delayed in FY11 and will be incurred in FY12. ICANN is currently exploring new facilities for additional staff in FY12 if space for immediate expansion is required.

**5.4 Contingency**

(in US dollars)	FY12 Budget	FY11 FORECAST	FY11 BUDGET	FY12 Budget less FY11 Budget	
<b>Contingency</b>	2,500,000	0	1,500,000	1,000,000	66.7%

Figure 5-20 – FY11 Contingency

Individual FY12 budget items are estimated based on the most reliable information available. To allow for the possibility of costs exceeding original estimates, an overall contingency of \$2.5 million is included in the budget for FY12, an increase of \$1.0 million over the level set in FY11. In general, the contingency covers items such as unplanned litigation/dispute resolution,

unanticipated expenses, and required new initiatives identified during the fiscal year. During FY11, the \$1.5 million contingency was released for operating expenses due to significant Board-initiated activities such as additional Board and GAC travel support, additional AOC reviews, and other costs associated with the IDN Variant studies. The FY12 contingency is established to cover such items as:

- **Litigation/Dispute resolution** – Litigation is expected. Although the draft FY12 budget sets out conservative estimates of litigation costs, contingency funds are necessary in anticipation of possible additional litigation costs beyond the budget estimates.
- **Board remuneration** – although remuneration for Board members is under consideration and included in the draft FY12 budget at \$1.0 million, additional Board costs are possible.
- **Currency exchange risk** – ICANN's revenue is denominated in US dollars, but about 20 percent of its expenses are in non-US dollar currencies. Although currency rates can fluctuate up or down, it is possible for exchange rates to move on a net basis against the US dollar.

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## 6. Reserve Fund

Recent updates to the Strategic Plan have indicated that the Reserve Fund is to be set at a level equivalent to one year of operating expenses. This level was primarily based on studies of comparable organizations with ICANN's risk profile. Further, the Reserve Fund was to be fully funded within a few years. To achieve this goal, adopted budgets would have to provide for contributions to the Reserve Fund of approximately \$10 million per year until fully funded.

In the prior two fiscal years, the annual budgets have planned about half that amount or less primarily because the expectation was that costs for the New gTLD Program development were required to be spent in the periods before a launch, and that funds from New gTLD applications would be set aside to replenish the Reserve Fund. Due to limitations in revenue growth and increasing demand on budget resources from critical activities, the draft FY12 budget does not plan for a contribution to the Reserve Fund.

Plans are being considered to fine-tune the determination of the most appropriate level for the Reserve Fund. Questions being considered include: What should the Reserve Fund cap be set at? Should it be a rolling or fixed cap? What types of *black swan* emergencies should be anticipated? What core operations would need to be funded if other resources are not available? Should Security or New gTLD programs pull from the Reserve Fund and then replenish when other sources become available? Community feedback is encouraged to address such questions.

This FY12 budget proposal is designed to balance competing priorities including the necessary funding for key FY12 initiatives, and balancing revenue levels from contracted and volunteer contribution sources.

When the New gTLD Program is launched, some portion of the recovered historical costs included in application fees will be used to increase the Reserve Fund.

In November 2007, ICANN's Investment Policy was adopted and \$25 million was placed in the Reserve Fund to be invested in accordance with the Investment Policy provisions of a moderately low risk profile. Subsequent contributions of \$8 million and \$11 million were made to the Reserve Fund in August 2008 and September 2009, respectively, for total contributions of \$44 million. In addition, net investment income since inception has been about \$8 million. Statistics about the Reserve Fund, including monthly balances and compliance with the Investment Policy, are available on the [ICANN dashboard](#). The [ICANN Investment Policy](#) is reviewed each year, most recently in November 2010, and is posted online. Figure 6-1 and Figure 6-2 show the balances for the Reserve Fund since its inception in November 2007.

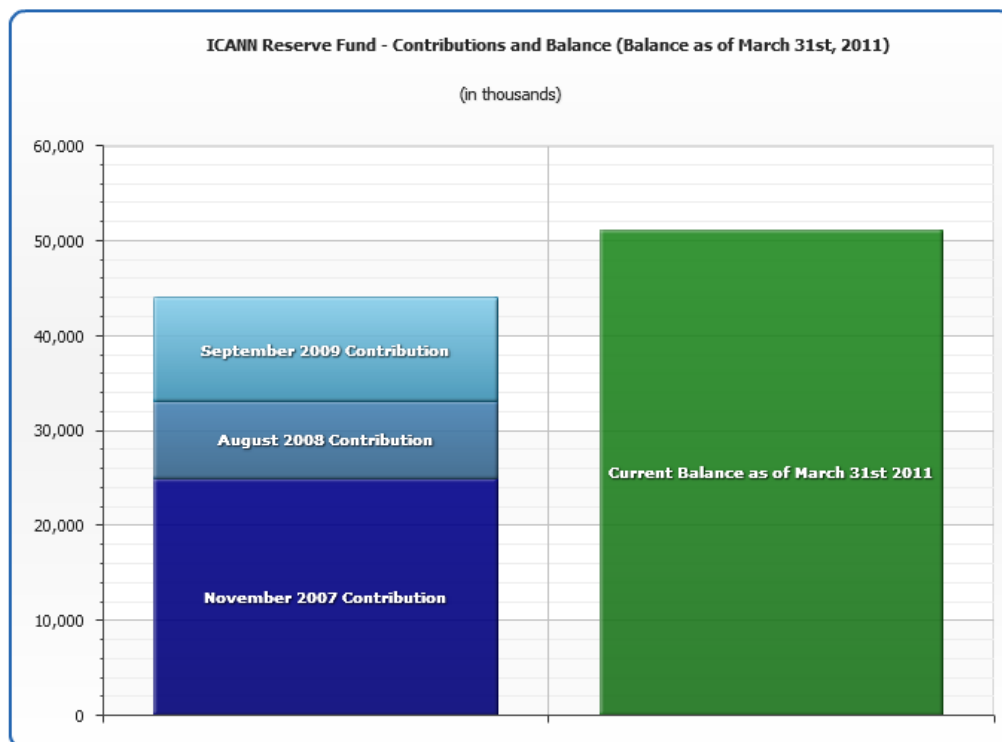
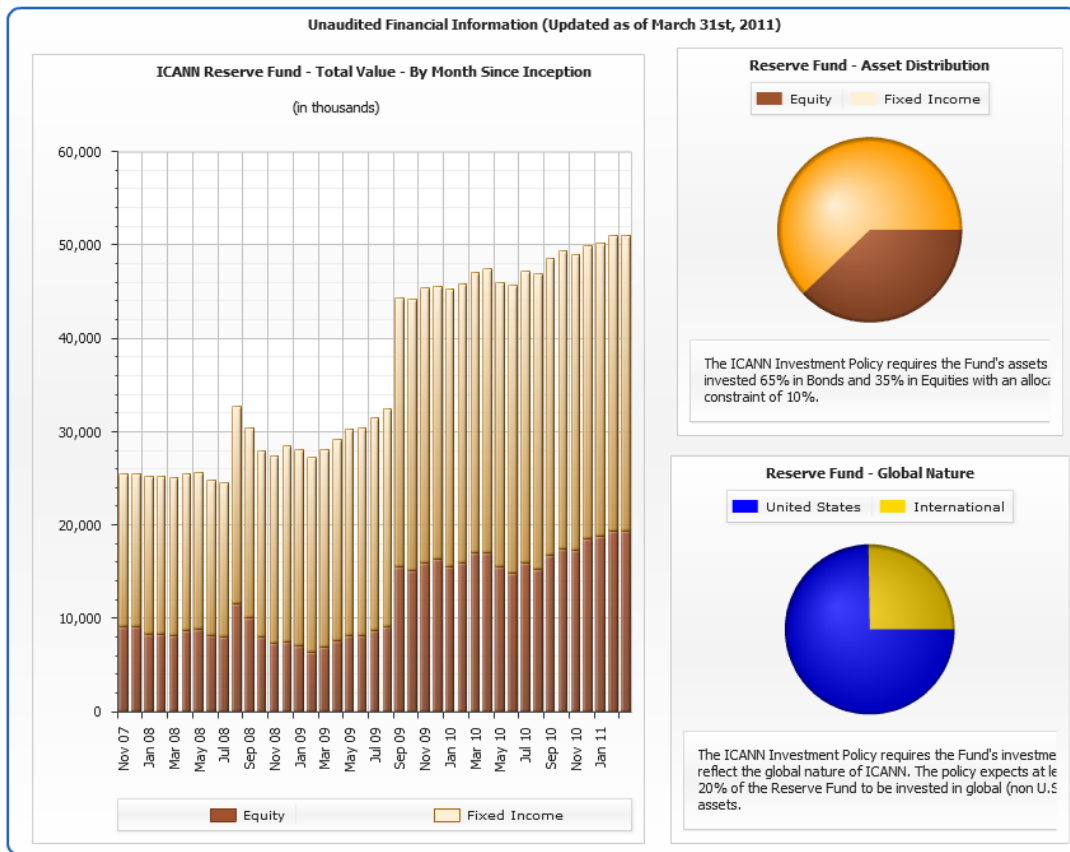


