
COPENHAGEN – ALAC and Regional Leaders Working Session Part 7

Sunday, March 12, 2017 – 13:45 to 15:00 CET

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ALAN GREENBERG: All right, we now seem to have pretty close to a quorum. I'm not quite sure it's exact but close enough at this point. The first session is on the fiscal year '18 and, I'm told, '19 budgets, and Tijani will be chairing. Tijani?

TIJANI BEN JEMAA: Thank you very much, Alan. Javier is here, okay. This session is about the budget for FY18 and perhaps also about the planning for FY19, so Javier? Javier, you don't want to sit at the table.

JAVIER RUA-JOVET: No, it's not that. It's that I don't have a mic in front of me.

TIJANI BEN JEMAA: So, Javier, the floor is yours.

JAVIER RUA-JOVET: Thank you. I'll just introduce quickly the presentation that we have and then I'll let the team go over it, but thank you, first, for the invitation. I know we kind of invited ourselves but you've

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responded favorably so thank you for allowing us to come and speak in front of you.

As Tijani has indicated, we will talk, of course, about the current FY18 budget that's just been published on the 8th of March for public comment. We will give you a very quick overview of that budget and we will be able to discuss any other aspects of the overall budget process, including FY19 as Tijani has indicated, which will be processed starting soon for us.

With that I just want to quickly introduce the team. You have here four members of the Planning Team that is a team of six that organizes the process for the ICANN organization and their pictures are here on the presentation there. Becky, Taryn, and Jessica are here and Leo and Kirsten are back in LA. With that I'll let Becky start with the presentation of the... Taryn or Becky, you are starting?

BECKY NASH: Taryn.

JAVIER JUA-ROVET: Taryn is starting.

BECKY NASH: Yes.

TARYN PRESLEY:

Hello, everybody. I'm Taryn Presley, Senior Manager of Financial Planning and Analysis. First we're going to have a brief introduction then we're going to talk about the planning process overview and a current status of where we are. Then we'll go over the operating plan and budget and then the 5-Year Operating Plan Update highlights. And then we'll talk about next steps in the budget process and how members of ALAC and At-Large can get more involved in the upgrading plan and budget process, and then we'll have a Q&A for any questions you may have.

Next, we're going to give the process overview and timeline. Next please?

As many of you know, we started this process earlier on in the fiscal year. We started back in September of 2016 where we published the process and the timeline, which included all of the interactions we have with the community and all the major milestones for the operating plan and budget process.

Then we moved into November at ICANN 57 where we had yet more engagement with the community via Budget Working Groups and our normal visits to the SO and AC Groups, like we're having today, to update on the progress of the budget process as well as get any input from the community on the process.

Then we come to current state where we spent the past few months developing the Operating Plan and Budget and updating the 5-Year Operating Plan for fiscal year '18. We published the draft document for public comment on March 8th and we're now in the public comment period, which is going to last 52 days which is more time than the minimum requirement of the 45 because we want to give the community as much opportunity as possible to go through the draft documents thoroughly so that they can produce the most meaningful comments possible.

The Staff Report will be published on May 25th and then we are hoping for an approval by the Board in June at ICANN57. Next please?

So our current status is that, as I mentioned, we published the draft on March 8th. We do have a 52-day public comment period. It's going from March 8th to April 28th.

Prior to submitting public comments, we are recommending that if there are any questions that the community has on the document that would provide clarity on content of the document, that you submit those questions to the Planning Team at controller@icann.org by March 19th. That way we can probably reduce the number of comments that are regarding

clarification as to what's in the documents and the comments can be more substantive.

So we do have that process where you can ask clarifying questions, and then also, as we have in the past, we plan on having calls with the community to discuss the comments. If they would like to do that, you all can discuss your comments with the staff to ensure that we have clarity on the comments so that we can provide the most relevant responses possible in our staff report. If you would like to have that call with the staff, we're asking that you please set up a meeting with us by March 31st.

