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MONTREAL – GAC: Auction Proceeds Discussion  
Sunday, November 3, 2019 - 13:30 to 15:00 EDT  
ICANN66 | Montréal, Canada

MANAL ISMAIL, GAC CHAIR: If you can please take your seats.

We're starting our session on auction proceeds. We have with us here one of the auction proceeds co-chairmen, and thank you very much Erika for being there for the GAC, Erika Mann, and every time we ask you to -- the GAC is already a chartering organization of the auction proceeds cross community working group, so we need to be well informed and ready to react whenever we receive the final report, but before getting into this, I will hand it over to Erika.

ERIKA MANN:

Manal, thank you so much, thank you so much for inviting us for the third time with you, thank you for being so engaged in this topic. And I apologize, but Ching Chao can't be with us. I'm not certain if he already arrived, I haven't seen him, maybe he's still traveling. I'm not doing a review of the history again because we have done this already before, and I believe it's not really interesting. If you have a particular interest in the history, please

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just come to me or come to our staff, both Marika and Emily sitting over there, feel free any time to approach us and we can give you an introduction.

What we would just like to discuss today are the issues and recent developments, next steps. And that's it pretty much. These two topics are important, maybe we can see the first slide. Okay. So if you remember, the last time I believe we had the discussion, I am I'm not mistaken, it was before the public comments. We have received a bunch of comments for the public comment period on our first initial report, and we have reviewed many of the comments we could take into consideration, not all of them. But we do have some remaining issues which are important, and it might be good for you from the GAC point of view to review them as well and to see how you want to deal with them. One is in particular important and you see that's the one which is mentioned here, the most important topic is what kind of mechanism shall we identify for the fund allocation in the future. Remember mechanism is the term we use for structure. Typically you would use the term fund structure, but we are using the term mechanism so just be aware of this. And there are three in particular, just to remind you, and two are in particular important. So we had evaluated four and before the first public comment period we had already eliminated one.

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So the four we had was an in house model inside of ICANN, what we call mechanism b is one which is in connection with is second entity, the third one is a foundation which is an ICANN foundation, so it's like you would outsource the in-house structure so still an ICANN entity, and the fourth was a total to give the amount of the money to a totally separate from ICANN entity. So we had eliminated the fourth option, if you remember this, we have three left. And I believe the most two interesting ones are the in house model, either a separate department but in house of ICANN, or the ICANN foundation, these are the most two interesting.

The second option to merge with a second entity, that's something you can always do. So both the in house model and decide in the future to outsource or work with another entity with regard to particular topics and the same a foundation could do. So it's maybe not a real full option. So this is what we have to do and what you see here on the list. The additional input received, what you see on your slide, that's something what we have done to avoid future problems. So we always communicated everything we did, all major steps, all major problems., items where we believed were really substantial and where we expected that the board would want to give input. So we have sent an official letter or had an exchange wed board or ICANN org, in particular legal and in particular finance, just to avoid future problems. Because we saw it as very difficult that we would come

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up and design a model and then we would present this at the -- to the board and to the ICANN organization and we would receive a no. So to avoid these kinds of difficulties, we had a constant flow of communication on record. This is what you see here.

We have received new input with regard to our latest round of questions and some of the follow-up questions. So we received new input from the board and from ICANN org. So what we are now considering and planning to do, we are expecting that we will have a second public comment period. Because some on some of the items we are to some degree maybe not 100 percent in line with our first public comment period because we have taken new points into consideration, and the public might -- the community might regard this as not fair if we wouldn't do a second public comment period. We haven't taken a full decision about this, but I believe we have an understanding between us, an informal understanding, that we would like to do this. So don't be surprised if you would see we would go for a public comment period. We pretty much finalized our work. We still have a few items on our agenda which we want to finalize, actually this week on Wednesday. They are not too many anymore, luckily.