Figure 6-1 – Reserve Fund balances

## 7. New gTLD Program Launch Scenario

<b>New gTLD Launch</b>	<b>FY12 Draft Budget</b>
New gTLD pre-launch	\$6,185,000
Development Finalization	\$1,880,000
Program Administration	\$1,900,000
Initial Evaluation	\$9,190,000
Quality Control	\$550,000
ICANN Operations Readiness	\$4,410,000
	<b>\$24,115,000</b>

**Figure 7-1 – New gTLD Launch Scenarios**

The ICANN budget described above assumes a Board vote to launch the New gTLD Program in Singapore, to account for the largest possible spend in FY12. This proposed budget includes many of the costs necessary to prepare for the launch of the New gTLD Program, including allocating space for the application processing team. It does not include the final preparation costs or costs of operating the program (i.e. evaluating applications). In the case of program approval within FY12, the projected expenses in this section, shown above, include:

- **Final Development Activities:** These are the incremental development costs to complete the program. These activities have been purposefully postponed because, in these cases, it does not make business sense to do them until there is an established launch date. This includes costs necessary to complete the implementation of processes and systems for handling applications, execute a communication campaign, hire additional staff, and bring Evaluation panelists on board.
- **Application Processing:** These are costs necessary to physically accept and process new gTLD applications. These include:
  - Program administration: securing of application coordination and customer service resources, services of Independent Objector, translation, legal services; hiring of additional staff to support the program; and continued execution of the communications campaign
  - Initial Evaluation: initiation of the full set of evaluation panel activities for applications received. This is a fraction of the expected evaluation expenses as it only covers two months of a longer process.

- Quality control: review for consistency and procedural compliance across panels during evaluation of applications received.

Application processing costs will vary depending on the number of applications that are received. For the purposes of the budget, it is assumed that ICANN will receive and begin processing 500 applications. While this number almost certainly incorrect – it provides a basis for budgeting. Actual costs will vary directly with the number of applications received. ICANN has calculated expenses on a per-application basis to ensure costs will be covered by applications fees.

Pursuant to community-developed policy advice, the new gTLD program is a revenue-cost-neutral program. Thus, the fees collected and the costs expended for new gTLD applications are to be accounted for separately from ICANN's general funds. Expenses are not likely to rise to the level of proceeds from evaluation fees during FY12.

For example, 500 applications will result in \$92.5 million in evaluation fees. Of each application fee of \$185,000, approximately \$100,000 will be expended processing applications, \$60,000 will be earmarked for low probability – high amount events (e.g., service interruption, system failure) described in New gTLD budget documentation, and \$25,000 would go to recovering development costs – originally paid for by registrant fees. It is projected that through the end of the application round, expenses will match the proceeds of evaluation fees.

#### **ICANN Operational Readiness**

Under the scenario where the program launches within FY12, costs will be incurred in securing additional resources for impacted departments, including registry and registrar liaison functions, IANA, Contractual Compliance and additional legal support.