And then in addition to that, we have the SO/AC additional budget requests which are under review. You all are very familiar with that process. We have received over 60 requests. They have been submitted by about six SOs and ACs. They are currently under review and we'll be making a recommendation to the Board in the April timeframe so that the Board can review and approve by May. Next slide, please? With that I will hand it over to Becky.

BECKY NASH:

Thank you, Taryn. This is Betty Nash and I'm going to cover the next several slides, which are going to give us an update on the 5-Year Operating Plan update and the FY18 budget.

This slide here, we just would like to highlight the types of changes that we are seeing in the 5-Year Operating Plan update. Specifically the types of changes that are listed here would relate to things like phasing for FY17 that would have implication on '18's operating plan.

One highlight to note is that the actual 5-Year Operating Plan and the Strategic Plan do not change and they remain unchanged and the objectives and goals are all defined in that Strategic Plan.

Portfolios may be updated, KPIs, dependencies, and, as I mentioned, the phasing or the timing of the work, which may shift from '17 to '18.

We'd just like to highlight three high-profile updates down on the right-hand side of the slide. This year's operating plan includes the PTI Operating Plan, which was incorporated into the total ICANN Operating Plan and submitted, currently published for public comment.

The second high-profile update is that there are no anticipated expenses for the INS Stewardship Transition, so that's something that in '18 there are no expenses related to that. The final thing that we'd like to highlight is the reviews that are incorporated into the New Bylaws now called Specific Reviews. Next slide, please?

I would just like to present a few highlights of the 5-Year Operating Plan update and the FY18 ICANN Operations budget highlights.

Again for the 5-Year Operating Plan update, this is the second update of year 3, FY18 of the 5-Year Operating Plan. No major changes to baseline operations and, as I just indicated, IANA functions are segregated in a new segment called PTI.

We'd like to highlight that the FY18 budget is a balanced budget. What that means is that we have funding, formerly called revenue, of a 142.8 million, and we have baseline operation expenses of 142.8 million resulting in a completely balanced budget. In addition, there are no initiatives that are budgeted to be funded by the reserve fund.

Next point we'd like to highlight is that the funding increases at a slower rate than in prior years. The funding forecast reaches 142.8 million, 5% above FY17 forecast which is at 135.9. However, compared to prior year budget in prior years, this is a slower rate of increase. The slowdown is consistent with the number of new TLDs that are now in operations and that they're reaching their peak.

The ICANN operation baseline expenses again are at 142.8, excluding contingency and that's about a 5% increase over the

FY17 forecast of \$130.4 million. This is mainly driven by personnel expenses. Next slide, please?

Now we're going to move into a quick overview of the New gTLD program. This is the multiyear forecast slide that we present in each of our quarterly stakeholder calls and in our annual Operating Plan and Budget. This gives a multiyear view of the usage of the application fees that were collected of \$362 million indicating that the total program expense of \$267 million, which is comprised on the left-hand side of the slide of \$214 million of costs for the program and refunds anticipated over the program of 53 million.

We've highlighted the current year, the FY18 forecast of this multiyear forecast, just to reflect that the total expenses of the program are anticipated at 22 million comprised of costs of 13 million and the refunds of 9 million.

This gives a good overview of the multiyear forecast and then how we've incorporated the current FY18 into the consolidated total ICANN Operating Plan and Budget for the year. Next slide, please?

The next step that we would like to provide is items that are new to this year's process, the planning process. The first item that you will see in the published document that's new is the

Caretaker Budget. This is related to the new community powers to reject the Strategic and Operating Plans and Budget.

If the Board approved Operating Plan and Budget is vetoed under this new process, a Caretaker Budget will replace the Operating Plan and Budget during the veto resolution period. The published document highlights how the Caretaker Budget has been anticipated to be presented for this FY18 Operating Plan and Budget.

The next new item that we'd like to highlight that you will see in the published document is the unfunded potential FY18 activities. We've included a section that has activities and expenses that were all considered during the budget development but not included in the draft FY18 Operating Plan and Budget. These activities are to be considered during FY18 based on priority and then the availability on funding either through increased funding inflows or reduced expenses. So again all of these activities are not included as part of the ICANN operations baseline.

