
HYDERABAD – GAC Meeting with the CCT Review Team
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THOMAS SCHNEIDER: People from the CCT review team, please come up. You have a seat on stage. We start right now.

Okay. We don't want to lose any more time. We hope more people will come in after they got something to eat somewhere. This is the session number -- I don't know which one. I think it's agenda item 11 or so.

Or 12.

It's the meeting with the CCT review team. That means in English competition, consumer trust, and consumer choice review team.

I try to spell out every acronym once at least so those who are not -- don't know them by heart actually get the sense of what that means, too.

We have a number of representatives of this review team with us. They are the two so-called GAC representatives, so whatever the formal word for that is. But that are liaised to the GAC at least, which is Megan Richards from the European Union

Note: The following is the output resulting from transcribing an audio file into a word/text document. Although the transcription is largely accurate, in some cases may be incomplete or inaccurate due to inaudible passages and grammatical corrections. It is posted as an aid to the original audio file, but should not be treated as an authoritative record.

Commission and Laureen Kapin from the U.S. FTC, not the FCC, Federal Trade Commission. And then we have Jonathan Zuck who is the chair of this review team. And then we have Drew Bagley and David Taylor who are also members of this review team. And then we have Olga who is a vice chair who is also here. The other vice chairs may also come up, if they want.

So I hand over the floor to whoever of you would like to start giving us a presentation. And, again, please try to allow us some time for any exchange, knowing that time is limited as always, of course, so that we can have an exchange and some conclusions. Thank you very much.

JONATHAN ZUCK:

Thanks for having us here. For those who don't know me, my name is Jonathan Zuck. And I'm chair of the CCT review. And we've been working since January looking at the effects of the new gTLDs program on competition, consumer choice, and consumer trust. The parts of the review that are often forgotten are that we've also been asked to evaluate the effectiveness of the application and evaluation process and the effectiveness of the safeguards. And I think both of those aspects are of importance to this body. That's why we have such a big team at the table is to drill a little deeper into those components. So I'm going to try to be as brief as possible and hand the microphone

over to Laureen sooner than later. Is someone on the slides? Keep going. This the mandate which I just discussed.

Next slide. We're trying very hard to create an evidence-based review, which is something a little bit new for ICANN. And so we've engaged a lot of outside research, including a pair of surveys of registrants, a pair of surveys of end users, and a pair of economic analyses that have happened, basically, a year and a half apart from each other.

The Phase II economic study has just been completed and is now open for public comment. So please take a look at that.

Also recently -- and we'll talk about this a little bit more -- we commissioned a survey of potential applicants in the global south to try to get a sense of what some of the barriers to entry were in the application process. And that was performed by AMGlobal. I see Andrew Mack is in the room here someplace. That report is out now also available for download to take a look at. And I recommend looking at that in some detail. And we'll look at it very briefly here in this update. But it's well worth reading the entire report.

Coming further in terms of research is an applicant survey. That is still in the field today. There were 512 applicants. And thus far we have gotten 45 of them to fill out the survey. So we're

working very hard to get the applicants to fill out the survey to get somewhat statistically significant results.

There's a DNS abuse survey that's about to go into the field. And there's also a survey being conducted by INTA of its members to gain a better understanding of the costs that have been borne by trademark owners.

Just some initial observations. We're in the early innings. And so a lot of the issue here is that the time period that we've been evaluating is when delegation was going on. So it's still very new to really figure out what the impact of the new gTLD program has been on competition.

There's also been a lack of relevant data. It's been very difficult to collect data. Difficult getting people to respond to requests for data, et~cetera. I think a big part of our recommendations are, in fact, going to be that ICANN play a more strategic role in data acquisition and management going forward so the data is more readily available to future review teams and PDP efforts. And we had difficulty defining a single market for analysis for competition. And so, when you eventually read the report, you'll see that we did a number of different permutations, sometimes looking at the new gTLDs, sometimes looking at all gTLDs and sometimes including ccTLDs in the analysis. And we look at different market analysis and perform different calculations.

Next slide, please.

One important factor is that the industry structure looks like it can support smaller registries than might otherwise be possible. The presence of back-end service providers or so-called registry service providers and the widescale availability of a distribution channel in the form of registrars means that the fact that most of the registries have relatively low registrations thus far might not mean their demise, that the ability for them to survive what we call the minimum viable scale is lower than we might have otherwise thought. So that's a good indicator for the industry.