(in US dollars)	No gTLD Launch	With gTLD Launch		FY12 Draft Budget With gTLD Launch
	FY12 Draft Budget No gTLD Launch	Core Operations & Projects	New gTLD	
Traditional Revenue	69,758,000	69,758,000	-	69,758,000
New gTLD Application Fees	-	-	92,500,000	92,500,000
Application Refund	-	-	(8,260,000)	(8,260,000)
<b>Revenue</b>	<b>\$ 69,758,000</b>	<b>\$ 69,758,000</b>	<b>\$ 84,240,000</b>	<b>\$ 153,998,000</b>
1-New gTLD pre-Launch	6,185,000	6,185,000	6,185,000	6,185,000
2-IDN	1,650,000	1,650,000	-	1,650,000
3-IANA	6,540,000	6,540,000	-	6,540,000
4-Security	7,836,000	7,836,000	-	7,836,000
5-Compliance	4,250,000	4,250,000	-	4,250,000
6-Meetings	5,822,000	5,822,000	-	5,822,000
7-Community Support	8,947,000	8,947,000	-	8,947,000
8-Policy Development	6,825,000	6,825,000	-	6,825,000
9-Global Engagement	8,006,000	8,006,000	-	8,006,000
10 - Organization Effectiveness	455,000	455,000	-	455,000
11-Ombudsman	562,000	562,000	-	562,000
12-Board Support	3,462,000	3,462,000	-	3,462,000
13-Nom Com	844,000	844,000	-	844,000
14-DNS Operations	2,645,000	2,645,000	-	2,645,000
15-Org Improvement	2,971,000	2,971,000	-	2,971,000
ICANN Operations Readiness	-	-	4,410,000	4,410,000
Development finalization	-	-	1,880,000	1,880,000
Program Administration	-	-	1,900,000	1,900,000
Initial Evaluation	-	-	9,190,000	9,190,000
Quality Control	-	-	550,000	550,000
<b>Operating Expenses</b>	<b>\$ 67,000,000</b>	<b>\$ 60,815,000</b>	<b>\$ 24,115,000</b>	<b>\$ 84,930,000</b>
Bad debt expense	900,000	900,000	-	900,000
Depreciation	1,800,000	1,800,000	-	1,800,000
FY13 Processing Expenses Provision	-	-	17,625,000	17,625,000
Historical development recovery	-	(12,500,000)	12,500,000	-
New gTLD Risk	-	-	30,000,000	30,000,000
<b>Operating Income/ (Loss)</b>	<b>\$ 58,000</b>	<b>\$ 18,743,000</b>	<b>\$ -</b>	<b>\$ 18,743,000</b>
Investment Income/ (Loss)	2,600,000	2,600,000	-	2,600,000
<b>Change in Net Assets before Contingency</b>	<b>\$ 2,658,000</b>	<b>\$ 21,343,000</b>	<b>\$ -</b>	<b>\$ 21,343,000</b>
Contingency	2,500,000	2,500,000	-	2,500,000
<b>Change in Net Assets</b>	<b>\$ 158,000</b>	<b>\$ 18,843,000</b>	<b>\$ -</b>	<b>\$ 18,843,000</b>

Figure 7-2 – New gTLD Launch Scenarios Budget

## 8. Appendices

The community is encouraged to provide feedback on the type, format, and level of detail provided in the appendices. Providing relevant information, without spending unnecessary resources for too much or irrelevant detailed information is important, and community feedback can help staff strike the right balance.

In recent years, more and more views of ICANN's spending and other financial information have been provided in budget documents, on Dashboard reporting, and in other reports. These reports have been developed and shared largely in response to specific requests from the community as well as in adherence with ICANN's principles of transparency and accountability.

The following appendices provide additional information to this draft of the FY12 Operating Plan and Budget.

- Appendix A – Community Feedback to the FY12 Framework for the Operating Plan and Budget and the SO/AC/SG Additional Requests
- Appendix B – Historical Financial Reporting
- Appendix C — Views of ICANN's Operating Expenses.
  - **Functional view.** A brief explanation of the methodology is provided
  - **Expense Area Group (EAG) view.** Details of what makes up sections of the EAG report as well as a brief explanation of the methodology are provided

## Appendix A – Community Feedback

On 17 February, 2011, the Framework for the FY12 Operating Plan and Budget was posted online for community feedback. In addition, the Framework was presented to community members at a public forum in Silicon Valley, and to various community groups in person and on conference calls. Summary responses to the community feedback through the public comment forum are now posted at <http://www.icann.org/en/public-comment/public-comment-201104-en.htm#op-budget-fy2012> and below. Note that any comments regarding the additional constituency and stakeholder budget requests are not shown; these were addressed through the separate process set up with each of these groups.

The Focus Areas for the Framework Public Comment Responses were divided up into the following categories:

- Framework Format
- Staff Work
- Expense Areas
- Revenue
- New gTLD Budget
- Community Support

### Framework Format:

- Though there were comments that supported the easy to manage PowerPoint style presentation, and the new idea of separating the budget's core and project activities, most respondents felt that the content was "insufficient to enable any serious analysis of the cost drivers or establish a relationship with the strategic goals and priorities....therefore quite difficult to provide meaningful or constructive feedback." It was stated that "...the level of detail in the "Core Operating Expenses... " should be detailed and compared, as in previous years. In the "Projects field, incorporating the AC/SO/SG requests for activities and services, the ALAC would prefer to see the projects expenses detailed so that the amount allocated to the community requests are clearly defined." Additional clarity was also requested around the terms "Core Operations" and "Project."
- Although the four focus areas, and details on how they should be carried out, are mentioned briefly in the Operating Plan, it is not clear to the Dansk Internet Forum (DIFO) how the budget should be connected to them. The Operating Plan specifies the

cost of the main areas but fails to specify the costs on specific projects. It is important to DIFO that the Operating Plan (and Budget) clearly set out what expenses should be used in order to fulfill the Strategic Plan 2011-2014.

*ICANN's response is that the impetus behind this year's change in format and content was in response to comments in previous years that the Framework was "nearly baked" when presented in February, and did not seem to allow for community comment and input – hence this year providing a framework in the truest sense of the word – an outline of how the budget would be approached and viewed, allowing for constructive feedback as to its development (how the budget should be utilized). The detail behind both Core Operations and Projects is now included in this year's draft FY12 Operating Plan and Budget.*

*To clarify Core Operations – these are the "day-to-day" activities and services provided through the work of ICANN staff as detailed in Section 1: Introduction. Projects are a temporary large endeavor undertaken to create a unique product, service or result.*

*ICANN will take these responses and the suggestions made by the community into account when developing next year's Framework and Operating Plan.*

**Staff Work:**

- The community clearly supports the work of the ICANN staff, especially when it comes to Policy Development and Contractual Compliance, and makes the point that this work needs to be prioritized in FY12. "Funding should be provided in support of policy development, inclusive of support to the Policy Council and to the Working Groups as well as travel to attend relevant meetings for face-to-face time." An area that the community specifically requested ICANN to provide funding for expert studies is Whois: "ICANN's budget process should support the Whois studies funding, fully, and in a timely manner. ICANN's senior staff must recognize and maintain full support to this priority." A suitable budget for staff travel in support of constituencies/stakeholder groups is also important. The Business Constituency proposed that there should be contingency funds set aside for staff expertise to travel to regional and constituency meeting to present, as well as a separate contingency fund to be established with a reasonable amount of funding – e.g. \$150,000 – that can be drawn on for short-term urgent needs of retaining experts to support policy analysis or should an emergency Council meeting be needed.
- Several comments were made referring to Contractual Compliance and that it is important that staffing be brought up to the appropriate levels and essential automation resources be provided as compliance is a key element of the organization's reputation.