I'd like to pause here just to see if there are any additional questions on any of these slides.

TIJANI BEN JEMAA;

Thank you very much, Becky. Seun, go ahead.

SEUN OJEDEJI: Thank you very much. Thank you for the presentation so far. Three questions. The first one is in relation to the additional charge request. I'd like to know how many of those figures you quoted came from At-Large feedback.

The other thing is did the [caretaker] budget you just mentioned now, I want to have an idea as to what level of resources did it cost ICANN to actually get that ready because in the long run it may not necessarily be required. Did it take significant time to prepare that particular budget? Does it actually cost as much to actually get that ready?

The other thing is why is the revenue now called funding? Is that in response to a particular part of accountability mechanism or just a regular comment or just an Internet thing? Thank you.

TIJANI BEN JEMAA: Thank you, Seun. Javier?

JAVIER RUA-JOVET: I'll start with the second question while we're getting the answer to the first one, which is the number of requests from At-Large.

The Caretaker Budget, to your point, hopefully it's unlikely that a rejection would be occurring because a rejection at the end of

the day is, to a certain extent, the recognition of a failure in the process to develop the budget effectively between the ICANN organization and the community. But should it happen, then we have the Caretaker Budget to be put in place.

You will see in the document in that section that we've tried to keep it relatively simple for the reason that you mentioned which is let's not over engineer and spend a lot of time and resources on something that is unlikely to happen, so one.

Second, the other reason to keep it simple is so that it's understandable by the community as well so that it's not too complicated, there's not too much reports and takes references, additions, and so on. So we have tried to keep it really simple. From that perspective, it's not cost us, at least so far, a lot of resources to be able to do it.

And the mechanism that we are suggesting to determine it, I think, is simple, which has been our priority is to put in place something simple for understandability as well as ease of putting it in place because also if it needs to be put in place, it would be on relatively short notice. So, so far it's been a number of hours of staff to think about the design and document it. It's not been a lot of resources.

Third question, why not a revenue any more and why funding. It's not specifically a consequence of any accountability

mechanism. It's simply that when we discussed our either revenue or funding with our new CEO, he pointed out, which is completely true, that funding is a more "correct" vocabulary for nonprofits as well as for situations under which the resources used to carry out an activity are disconnected from the expenses of this activity itself.

What I mean by that is if you're in a traditional for-profit corporation, you incur costs in order to generate revenue. So there is a relationship between the costs of the company and its revenue because if you manufacture shoes you're going to have costs of materials and labor to manufacture your shoes, okay?

The funding of ICANN is designed to allow the organization to carry out its mission but there's no direct relationship or impact of one over the other. There's very little of that.

What I mean by that is the funding of ICANN is based on the per transaction fee on the registrations of domain names or on fixed fees. There's no specific service directly provided to the registrant for that 25 cents of fee collected from the registrants through the registries and registrars. It's not a specific service on an individual basis. It's for ICANN to be able to carry out its mission for the security, stability and resiliency of the Internet.

So the lack of direct relationship on an individual basis between the fees collected and the expenses incurred to carry out the

mission is the reason why most often the vocabulary of funding is used instead of revenue for the inflow of resources into an organization. It's simply a vocabulary clarification that is not driven by any specific reason otherwise. And the number of requests is?

BECKY NASH: 26.

JAVIER RUA-JOVET: 26.

BECKY NASH: They're 26. That's about 43% and all of the requests can be seen on the community finance wiki page.

TIJANI BEN JEMAA: Thank you very much Javier and team for those responses. Please, staff, can you please put the timer. Okay, I don't have any other question. Please can you continue?

BECKY NASH: Yes, next slide please? We're just going to cover the next steps on the next slide. This gives a view of some of the key steps coming

up. We've highlighted in blue areas that you may be the most interested in.

Primarily we would just like to reiterate or say again that by March 19th we do request that the community members submit clarifying questions as needed, if there are any, on the draft FY18 Operating Plan and Budget or the 5-Year Operating Plan update.