Next slide.

Looking at the new gTLD markets, we looked at a number of things. And some high-level findings that are of interest are that, if we look at all of the new registrations since the launch of the program, about half of them have been in the new gTLDs. Or, if you include the ccTLDs, about a third of them. So, again, depending on how you define the market, it's about a third ccTLD registrations, a third legacy gTLDs, and a third new gTLDs. So there's pretty good participation by the new gTLDs. And, given an overall growth rate since 2013 of about 23%, this 50% participation, if you will, has resulted in about a 9% market share of new gTLDs.

So I leave the interpretation of that statistic as -- for you to decide. But there's been about a 9% shift overall.

And so we've also looked at a statistic in economics called concentration, which sort of says are most of the registrations coming from a few players? And this, as you all know, is a very concentrated market. But the new gTLD market is much less concentrated. And it is beginning to have an effect on the overall concentration of the market as well. So those, again, are sort of positive indicators.

With that, I want to move on to the trust and safeguards part of the discussion with Lauren. So I don't know how many slides to skip ahead but --

LAUREEN KAPIN:

Thank you. So we're going to be skipping ahead a whole bunch. And, if you can just continue skipping, I'll let you know when to stop.

One more. There's nothing on that slide. One more.

That is -- okay. Can we scroll back up and see if there's any text on those slides? Okay. Well, no problem because you always need a plan B.

So, if this slide had content, what you would be seeing -- what I want to focus on is the consumer trust and safeguards portion of the review. And that is the particular subteam that I've been leading. We've taken an objective and subjective approach. In terms of the data that we're looking at, Nielsen has done two surveys of consumers and registrants and asked a series of questions that really get to the public's subjective trust of new gTLDs especially as compared to legacy gTLDs. That's sort of the subjective part of our review. Objectively, we are also looking at the trustworthiness of the new gTLD program, especially compared to legacy gTLDs, and looking at the extent to which the safeguards have contributed to the trust of the gTLD program. So in that regard we have high-level questions. Has the new gTLD program put sufficient mechanisms in place to improve trustworthiness and mitigate risks to the DNS? Have these efforts -- and then also have these efforts had an impact on the public perception of the DNS?

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CHAIR SCHNEIDER: Just a piece of information, we had the same problem in the session before. It's not a problem, I guess, of an old version. But it's a compatibility problem. Because also in the previous slide

some elements didn't appear. So I hope that our technical people in the background will be able to solve that problem. Thank you very much for your efforts.

LAUREEN KAPIN:

Good. It's not my fault. Good. It's nobody's fault. In terms of drilling down on these issues, when we're thinking about the safeguards, we're really asking ourselves on the subteam have the safeguards -- and of course you all know better than anyone that many of the safeguards originated right here, not right here literally in Hyderabad, but right here with the GAC, particularly in Beijing. We're asking ourselves have the safeguards -- you can stop the subquestions is the right slide. One up. There we go. Have the safeguards been implemented in a manner that promotes effective enforcement? So looking at the safeguards, is the language clear? Do we have data that gets at whether they can be effectively enforced? Another key question is: What was the impact of the new safeguards on DNS abuse? And here we're going to be gathering data that compares abuse levels in gTLDs before the expansion of the gTLD program and then afterwards. Now, we won't be able to draw a causal effect. We won't be able to say that the safeguards resulted in this effect, less abuse. That would be the ideal scenario. But we will at least be able to gather some data that has some correlations. What was the lay of the land for DNS abuse before the expansion

of the new gTLD program, before there were these safeguards? And what were levels of abuse afterwards? So that data should be very interesting for our review team and will inform our recommendation. And, finally, did rights protection mechanisms mitigate certain risks involved with the expansion of the new gTLD program? And this morning we heard some other related work on rights protection mechanisms.

So what were the mechanisms in place to try and promote trust in the new gTLD program?

Well, we have different buckets of safeguards, technical safeguards, safeguards applicable to all new gTLDs. Then we have the safeguards that are in more sensitive categories. These are the strings that were identified in the Beijing/GAC communique advice that raised consumer protection concerns, that raised sensitivities, or are strings in regulated or highly regulated -- our most sensitive category -- highly regulated markets. In addition to those safeguards, there are also voluntary public interest commitments and those are the mechanisms that registries decided to place into their contracts that went above and beyond what they had to do, what was mandatory. And then, finally, as we've stated, rights protection mechanisms.