*ICANN's response is that if staff expertise, additional analysis or emergency council meetings are required, and the FY12 proposed budget does not already accommodate this request, the Policy staff can formally request additional funding to be drawn from ICANN's overall Contingency fund. In addition, the entire policy team participates at all three ICANN meetings as well other venues as needed. That support will continue in FY12, with additional resources made available as needed.*

*Regarding Contractual Compliance, two staff members were hired for the Contractual Compliance team subsequent to the posting of the FY12 Framework, with several more on the way.*

- Finally, it was noted that “according to information provided during the San Francisco meeting about the number of staff employed by ICANN, conservative estimates would lead to personnel costs of \$180,000 per employee. ICANN would be well inspired to provide benchmarks or any relevant information to explain such high level of salary. To the international observer, this amount may indeed seem extremely high.”

*ICANN response: this \$180,000 average noted above includes all personnel related expenses in addition to compensation, such as payroll taxes, health insurance, worker's compensation insurance, pension, continuing education, relocation, and recruitment expense. As a result, ICANN is providing more detail in this draft Operating Plan and Budget.*

**Expense Area:**

- There was some confusion caused by the inclusion of “New gTLD Projects” expenses in the column titled “FY12 Framework w/out New gTLD Launch.” After further review and discussion, we believe this \$6.79 million represents ramp-up expenses that will be incurred in FY12 to build and staff New gTLD Project operations whether applications are accepted in FY12 or not. If this is the case, we recommend that ICANN clarify the table accordingly with some text or a footnote. Additionally, there was some confusion around the definitions of “New gTLD Project” and “New gTLD Application.” We recommend ICANN further clarify the definitions to explain the distinction.

*ICANN response: clarification to the comments above can be found in Section 4 and Section 7 of this draft Operating Plan and Budget.*

- “The two fastest-growing expenditure categories listed are Travel & Meetings (36 percent growth from FY11 budget) and Professional Services (15 percent). \$3.6 million of the \$4 million growth for Travel & Meetings is due to FY12 Projects, according to Slide 12. How is this sum allocated among the nine projects listed on Slide 14? Is the lion's share going to the “Global DNS SSR Symposium,” which is the only project listed that

seems to consist solely of a meeting to which people might be paid to travel? For Professional Services, the \$6.8 million allocated to projects far exceeds the \$2.3 million growth called for in this category. Which of the nine projects necessitate this large allocation? “

- “The increase of Travel & Meeting expenses is striking. Plus 36 percent, \$4 million should be somehow related to a strategic project, discussed with the community. We have not been able to find, either in the documentation, or through questions raised during the San Francisco meeting, any reasonable explanation of such increase.”

*ICANN response: in regard to Travel & Meeting costs, there is a 35 percent increase from FY11 to FY12 due to the following reasons: ICANN’s recent effort to support a larger number of community members’ travel; an increase in staff who travel upon community request; Board and GAC consultations; and an increase in meeting costs due to the larger scale of the international meetings. To clarify the comments above regarding Travel & Meeting costs related to Projects, the information on slide 12 was merely a view to showcase Core Operations vs. Projects, not to imply that the incremental spend in travel is wholly attributed to Projects.*

- “...25 percent of expenses are professional services. It is well known that ICANN often relies on external consultants, sometimes even to perform core functions. We question whether this high level of professional services can be appropriately managed by the organization, and whether the choice of relying on professional services is consistently weighed against other options. “
- “Which Professional Services will be trimmed from the core operations functions to accommodate this huge growth in Professional Services for projects? How much of the hit will be taken, for example, by Professional Services used to support contract compliance? Or policy development?”
- “Along with the high average of wages there is also a high cost of Professional Services. These expenses rise from \$13.6 million to \$17.2 million - not including the launch of new TLDs (which will raise the amount to \$50.2 million). .....to DIFO it does not seem clear why ICANN needs this excessive use of professionals outside the organization, compared with the fairly high number of staff in ICANN.”

*ICANN response: The FY12 draft Budget represents an increase of 15 percent from the FY11 Budget. Most of the incremental Professional Services costs are attributed to an increase in Core Operations, such as legal services, language services, data escrow, and RSTEP panel. Additionally, the FY12 draft Budget includes funding for ATRT implementation and studies related to IDN Variant Management and WHOIS.*

- “Publishing an Operating Plan and budget with a deficit put an unnecessary pressure on the launching of new TLDs, which DIFO finds unacceptable. ICANN needs to present an Operating Plan without new TLDs which at least has a break even result and not a deficit of 2.9 million dollars - even if this will mean cut in expenses (preferably on professional services) Slide 11 “FY12 Operating Expense Framework” noted a 15 percent increase in expenses which seems excessive considering there is only a 5 percent projected increase in revenue.”
- “...considering that the budget without new gTLDs already appears to be in deficit, we believe no additional requests should be granted unless an equivalent source of cost reduction is identified and approved for the FY12. Such policy is necessary if ICANN wishes to demonstrate that it manages its budget, which is the fruit of its unique position as manager of global resources, in a responsible manner.”

*ICANN response: We listened to the comments of the community, identified non-critical areas where ICANN could reduce costs without compromising services, and pushed harder to reduce costs in travel and professional services in order to resolve the deficit issue.*

**Revenue:**

- Are the new gTLD application fees considered revenue? If so, the revenue line and the new gTLD application fees line in column two should be sub-totaled.

*ICANN response: Yes, the projected revenue for new gTLDs is \$92.5 million based on 500 applications at \$185,000 each. The current revenue information can be found in Section 7 of this draft FY12 Operating Plan and Budget.*

- It would be helpful if ICANN provided the basis for the 2 percent growth under the registry and registrar Transactional Fees sections. What is the 2 percent based on? Also, why were registrar application fees increased by \$1000 per application?

*ICANN response: The revenue projections described in the registrar and registry transactional fee section are based on fee obligations described in existing contracts with gTLD registries, holding the \$0.18 per domain name registration registrar fee constant and small growth in the projected number of domain name registrations. The \$1000 increase to the Registrar Accreditation fee represents additional costs incurred as a result of due diligence background checks in the registrar accreditation process requested in community discussions. The increase was calculated based on a cost/revenue neutral model.*

- “ICANN’s budget figure for revenue this year from ccTLDs (\$1.6 million) is almost double the amount actually expected to be collected by 30 June 2011 (\$835,000). Yet the same budget figure is given for FY12. Why was ICANN’s budget so far off from reality this

year? Is it due to one-time aberrations, or to more persistent features of the ccTLD environment? Is the FY12 budget figure grounded in reality, or is it wishful thinking about what ccTLDs should contribute?"