Then the clarifying questions will all be posted by staff from icann.org by the 31st of March and then if there are meetings that need to be set up again to address the clarifying questions, those will be set up by March 31st as well.

The next couple of key items are just the fact that we indicated that the Board receives a recommendation on the approval of the SO and AC additional budget requests on or around early April, and the public comment period is scheduled to close on the 28th of April and we do encourage public comments and the staff response then will be at the end of May. Next slide, please?

This next section we would just like to quickly highlight how to get involved. This is where we would just like to highlight that our e-mail address, for anybody that would like to reach us directly, is controller@icann.org.

We do have two Budget and Operating Plan sessions coming up this week that we invite all members to come and attend. We

have something called a Budget Working Group, which is an informal working group with lots of interaction, which is scheduled on the 14th of March.

We also do have a session called Financial Accountability Operating Plan and Budget which is on the 16th of March at 9 A.M. and we sure hope that everybody can come and attend. We encourage public comments. Again that's down on the left hand side of this slide.

And then would you like to join our community finance e-mail list? Please e-mail again at the e-mail address at the top and we will add you to that e-mail list for finance topics.

So if there are any questions, I'll take them at this time. Any further questions?

TIJANI BEN JEMAA: So if there is a question for Becky? Otherwise, Javier do you have final remarks?

JAVIER RUA-JOVET: How much time do we have left?

TIJANI BEN JEMAA: We are over time for, I think, 20 minutes—over time.

JAVIER RUA-JOVET:

One minute on the comment on the FY19 planning process. You know that we are now planning for the PTI operations for the IANA functions in an earlier timeframe than the rest of the ICANN budget. That's as a result of the INS Stewardship Transition proposals that have been implemented.

So we are now starting the planning of FY19, which is the fiscal year that will start July 1st 2018. We are now starting to plan for this fiscal year in the next few weeks. So we are now in the situation where the planning years are overlapping a bit because we're not yet done with FY18 but we are already starting FY19, and we're going to work on calendars and process steps and the timing of those process steps over the next few weeks with an intent to have already carried out by Johannesburg, by the end of June, the consultation with the community and the customers of PTI for the IANA functions by that date because between Johannesburg and the end of September 2017, the organization will produce a draft of the PTI budget.

We also would like to adjust and reorganize a bit some steps of our annual planning process for ICANN that will lead likely in starting earlier in advancing our planning process so that we have more time throughout this process. At this stage, unless there's questions that—oh, I think, Seun and Alberto.

SEUN OJEDEJI: Thank you. I have two questions. Alberto?

ALBERTO SOTO: Javier, this is not a question but then considering the work you're doing, and once I got really mad because we really heard very late about the time where we can submit a project. I said in the end we should not get that mad. We need to think as accountants and so in LACRALO Alberto and I have thought that all our projects will be ready by the time you tell us that we can start making requests. So that is we will work through the year and then we will be ready and we will not complain that much because of the good work that you do. Thank you.

TIJANI BEN JEMAA: Thank you. Seun?

SEUN OJEDEJI: Thank you very much. Thank you for the responses so far. As we prepare for FY19, I just wanted to bring your attention to one of the line items on FY18 which was about websites. It's 300K. It says At-Large and icann.org websites.

And bearing to the fact that people are saying At-Large is spending all the money, referring to At-Large and icann.org for

\$300,000 is a lot and so I think it would be good to separate those things so that we know what At-Large is bearing as a cost related to At-Large so it doesn't look like we are the ones consuming all the money. Thank you.

TIJANI BEN JEMAA: Thank you, Seun. Good question and it is one of the things that we have to do in our public comment. Go ahead, Javier.

JAVIER RUA-JOVET: Thank you. I'll respond to that but I have also follow-up for Alberto. Maybe it's oversimplification of the language but it's not a cost born by At-Large for the website. It's a cost incurred by the organization relative to the At-Large website maintenance and development and improvement.