Next slide. I'm going to move through these quickly because I want to make sure we have time for questions. But this slide just details the technical safeguards that were in place, some to screen out bad actors like vetting registry operators, many to ensure the integrity or utility of registry information. And, again, the other big category, in fact, the biggest category, safeguards focused on efforts to combat abuse.

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So this is a summary of safeguards applicable to all new gTLDs. Again, it should look very familiar. I'm sorry. I'm not hearing if someone made a comment. Okay.

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Next slide. Okay.

Getting to the meatier question of whether safeguards have been implemented in a manner that promotes effective enforcement, this certain very high-level findings that we're starting to make is concerns about WHOIS. The safeguards had very, very specific language about provisions that registrars needed to follow regarding WHOIS obligations and timeliness. So, to the extent there was specific language with specific obligations, that does promote effective enforcement.

What we see from ICANN compliance data is that WHOIS is one of the largest, the largest category of complaints for ICANN compliance. And what we also see is that accuracy is still an issue. We know that ICANN has instituted an accuracy reporting system study, but that study focuses on syntax and operability. Does the information -- is it presented in the proper format? Does it work? But what it doesn't get to is whether that is the accurate entity or person that's actually behind the domain. So accuracy is still an issue in terms of ICANN has not elected to study accuracy at this point in time. Also, when we look at the ICANN compliance information, we can't tell what proportion of these complaints deal with identity accuracy as opposed to operability or syntax. So that is something we'd like data on possibly to inform a recommendation about whether ICANN should continue to the next phase of its accuracy reporting system study, which could be identity validation.

Again, I'm going to move through these quickly in interest of time. But another safeguard that is still subject to community discussions are security checks. There's a safeguard for registries to make security checks to make sure that -- to measure levels of abuse. But there aren't any obligations about what to do after they make these reports. That's still subject to community discussions.

Complaints. The GAC itself has raised concerns about the level of clarity in the implementation of the safeguard about what constitutes reasonable steps to respond to complaints.

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Safeguards applicable to new gTLDs raising particular sensitivities. This is a smaller category of safeguards, and there we have safeguards that are a little more pointed, a little more focused on the particular risks involved with these gTLD strings. So there's an obligation, for example, to comply with applicable laws and implement reasonable and appropriate security measures for the collection of sensitive and financial health information.

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Again, when we look and ask ourselves has -- have the safeguards been promoted in a way that promotes effective enforcement, then, again, there are little -- a little bit of a lack of clarity in the data. We do know that ICANN compliance proactively monitors to make sure these provisions are in the contracts, but what we don't know is whether there are complaints that deal with these particular issues.

What we would like to know is is there a significant body of complaints regarding a failure to implement appropriate measures to -- to secure the sensitive financial or health information. That would be something that would be very useful to have data on.

And here's I'm echoing Jonathan's initial comment, which is that we would like to be data driven, but in certain cases we don't have the information necessary. So many of our recommendations may focus on please put measures in place to gather this information so that when we make recommendations, it's based on the facts as opposed to opinions.

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And finally, we move into our most sensitive category: Safeguards applicable to new gTLDs in highly regulated sectors. And this has been a frequent topic of GAC advice, and certainly was mentioned in the effectiveness of GAC advice study.

There was a real difference between the advice given and the advice as implemented here. The GAC had recommended a proactive verification and validation of credentials, basically at the beginning of the process. Make sure there's a program in place to screen applicants to make sure they have the appropriate credentials before they buy domains in these

sensitive areas, like banks, pharmacies, charities. It's all explicitly identified into specific categories.

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But as implemented, there was a very different approach taken, and that is with a more of an after-a-fact approach. The approach taken in implementation was require a representation by the applicant that they have those credentials, and then if there are complaints, check them out, which is all well and good if you have an applicant that is committed to behaving properly. But if you have an applicant that wants to engage in bad behavior, you're basically trusting that applicant to make a truthful representation. And that trust may or may not be misplaced.

So there's an area where we also will likely have recommendations concerning gathering information about what the levels of abuse might be in these -- in these domain strings, and possibly how to audit to see whether individuals or entities who lack credentials are actually buying and doing business in these domains.

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And then we also have voluntary public interest commitments. Some of the data we have here is just -- is number -- is number

data. We find that of the 116 regulated gTLDs, 71 have instituted voluntary public interest commitments.