- "The FY11 forecast for ccTLD contributions appears to be half of the FY11 budget, while the proposed FY12 budget is similar to the FY11 budget. We find this highly surprising. Either the FY11 forecast is inaccurate or the FY12 budget should be more conservative. We tend to believe the former is the best option, but this raises questions about the way these forecasts were estimated."

*ICANN response: The FY11 forecast is based on a trended budget and represents a conservative estimate based on current fiscal year-to-date FY11 contributions. ICANN will vigorously pursue additional ccTLD contributions through the end of the fiscal year in an effort to meet the budgeted amount. ICANN recognizes the need for concerted efforts to increase ccTLD contributions and believes that these efforts will result in contributions approximating the FY12 draft Budget.*

#### **New gTLDs:**

- "The new gTLD application program, assuming it launches in FY12, will bring in \$92.5 million in revenue (slide 9). However, only \$36 million of that will be spent on the launch. An additional \$6.8 million is listed as "New gTLD Project," which we assume to be money that will be spent even if the new gTLD launch window does not open in FY12. How will these project expenses be covered if the program does not launch next year?"

*ICANN response: It is correct that additional project implementation costs of \$6.8 million will be expended regardless of whether the program is approved by the Board and launched. For cash flow purposes, those costs will be funded from regular revenue and included as part of the ICANN budget. In the longer term, the development costs will be recouped at the rate of \$26,000 per application until this registrant-furnished funding is covered.*

- "Assuming it does launch, expected revenue will exceed expenses by at least \$49.7 million (\$92.5 million – (\$36 million + \$6.8 million)). How is this revenue accounted for in the budget framework? We have been told that roughly one-third of the cost-recovery application fee (@\$185,000) is set aside for a contingency reserve for litigation and similar risks. That will be roughly \$31 million. This still leaves \$18.7 million to be accounted for. As with any risk contingency there is some chance that the actual expenses either will exceed the \$31 million figure or that they will be significantly less than anticipated. How are these chances reflected in the budget framework?"

*ICANN response: If the program is approved and launched, only a fraction of the evaluation effort will occur during this fiscal year. Therefore, only a fraction of the planned evaluation expenditures will be spent during this fiscal year and a majority of the expenses will be incurred in FY13. Approximately \$60,000 of each evaluation fee will be set aside for so-called “risk” costs. These costs can be better described as the expected value of low-probability, high-amount costs. For example, there is some set aside for unplanned legal expenses, for the costs associated with the possibility that there be a service outage, and so on. The costs are not merely a reserve, but a calculated expected amount of these costs. They were calculated with the help of professional insurance and risk management firms. It is thought that it will take approximately three years for expenses to be realized and determine whether the set-aside was under or over-calculated.*

- “As this slide [17] notes, one feature of the new gTLD launch will be auctions to resolve string contention. How does the budget framework account for the funds ICANN would receive as a result of the auction process? How much revenue is anticipated, and how is it proposed to be spent (presumably only a small fraction will be needed to defray the expenses of running the auction)?”

*ICANN response: Auctions are a contention resolution mechanism of last resort. Auctions would occur only after community priority evaluations and negotiations among parties are exhausted. No auctions are anticipated during this fiscal year. Initial evaluation might begin but would still be underway at the close of the fiscal year and so no final contention sets will be established. In any event, the new gTLD program calls for the establishment of a foundation as described in the Applicant Guidebook. The foundation would have mechanisms to ensure expenditures of auction funds are made in accordance with community consultation or representation process.*

- ““New gTLD”: What assumptions are made for the number and revenue associated with any gTLDs that may be granted reduced application fees?”

*ICANN response: ICANN is looking forward to the report of the Joint Application Support Working Group that will be delivered to the ALAC and GNSO. That report is expected to recommend criteria for creating reduced application fees, and possibly sources of those funds to aid applicants. It is anticipated that the GNSO and ALAC will consider and recommend all or aspects of the report to the Board.*

- ““FY12 Revenue Framework”: We note that fees paid by gTLD registrants make up the overwhelming amount of ICANN’s revenue (over 94 percent). Rather than going down as a percent of total revenue, the prediction is that this is increasing. Does it make sense to subsidize almost all ICANN programs from gTLD fees while some GNSO community needs are going unmet?”

*ICANN response: The increase in percentage is primarily due to increases in the number of registries and registrants. ICANN recognizes that revenue should come from more diverse sources and is actively engaged with the ccNSO and others to develop other sources of revenue.*

- “We also notice that without consideration of the New gTLD Program, the expenses for the FY2012 will exceed the revenues by \$1.287 million (1.88 percent). It is the first time that ICANN is faced with this situation. The ALAC wonders how this deficit will be compensated and hopes that this would not need to be met by the reserve or contingency funds.”

*ICANN response: The Framework indicated this potential difference between revenue and expense due to the development of new expense requirements such as funding ATRT recommendation implementation. Without these new initiatives, expenses are targeted at low growth (~6 percent). As indicated in the new version of the budget, ICANN is working to reduce this difference that would be funded out of reserves if not eliminated.*

- “Looking at the financial data associated with the new gTLD launch process, the ALAC is concerned that the Framework shows a massive surge in Professional Services Cost equal to nearly half the total operating expenses while only a very moderate increase in Personnel costs is shown. This leads the ALAC to be concerned that not enough investment is made in a managerial structure of increased ICANN staff count to keep track of the Professional Services contracted and keeping its costs contained. We are also concerned about the reduced levels of transparency associated with contracting out services that might be better served by staff.”

*ICANN response: ICANN certainly shares this goal, that implementation of new gTLDs occurs in a well-managed, economical, competent manner. The new gTLD implementation plan, including the evaluation of applications, has been carefully designed to provide careful oversight of the process, including a quality control function. This organization has also been carefully designed so that it can grow and shrink with demand in order to preserve resources and economically provide services. Additionally, key talents and skills will not be available as permanent staff and are available only through contracting. These decisions have been based on extensive consideration and evaluation.*

- “...no information is available as to how ICANN will manage the proposed 30 million dollars contingency fund for the new gTLD programme...or how and when it will be released, we call for this how ICANN will manage these funds, or how and when it will be released, we call for this money to be escrowed separately from the reserve fund, and donated to Internet-related foundations two years at the latest after the launch of new gTLDs.”