But we have received the question. Alan was nice enough to send us a quick e-mail to ask to precise what that contains and what it is. So as a result of that question, which we will put in the public comment forum, we will provide more description of what it is so that it's clearer to everyone – for you guys, of course, but also for the rest of the public what it is and what it is not.

For Alberto, and sorry I don't speak Spanish, I would not necessarily now but I would definitely like that we can

understand the drivers for the surprise on the timings so that we can try to help, if we can, make sure there's no surprise on the timing and that you have ample time to be able to prepare the requests.

We have sent a number of e-mails and had some webinars but if it's not sufficiently well addressing the information of those who are interested then we will try to adjust. But it would be useful to understand what do you think has not worked.

TIJANI BEN JEMAA:

Thank you very much, Javier. I would like to ask all of you to please read the published budget and please comment on it. Please help us in making the statement of ALAC and if you have personal comments, you can do it also. The public comment is open for everyone and I prefer that we comment on the budget than we complain after it is approved. Thank you very much, Javier, and yes, go ahead.

JAVIER RUA-JOVET:

Just one last comment. We had more comments last year than the year before. This is good. We aim at receiving more comments this year and this is why we welcome these types of opportunities to present the information to you but please this is the opportunity for you to say what you would like the resources

of ICANN to be used for and what you would like to not see them being used for.

So that's a good opportunity and there are no bad comments, there are no stupid questions, so don't hesitate to formulate any question during the public comment period. And just as a quick administrative update, we have noticed a couple of typos and mistakes in the documents so we're going to republish a corrected version in the next day or so and we will indicate what has changed so that you can know that if you've already downloaded the document. Thank you.

TIJANI BEN JEMAA:

Thank you very much, Javier. I would like to thank you and all your team for what you do to interact with my community. I can tell you that I'm a member of the group that they are leading for the budget planification and for the budget work. The planification for the budget has evolved since years now and now I think we are in a more or less stable state where we have the information ahead of time and where everyone can comment and where we don't have any surprise so thank you very much.

JAVIER RUA-JOVET: Thank you, and you said you're a member. Tijani makes the effort over time to participate in this working group but it's completely open to everyone. You don't have to have a membership. There are no limitations. There is only the time that you can spend for it. It's on Tuesday night at 5 P.M. until 8 P.M. You can participate for only fractions of it if you don't have the time, and because it's so late and so long, we also offer a modest dinner during the meeting.

TIJANI BEN JEMAA: Thank you again. Over to you, Alan.

ALAN GREENBERG: Thank you very much. We have the next section of which we are starting very, very late and unfortunately our two guests—well, one of them is not a guest, one of them is an ALAC member—have to leave early because they have a commitment with the Board. But we have Carlton Samuels and Kaili Kan, the two members of the CCT Review Team to give us a brief update on where they think it is perhaps prompt us a little bit for our interaction later on in the week with Jonathan Zuck, the Chair of the CCT Review Team. Who's going to be speaking? I think we said Carlton so at his leisure.

CARLTON SAMUELS: Thank you, Alan. My colleague, Kaili Kan, and I are here to give you a brief update on what has transpired in the CCT Review Team. As most of you know or may know, we've just released a draft report and the report now is there for the community to give us their feedback and recommendations, add everything you think we might have missed or for issues you think require clarification or greater input.

We're just going to give you the highlights and I'm going to be guided by the slides, so if you turn your attention to the slides there, I'm just going to call out the numbers that I want to see and we go through it so next slide, please.

I don't know how good you are at seeing that up there. I can't see it from here so I'll bring up mine. Okay, let's go to page 3 of the slide and you'll see—one back, please, thank you. Just to give you the context in which the Review Team was operating—you see them up there—we were to evaluate the New gTLD Program and to see if it has promoted competition, consumer trust and consumer choice, we were going to evaluate the effectiveness of application and evaluation process, and we were going to evaluate the effectiveness of the safeguards.

We have deliberately stayed away from the things that are missing and we're looking mostly at inequities in the system so it's very important for you to put in context that there's a PDP,

Subsequent Procedures Working Group, that is looking at the gaps in the program and what might be done about those gaps or inefficiencies in the program. It's very important to understand that and we're working with them closely to get them.