In the highly regulated gTLDs, it's a slightly higher percentage, 17 out of 29. And we're still gathering data in this area, which has turned out to be rather complex to -- to gather information on.

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And then finally, for rights protection mechanisms. And David, at the end of the table, has been focusing on that. We have seen a drop in UDRP complaints since the introduction of new gTLDs when we take 2012 as a baseline, 13% drop.

The URS process, Uniform Rapid Suspension system, that's a new process so of course we're only going to see an increase, and there were a little over 200 complaints in both 2014 and 2015.

In terms of total complaints, there's still a little bit of a decrease, 7.5%.

But the other thing to keep in mind in terms of context here is that the number of these complaints filed under these processes is really a tip-of-the-iceberg sort of thing because the bulk of enforcement costs and efforts in this arena may be outside of this process. For example, defensive registrations, monitoring

domains, cease and desist letters, that sort of thing. And upcoming events are we are gathering data, both in terms of a future study and an impact study, which we hope to have soon, and also from WIPO.

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Now I am pivoting a little bit and going to focus on the subjective information we have about the public's perception of the new gTLDs. And this is a place -- Yeah. I'm wrapping it up. I'm getting the "wrap it up" sign.

This is a place where we have information.

Next slide, please.

Basically what we see is that when we compare consumers' level of trust for new gTLDs and legacy gTLDs, consumers trust the new gTLDs about half as much as the legacy gTLDs.

When we ask the question do consumers trust the DNS overall since the introduction of the new gTLDs, what we see is that trust hasn't decreased.

And finally, in terms of behavior, in terms of what consumers actually do, when we ask the public how comfortable do you feel providing sensitive information to new gTLDs versus legacy

gTLDs, we find that the public is about half as comfortable providing sensitive information to new gTLDs.

What makes a domain trustworthy? Something that's familiar and has a good reputation, and also what we find is restrictions on who can purchase domain names also contributes to trust.

So that's kind of a high-level picture of where we are.

CHAIR SCHNEIDER:

Thank you. Actually, we already almost used the 30 minutes, so please move along and give -- give some minutes to GAC members to comment and ask questions. Thank you.

But we are very happy to receive this because we have been waiting for quite some time to see some substance, and this looks very interesting. So thank you for this.

MEGAN RICHARDS:

I'll just add one minute on the application evaluation process. Jonathan has mentioned this generally but there are a few aspects that are of particular interest to the GAC but for which we don't have all the details and haven't finalized the aspects yet or the -- we don't have clear and final information, partly because we're waiting for the results of the November applicant

survey, which Jonathan mentioned briefly, and we'll have some more data on that later.

Jonathan mentioned already the Andrew Mack survey, which was on applicants that didn't apply and why, which is of course very important. There we have some very robust and useful information.

But there are three aspects that are of particular interest to the GAC, I think, and one relates to community applications, which you know all about; the string contention process and how that worked; and the third one relates to GAC early warning.

So those are areas that we're looking at in more detail. And again, because we mostly looked at the safeguards and trust issues, and also the competition and consumer choice aspects first, these application evaluation aspects will be looked at in more detail over time.

Thanks.

CHAIR SCHNEIDER:

Thank you.

So questions and comments from GAC members.

Let me see what -- ECOWAS or which country are you?

NIGERIA: Nigeria.

CHAIR SCHNEIDER: Nigeria, please.

NIGERIA: Thank you for this presentation. Looking at the slide -- please, can you take it back?

Yes. In respect of the public awareness of the new gTLD, I noticed it's increased from 46% to 52%, from 2015 to 2016.

Please, can I have the source of this? Where did you carry out the survey? Is it everywhere or just the particular region?

LAUREEN KAPIN: The source is the Nielsen consumer and registrant surveys, and they are online. If you just look on the ICANN CCT microsite you can find it or even if you just Google ICANN Nielsen consumer trust studies, you'll find it.

And there is information by region. So this is an overall figure. But to answer your question, it was conducted all over -- all over the world, and there is specific information by region. And it does differ somewhat.

CHAIR SCHNEIDER: Thank you.

Other questions or comments?

CTU, and then U.K.

CTU: Thank you. CTU, Nigel Cassimire.

Was there specific answers gathered with respect to persons who did not apply? Like why not, and so on? And where is that information?