*ICANN response: Approximately \$60,000 of each evaluation fee will be set aside for so-called “risk” costs. These costs can be better described as the expected value of low-probability, high-amount costs. For example, there is some set aside for unplanned legal expenses, for the costs associated with the possibility that there be a service outage, and so on. The costs are not merely a reserve, but a calculated expected amount of these costs. They were calculated with the help of professional insurance and risk management firms. It is thought that it will take approximately three years for expenses to be realized and determine whether the set-aside was under or over-calculated.*

- ““Contributions to Reserve Fund”: Instead of recovering the historical new gTLD costs, we recommend that it would be better to reduce application fees, especially for needy applicants and underserved language communities.”

*ICANN response: It was determined that the costs of new gTLD program development should not be borne by today’s registrants but should be borne by the applicants. This is inline with the GNSO Policy. Going forward, in the event that recovering development costs exceeds ICANN expenses or reserve fund requirements, the result will be to reduce registrant fees that are paid through gTLD registries and registrars. As discussed earlier, ICANN is looking forward to the Joint Application Support Working Group’s report that will be delivered to the ALAC and GNSO. That report is expected to recommend criteria for creating reduced application fees, and possibly sources of those funds to aid applicants. It is anticipated that the GNSO and ALAC will consider and recommend all or aspects of the report to the Board.*

#### **Community Support:**

- “Travel support should continue for the meetings of the Nominating Committee representatives, and their meetings should be timed to coincide in all cases with the face-to-face ICANN meetings, so that these parties can travel to such meetings, and interact with the community, observe the interactions of Board and other organizations they are responsible to make appointments to.”
- “GNSO support should be increased, including services for SGs and constituencies.”

*ICANN response: ICANN acknowledges the importance of the Nominating Committee and its interaction with the Board and community at the ICANN meetings. The Nominating Committee holds its own budget for its activities and travel, and as of FY11 has supported its committee members’ attendance at each ICANN meeting. Regarding gNSO and other constituency and stakeholder group support, ICANN has an agreed-upon set of basic services that it offers each SO, AC, and SG. Starting in FY11, additional services have been requested for inclusion in the FY12 Budget, and those that were able to be accommodated in this fiscal year are included in Section 5 of this draft Operating Plan.*

## Appendix B – Financial Reports

### Five-year historical financial information (actual/forecast/budget)

(in US dollars)	FY12 BUDGET	FY11 FORECAST	FY11 BUDGET	FY10 Actual	FY09 Actual	FY08 Actual
Registry	\$34,753,000	\$32,772,000	\$32,647,000	\$31,915,000	\$24,536,000	\$19,636,000
Registrar	\$30,902,000	\$29,803,000	\$29,159,000	\$30,189,000	\$32,680,000	\$27,857,000
RIR	\$823,000	\$823,000	\$823,000	\$823,000	\$823,000	\$823,000
ccTLD	\$1,600,000	\$1,600,000	\$1,600,000	\$1,666,000	\$1,568,000	\$1,583,000
IDN ccTLD	\$780,000	\$780,000	\$780,000	\$236,000	\$0	\$0
Meeting Sponsorships	\$900,000	\$1,283,000	\$500,000	\$939,000	\$637,000	\$834,000
<b>Revenue</b>	<b>\$69,758,000</b>	<b>\$67,061,000</b>	<b>\$65,509,000</b>	<b>\$65,768,000</b>	<b>\$60,244,000</b>	<b>\$50,733,000</b>
Compensation	\$23,844,000	\$19,847,000	\$20,846,000	\$19,040,000	\$14,439,000	\$12,064,000
Employee Benefit	\$2,857,000	\$3,286,000	\$2,512,000	\$2,952,000	\$2,513,000	\$2,142,000
Other Personnel Costs	\$2,508,000	\$2,880,000	\$3,088,000	\$2,966,000	\$2,816,000	\$2,540,000
Airfare	\$5,138,000	\$4,035,000	\$4,111,000	\$4,215,000	\$4,129,000	\$3,831,000
Lodging & Meals	\$3,404,000	\$2,950,000	\$3,048,000	\$2,984,000	\$2,608,000	\$2,665,000
Other travel & meetings	\$4,452,000	\$4,927,000	\$3,920,000	\$3,410,000	\$3,721,000	\$2,953,000
Professional Services	\$17,276,000	\$16,412,000	\$15,191,000	\$14,605,000	\$12,698,000	\$8,854,000
Facilities	\$2,100,000	\$1,950,000	\$2,109,000	\$2,245,000	\$1,580,000	\$1,281,000
Other Administration costs	\$5,421,000	\$4,877,000	\$4,462,000	\$4,605,000	\$4,845,000	\$3,417,000
<b>Operating Expenses</b>	<b>\$67,000,000</b>	<b>\$61,164,000</b>	<b>\$59,287,000</b>	<b>\$57,022,000</b>	<b>\$49,349,000</b>	<b>\$39,747,000</b>
Bad debt expense	\$900,000	\$781,000	\$1,400,000	\$140,000	\$837,000	\$259,000
Depreciation	\$1,800,000	\$1,408,000	\$1,200,000	\$1,485,000	\$1,105,000	(\$462,000)
<b>Operating Income/ (Loss)</b>	<b>\$58,000</b>	<b>\$3,708,000</b>	<b>\$3,622,000</b>	<b>\$7,121,000</b>	<b>\$8,953,000</b>	<b>\$11,189,000</b>
Investment Income/ (Loss)	\$2,600,000	\$5,000,000	\$1,000,000	\$4,316,000	(\$2,107,000)	\$0
<b>Change in Net assets</b>	<b>\$2,658,000</b>	<b>\$8,708,000</b>	<b>\$4,622,000</b>	<b>\$11,437,000</b>	<b>\$6,846,000</b>	<b>\$11,189,000</b>
Contingency	\$2,500,000	\$0	\$1,500,000			
<b>Change in Net assets after Contingency</b>	<b>\$158,000</b>	<b>\$8,708,000</b>	<b>\$3,122,000</b>	<b>\$11,437,000</b>	<b>\$6,846,000</b>	<b>\$11,189,000</b>

Figure B-1 – Five year historical



## Appendix C – Views of ICANN's operating expenses

The FY12 budget includes views of operating expenses by functional categories (i.e., organizational activities) as well as by Expense Area Group (EAG) categories which is sometimes called the SO/AC view.