And then we will do stuff and in combination with leadership, we will do a redraft of the comments and of the document because we then have to issue it for the second round of the public

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comment period. Marika, what have we decided, when we like to do it after Montreal? Six weeks or what was our decision? Very soon, as early as possible. The document is ready, but we have to embed the items which we haven't taken a decision yet, otherwise the draft document is already ready, and as soon as possible we will issue it and I believe we will focus what we have decided, so please be aware about this. We want to have the second public comment period narrowed down to items we haven't focused on in the first round. Everything can say new and was debated in the first period, we want to see -- we're not going to renew and open the whole discussion again, otherwise, we will never finish our work. So that's where we are, and then hopefully we will receive comments -- in particular related to the mechanism, and that's where we love to see the guidance from the GAC as well, I don't mean in an official definition of guidance, don't misunderstand me, but it would be wonderful to receive comments from you if you can come to a conclusion as GAC, otherwise, feel free in your individual capacity to deliver comments.

So what would you like to see more? An in house model or ICANN foundation? Both are very attractive models but of course different in character. So -- and that's maybe the most important area where we would love to receive comments. Yeah, we are considering a poll. No, here we are still discussing it. We want to

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do an internal survey. So we will have the consensus call between us, between the different models. We want -- very likely will have the consensus -- definitely after the second public comment period. Remember consensus call is when the participants are asked, and the members are asked what kind of scenario they want to put all their weight behind. It's not really a traditional vote but much more like used in government environment too. So that's what we will do, we will very likely have two surveys, but that's something we're still discussing. So we might have one before we go to the public comment period to have an idea what members really want, what they really would like. But keep in mind, this is the opinion of an individual member and we want to have a second survey after the public comment period, because then the community will have more time and the members which are participating in our group hopefully have time to have a consultation with their constituency and then they come back with a truly informed opinion and not just an individual opinion.

Sometimes members will have already been truly informed but not all of the members. So keep this in mind, the public comment I already mentioned, and then yes, the consideration, adoption of the final report will be done by the chartering organizations, and hopefully there will not be much dispute anymore once we have finalized the final report after the second public comment period. Manal, back to you, thank you so much.

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MANAL ISMAIL, GAC CHAIR: Thank you very much, Erika. Any questions or comments?

ERIKA MANN: Don't say you are all happy, doesn't exist. No? You are all happy.

MANAL ISMAIL, GAC CHAIR: Chair meanwhile, let me ask you -- the final document will have only one model or more than one model? Are you doing the survey before the public comments or leaving the discussion to the public comments?

ERIKA MANN: Look, if you remember what I said, we would like to do a survey before the next round of public comment period. If we do the survey and we have suddenly a 70 percent outcome for one model, I believe we should shut down the discussion and should say that's the number one model, but if we are 49/51, that's a title call, and if the members are signaling us that they had a discussion with their constituency, so not just an individual opinion of an individual member but really the constituency behind it and we have a turnout of 49 and 51, I think this call is too close. Then we will do a hierarchy, so we will have a model 1 and model 2. So 51 percent gets the models 1 and 49 model 2.

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MANAL ISMAIL, GAC CHAIR: Okay. So I think this is a good incentive for GAC members to start weighing in early if they would like to decide on the models. Because as I understand, if it is easy to conclude this before the public comments, you will do so. Otherwise, it's going to be left to the public comments. But preferably concluding before. So I think this is an incentive for early engagement.

ERIKA MANN: And keep in mind, both mechanisms are [indiscernible] connected to ICANN. In each case, I would say 50, 60 percent, maybe more of the let me say of the organizational oversight is in all three models done by ICANN. So there are many parameters which are not going to change. Even in an ICANN foundation model they're not going to change. The oversight, the oversight from the board, the fiduciary -- many [indiscernible] have to be controlled by the ICANN organization, nonetheless, there are differences, there's a bit more independence if an ICANN organization, despite the oversight. If you have [indiscernible] you have to align two cultures, sometimes harder. So there are differences, so it would be good to have your opinion. Thank you so much Manal, and thank you so much, everyone.

MANAL ISMAIL, GAC CHAIR: Belgium.



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**BELGIUM:** Just a question for the mechanism b, if you are speaking about existing not profit organization, do you have a name? Do you mention some international organization?