Before we started we set a goal for ourselves that we would be data-driven so where we have no data, we're very careful about making recommendations or making pronouncements. And as we go through the report, if you read it you will see how closely we've cleaved to that specific goal. If you go to the next slide?

So the draft report. There's initial conclusions. At the highest level we feel that there's been modest improvement in competition, consumer choice and trust. We feel that it is like a ship in motion on the New gTLD Program. It's relatively newly started. It's like a ship. We could see it happening on the surface but we don't know what's happening below the waterline so we feel that there's going to be need for more data to give you better understanding of what's happening below the data line.

And we have some webinars that are supposed to be proposed. We have not confirmed the dates yet but you certainly will know. What we are asking for, though, in this public consultation processes is, as I said, for you members of the At-Large to give us feedback and to give us guidance as to how we can make this

report and this review much better than we anticipate. Next slide?

Just key findings. On balance we find that the expansion is DNS marketplace. There is some increased completion in consumer choice. There is some success in mitigating the ill effects from the marketplace expansion and consumer trust and consumer rights. Certainly when we talk about the safeguards, we will look and see about that.

We always give a big caveat to this to say that this is a new thing. We are just at the beginnings of the process so again we're really seriously hampered in making any major pronouncements because of the lack of data and we'll identify those as we go along.

We have the recommendations and it's very important for you to read the recommendations in detail but just to give you an idea, we decided that we would give recommendations and we will prioritize them. So we say there are recommendations that are prerequisites that must be implemented prior to the launch of subsequent procedure, subsequent rounds. There are recommendations with high priority and they're within 18 months of the final report. There are recommendations with medium priority and then there are recommendations with low priority which should happen before the next review.

Remember these reviews are mandated from the AoC, Affirmation of Commitments, and they're supposed to be three to five years so this is how we have located.

We have 50 recommendations and in terms of the priority you'll see that there are 18 that are prerequisites, 16 that are high priority, and then we have 8 and another 8 in the medium to low priority range. So that should tell you something about how seriously we take this. When we get to look at them individually in the areas of contention, we will show you how they break out. Next slide tells you just that.

Recall there's an overarching requirement, we feel, for data and that's a big one so we've spent a lot of time looking at the data needs. Here's the thing: there is a mandate. The mandate is presented in different ways, presented in contractual obligations that are managed by Compliance. There are consumer and competition commitments from the AoC and we don't have the data, at least the data, the granularity that we need to make rock-rib, foolproof pronouncements about how things are impacted.

But as you look at that, in the area of data analysis we have the first big one and that's a lot. Competition, we have seven recommendations, consumer choice, four, consumer trust, four. Safeguards, you'll notice, is the bulk of them, 26. More than 50%

of our recommendations pertain to safeguards, and the application and evaluation process, there's only 8.

Again, remember we were not focused so much on the disabilities or the gaps in the program but we're really looking at the inequities of the program. So that gives you the total of 50 for the trust.

Just to give you a little bit about it and again go back to data, we use a lot of data primary sources for data. If you will recall there were two surveys that were booted by ICANN. The Nielsen surveys, one in 2015 and then a year later in 2016. Those surveys provided a fair amount of the data we looked at in coming to these recommendations.

What you might wish to take into consideration, though, is that those surveys were taxed mainly to subjective data, how people feel about things. While they could be useful, we feel that going forward we should collect the data that will give us some objective analysis of what's happening in the marketplace. And the major thrust of the recommendation for data is to create baseline data and the gathering of mechanisms to ensure that in the next review to move forward in implementing the recommendations, we have objective analysis of data points that we would have captured.

We also did an economic study from the Analysis Group. We had surveys of what's happening in the Global South to get a better understanding on the question of why it is that if you look at the New gTLD Program, most of the take-up was in the Global North so there were very relatively fewer applications for GTLD and relatively lighter market activities in the new gTLD space in the Global South, and so we commissioned a study to figure out, help us understand why that would be the case.