### **Operating Expenses presented in the Functional View.**

This view shows ICANN's expenses across the 15 organizational activities:

- (1) New gTLD Pre-launch
- (2) IDN Programs
- (3) IANA Function and Technology Operations Improvements
- (4) Security, Stability and Resiliency Operations
- (5) Contractual Compliance
- (6) Core Meeting Logistics
- (7) Community Support
- (8) Policy Development Support
- (9) Global Engagement and Increasing Global Participation
- (10) Organizational Effectiveness and Excellence
- (11) Ombudsman
- (12) Board Support
- (13) Nominating Committee Support
- (14) DNS Operations
- (15) Organizational Reviews

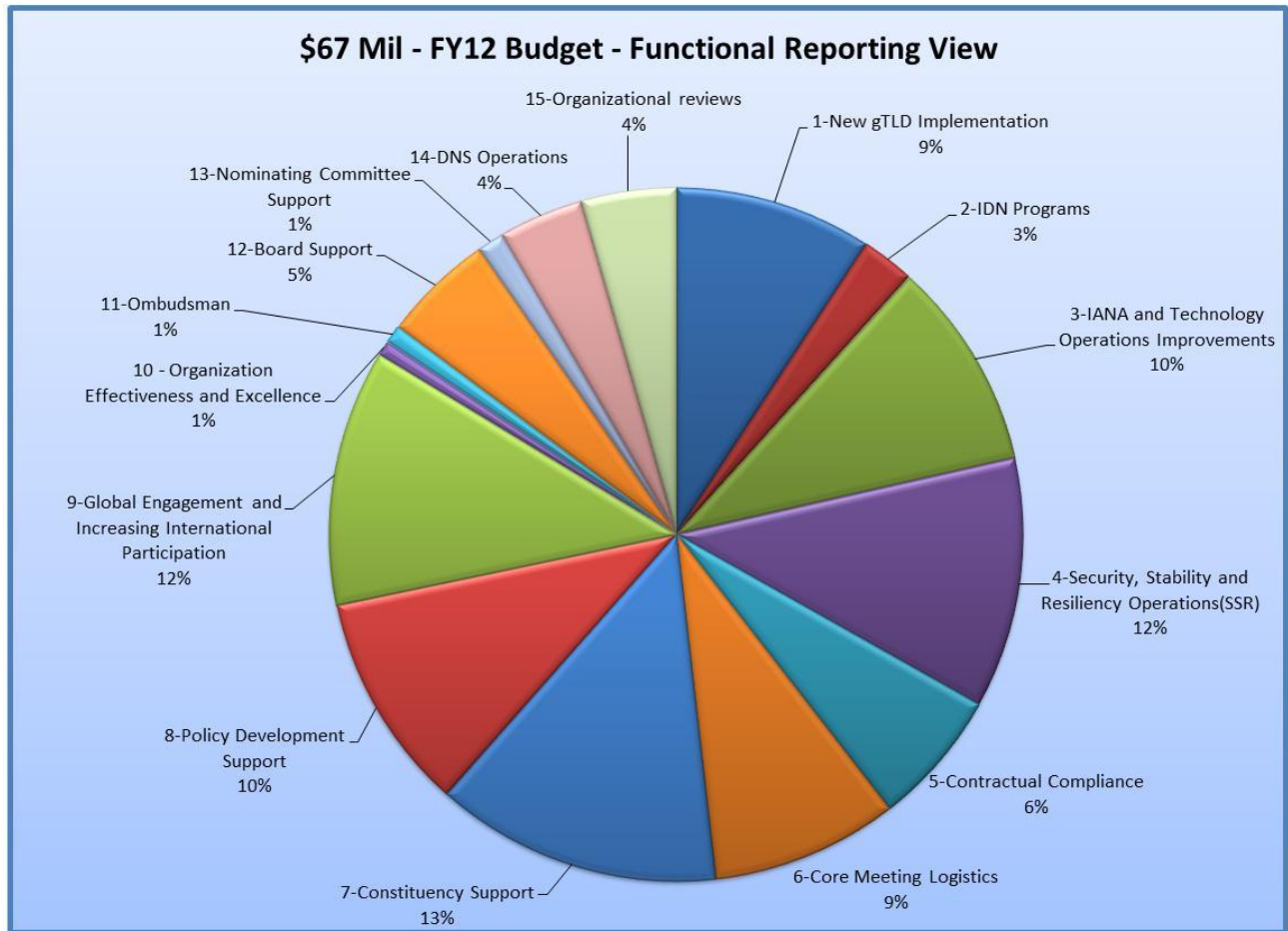


Figure C-1 – Functional Reporting view

**Operating expenses presented in Expense Area Group, or EAG, View.** This view shows the spending by SOs and ACs and other components of ICANN in accordance with ICANN’s organizational structure.