**ERIKA MANN:** No, we haven't looked into it. We had discussion with different entities and organizations when we consulted with them but more when consulted with them it was more to hear about how they are shaping the environment, it wasn't so much would to understand would they be a partner for ICANN. So we haven't touched on this issue explicitly, but I think if you would search for a different entity, you would want someone familiar with the environment, for an organization who is capable of working with an international environment, you wouldn't look for a purely national organization, et cetera, et cetera, as closely as possible aligned with an understanding what ICANN is. Otherwise you have to start completely fresh in building knowledge and expertise which obviously takes a lot of time.

**MANAL ISMAIL, GAC CHAIR:** Any other questions or comments? Okay.

**ERIKA MANN:** Thank you so much, everyone, and thank you so much Manal.

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MANAL ISMAIL, GAC CHAIR: Thank you, Erika. So for GAC colleagues, we will be starting again just a second, I'm checking the schedule -- at quarter past three. So yeah, at quarter past three, we will meet with the registry stakeholder group for 30 minutes and then with the GNSO for an hour, so please be pack at the room at quarter past three. Thank you.

MANAL ISMAIL, GAC CHAIR: I'm sorry to confuse everyone, I was told there is another part for GAC internal discussion on this. So we have one more slide. Apologies. So if we can have the slide on the screen and maybe - - sorry to disappoint you.

BENEDETTA ROSSI: Thank you very much, so just following up on what the CCWG auction proceeds co-chair was noting, this is just an opportunity for further GAC discussion on how the GAC wishes to potentially explore potential input on auction proceeds. So as Erika Mann was saying, there's likely to be a second public comments, so an opportunity for the GAC to weigh in thus far there has not been substantial discussions by the GAC on auction proceeds nor in the input by the public comment proceeding.

So if it's not via public comment, you also have the opportunity to weigh in afterwards once the final report is delivered as a chartering organization of the CCWG. So you'll always have that option as well. But it's just a question to see if there was an opportunity for a discussion right now to see what the next steps should be for the GAC, if you would like to weigh in in terms of the public comment and prepare the public comment or wait until the final report is complete and weigh in as chartering organization.

MANAL ISMAIL, GAC CHAIR: Thank you very much, Benedetta. I'm not sure if colleagues are ready -- Belgium.

BELGIUM: I will be speaking French. I think it's important for us to give input right now because this has to do with funding for significant projects within ICANN. Belgium has not taken a position about which model will be chosen, I don't think that's what matters the most now, I think what matters the most is criteria to allocate funding. I think GAC could have input by requesting to have a say in the criteria that will be determined to provide funding for different projects. Among the goals, I think there are three quite compatible with our interests. Regardless of the structure used

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for project management, we believe that criteria have to be discussed within the GAC of course but also it is important for us to be able to have a say in this definition. I think that the goals are more important than the structure.

MANAL ISMAIL, GAC CHAIR: Belgium, thank you for the valuable input. And I was just going to say that I don't think we are having enough participation in this cross community working group. I think we're lagging a bit behind. So I was going to encourage GAC colleagues please to start following closely -- okay, Argentina.

ARGENTINA: Thank you, Manal. I am a member of the group, indeed, but had to drop off because of Work Track 5 but I can rejoin now because I already gave the document to the GNSO. So I promise to reengage. Honestly, I was not able to follow the two processes together because of the time, but I am in the list. If you look at the list, I'm there.

MANAL ISMAIL, GAC CHAIR: I fully understand, and if you look at the list, I'm there too. But I think it's yourself, Kavouss and me and I know yourself and Kavouss are already overloaded and doing other stuff so I was

looking to maybe increase the pool of those who are participating or who are following, but thank you for reconfirming your commitment, this is very helpful of you, Olga, as always.

So if other colleagues as well can start looking into the report and maybe coming back to the GAC with the criteria, for example, we can start or own discussions so that by the time the report is out we're ready to weigh in our views. It's been a long process, it has taken years now, and we don't want to delay it further when it comes to the GAC for final comments or approval as a chartering organization.

I will stop here. Any other comments? Or questions or volunteers? So if not, then please, please consider looking at the report and please keep the GAC updated, and we will try to do the same with Olga on the leadership team as well. And thank you everyone, apologies for the confusion. Break now until quarter past three. Thank you.

**[ END OF TRANSCRIPT ]**