JONATHAN ZUCK: Yes, as I mentioned at the beginning, we commissioned with a company called AMGlobal. Andrew Mack is in the back of the room as well. But they did a report where they looked at the folks who did apply for new strings and tried to understand their characteristics, what types of entities applied for new strings. And then that firm went and looked for similar types of entities in the lesser developed countries, in Africa, Latin America, Asia, and the Middle East.

And then -- So we now have a list of potential applicants who didn't apply; right? So it's a difficult science, obviously.

And so then they focused primarily on Latin America but did some outside of Latin America and went and talked to and did

interviews with decision-makers within these organizations to try to determine, you know, why they didn't apply for new strings.

And, you know, the number one response was, you know, what is the new gTLD program; right? But beyond that, there were people that were aware of it but had very incomplete information about it. So they didn't have a good sense of the cost associated with it or what the process really was.

When we look at the applicant survey, we see that a large proportion of the people that did apply used outside help to navigate the application process, and those resources weren't immediately available to folks that were in the global south.

There were concerns about the short time frame and that the amount of time to get from having an idea to running it up the chain to get funding, et cetera, was longer in the global south. So the time frame needed to be wider.

There was also a sense that there wasn't a clear business model for why you would get a new string. And I guess I would contend that was true in the global north as well, and we'll be in a better position to inform potential applicants now as we see what kinds of uses were made. So a lot of the recommendations that come out of the report from AMGlobal talk about having better outreach to the global south, different -- using professional

associations and other forms of communication that are still in heavy use, but also looking at case studies and business models so people have a better understanding of not only what are the steps of the process, what are the actual costs of the process, but why would you want to and what were the value of creating a new string.

So those are a very brief -- I'm not doing the study justice, but it is available for download, and I recommend taking a look at it.

CHAIR SCHNEIDER:

Thank you.

Out of respect for the colleagues from the ALAC who are waiting already for some minutes, one minute for the U.K., one minute for Egypt, and one minute to wrap up, and then we need to close this very interesting issue.

Thank you.

UNITED KINGDOM:

Okay. I'll be quick. Two questions. Did you identify any reason for the increase in the sort of awareness from 46 to 52; i.e., more new gTLDs coming online so greater awareness or increased advertising by -- by the operators? So that's question one.

And question two goes back to the sensitive strings. Laureen, you mentioned in the implementation they changed the verification from verification prior to delegation to verification post delegation. I just wondered if you knew the reason for that change.

Thank you.

CHAIR SCHNEIDER:

Thank you.

Egypt.

EGYPT:

So very quickly to follow on what my colleague from Nigeria said. Will the -- Will the recommendation at the end be in totals or maybe distributed or broken down by region?

And I notice that a growing number of consumers view social media as an identity market versus domain names, and we're struggling from this, I mean, in where I come from. And I was wondering whether this is something global or whether there is a specific geographical distribution for this.

Thank you.

CHAIR SCHNEIDER: Thank you. A quick response from the review team, and then we need to close.

JONATHAN ZUCK: Sure. There are a number of issues there. Going backwards, there was some -- the Nielsen survey. I recommend you look at the full Nielsen survey that is available online because it does have breakdowns by region, and so you can see a lot of that information. And we'll be including that in our report's findings.

There were also a few questions about alternative online identities, and it is true that there is a growing use of alternative online identities, social media and third-level domains like Squarespace and WIX and things, and there's some questions about that in the Nielsen survey as well. So it is an ongoing issue, certainly.

And then I don't know, Laureen, if you wanted to address the questions from the U.K.

LAUREEN KAPIN: Sure, and quickly. The short answer to your first question is why there was an increase. There was not data on that. There were just straight questions and we saw there was an uptick.

Regarding your validation verification question, there is actually very detailed correspondence back and forth between the Board and the GAC and concerns raised about how challenging it might be to implement the GAC advice as it -- as it was phrased, and this is where the Board came down in terms of what they thought was feasible.

CHAIR SCHNEIDER: Thank you very much. So, please, colleagues from the ALAC come up to the -- to the table here for as many seats as we have while I thank the members of the review team for this very substantive and very interesting session.

When will that report be available in a first draft, something we can look at and comment on?

UNKNOWN SPEAKER: End of the year.

CHAIR SCHNEIDER: End of the year. But that's a draft.

JONATHAN ZUCK: End of the year will be the first draft. There will be some holes in it but certainly you can begin to comment.

CHAIR SCHNEIDER: Thank you.

Please come up, ALAC.

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