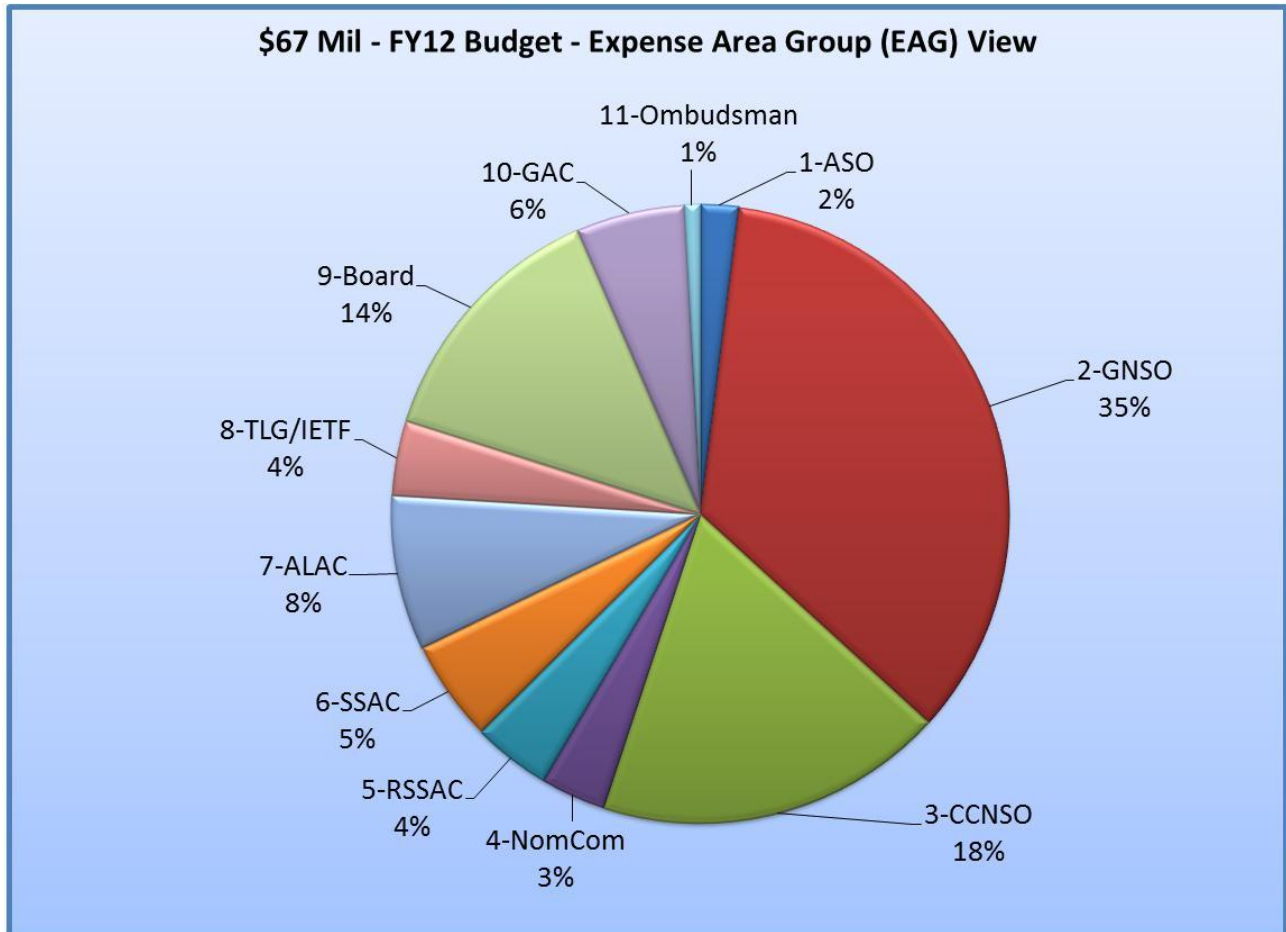


Figure C-2 – Expense Area Group (EAG) View

<b>Analysis for Expense Area Groups (EAGs)</b>	<b>Amount</b>	<b>%</b>
<b>1-Support for IP addressing, RIR related activities and NRO/ASO support</b>	<b>1,340,000</b>	<b>2.00%</b>
Portion of IANA personnel costs		
Policy support for the ASO		
Global engagement with regional RIRs		
An allocation of overhead costs such as rent, human resources and accounting		
<b>2-Support for Generic TLD activities and GNSO support</b>	<b>23,290,000</b>	<b>34.90%</b>
Personnel and other costs required to support gTLD registries and registrars		
Contractual compliance for registrars and registries		
Policy work and secretariat support for the GNSO		
Data escrow services for registrants (through registrars)		
IANA functions services for generic registries		
Security, stability, and resiliency efforts for registry/registrar issues		
New gTLD implementation project		
An allocation of overhead costs such as rent, human resources and accounting		
<b>3-Country Code support and support for ccNSO activities</b>	<b>12,261,000</b>	<b>18.30%</b>
IANA functions services for country code registries		
Local presence in regions, engagement with ccTLDs, regional organizations		
Policy work and secretariat support for the ccNSO		
Manage the IDN ccTLD Fast Track operations		
An allocation of overhead costs such as rent, human resources and accounting		
<b>4-NomCom travel, direct support and staff support</b>	<b>2,278,000</b>	<b>3.40%</b>
Provide travel resources for NomCom members and candidates		
Provide secretariat and other administrative and technical support		
Develop informational materials, conduct outreach, event coordination to solicit statements of interest from members of the global internet community		
Conduct independent candidate evaluation and due diligence, using third party contractors as needed		
An allocation of overhead costs such as rent, human resources and accounting		
<b>5-Root Server Operations and Support for RSSAC activities</b>	<b>2,747,000</b>	<b>4.10%</b>
Technical and administrative support for RSSAC		
Readiness building for DNSSEC for IANA-related zones		
Operation and Maintenance of L-ROOT systems		
Recurring bandwidth for co-location servers		
An allocation of overhead costs such as rent, human resources and accounting		
<b>6-Supporting SSAC activities and coordinating with Internet security efforts</b>	<b>3,551,000</b>	<b>5.30%</b>
Technical and administrative support for SSAC		
Conduct ICANN corporate security and continuity programs		
Conduct ICANN collaborative engagement on DNS security, stability and resiliency to include responding to DNS abuse		
Facilitate security, stability and resiliency review of applications for New gTLDs		
An allocation of overhead costs such as rent, human resources and accounting		

**Figure C-3 – Analysis of Expense Area Group (EAG)**

<b>Analysis for Expense Area Groups (EAGs)</b>		<b>Amount</b>	<b>%</b>
<b>7-At Large Support and support for ALAC activities</b>		<b>5,427,000</b>	<b>8.10%</b>
	Policy work and secretariat support for ALAC		
	Outreach efforts to regional organizations and global engagement		
	Translation of documents		
	Interpretation costs for meetings and conference calls		
	An allocation of overhead costs such as rent, human resources and accounting		
<b>8-TLG/IETF Support</b>		<b>2,613,000</b>	<b>3.90%</b>
	IANA functions		
	IANA efforts to review Internet drafts		
	An allocation of overhead costs such as rent, human resources, accounting		
	Engagement with respective organizations		
	An allocation of overhead costs such as rent, human resources and accounting		
<b>9-Travel and coordination for Board activities &amp; staff support for meeting preparation</b>		<b>9,112,000</b>	<b>13.60%</b>
	Travel support for Board members to various meetings and workshops		
	Training for Board members		
	Specialized software for Board		
	Executive efforts to support Board actions and activities		
	Staff support for Board members'		
	Conference calls		
	An allocation of overhead costs such as rent, human resources and accounting		
<b>10-Government Relations and support for GAC activities</b>		<b>3,819,000</b>	<b>5.70%</b>
	Policy work and secretariat support for GAC		
	Engagement in international intergovernmental foras, partnerships with governmental organizations		
	Regional liaison efforts with local governments		
	An allocation of overhead costs such as rent, human resources and accounting		
<b>11-Ombudsman</b>		<b>562,000</b>	<b>0.70%</b>
	Salary, travel support, and administrative costs to operate office of the Ombudsman		

**Figure C-2 –Analysis of Expense Area Group (EAG)**

## **2011-06-24-17-Annex for rpki and budget**

Confidential and Business Proprietary

Confidential and Business Proprietary



Confidential and Business Proprietary

Confidential and Business Proprietary

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Confidential and Business Proprietary



**Item 2011-06-24-18  
Removed from Agenda**

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Intentionally Omitted**