We still have some studies that are out, for example the Parking Study. I don't know if you know what the parking phenomenon is. My colleague here has been robust in his representation for more parking data and for the committee to deal with the parking issue, and maybe I'll just Kaili to tell you a little bit about what we mean when we talk about parking.

KAILI KAN:

Thank you, Carlton. About parking, it's, well, an important issue to consider especially for end users and the registrants. So far the data collected shows that for legacy TLDs, the rate of parked registered domains is over 50% while for new gTLDs, it's over 60%.

Especially over the last few years, for various reasons it was summarized that there are seven different types of parked data but anyway none of them are for legitimate normal Internet

applications. And also there is literature showing that a part of domain names are much more likely to be used for abusive purposes – money laundering, spam, phishing, and so forth.

So this high parking rate, proportion of new registries and being parked shows—well, it’s certainly in terms of first of all the end users, the registrants, as well as ICANN. However, as I just said before, even for legacy gTLDs, the parking rate is over 50% so this particular CCTRT, as I said, its mandate is to find those problems. This is particular to a new gTLD rather than both legacy ones as well as new gTLDs.

So probably ICANN later on might need to have a specific study for the parked domain names and that is [inaudible] also for the new registrations and also it is observed that the market concentration ratio has been lowered.

However, if we take out those parked and only consider the domain names for real usage then that could be a different story so it needs to be recalculated to say conclude that concentration ratio has lowered or not. So this parking issue here is one that affects also consumer safeguards, trust and so forth so has very wide effects. Okay, thank you, Carlton.

CARLTON SAMUELS: Thank you, Kaili. So yes we want to emphasize that we're looking more into it and Kaili told you the two major reasons for having more parking data is one we want to look at the way it is in terms of concentration, market concentration. That is important because that devolves to competition and all of those other issues.

And the second one, a lot of the parked domains, there is an attack surface for consumer and users so their use for phishing and scams and all of these other scams that we know are belletrist to the consumer interest.

We also have a study out for DNS abuse that is coming. This is where we probably as At-Large and end users are most interested in. We just don't have the granularity of data that we need to make really robust pronouncements about how the DNS abuse is impacting end-users.

There is a study that is supposed to be executed between now and the end of April and by April we should have that data. There is also a study looking at how Rights Protection Mechanisms, RPMs, affecting the brand involvement in the DNS space that's called the Intra study and that is also coming as well.

But, as you see, the data that we need is very important because it will help us to fill out what we know of parking and how

parking is actually impacting end user and safeguards and so on. The pricing, wholesale retail pricing, we don't have that data.

You probably know that in the legacy system the big one is .com and it is price capped and we don't know how that is impacting the price movements in the legacy systems. Although we know what the price cap is, we don't know what the wholesale price is generally because we can't tell and so we're trying to figure out how we will get more of that.

Competition analysis of course is very important to deciding whether or not the market is expanded and the competition is just for real and so on, so these things are very important too.

One of those things that you heard Kaili spoke about earlier was the fact that we don't know much about the rates of DNS of abuse, relative rates of DNS abuse between the legacies, gTLDs and the new gTLDs that were very important.

As you may know, the new gTLDs are also not price capped. They're not price capped so they're out there and the comparing is to see whether or not there's real parity.

ALAN GREENBERG:

If I may interrupt. You're 15 minutes past when you said you had to leave to go the Board and we're almost just about out of interpretation time so how much longer?

CARLTON SAMUELS: Give me one minute more.

ALAN GREENBERG: One more minute. Thank you very much.

CARLTON SAMUELS: Because what we want to do is to go to the last slide which tells you what's coming next and we have to go through this, I'm sorry. You just have to scroll through. Okay, that one, page 48 on the [inaudible] there.

So in summary we have a lot more to do. We're waiting on some data to make some more representations that we want to be sure so we are waiting for more data. We are asking you to look at especially the safeguard recommendations, especially, because they are more towards the end-user element of things and see where you think we might go with that.

What you see on the board there is a timeline for what we intend to do. You have the draft report now. We still have this abuse and parking data and inter-surveys that is supposed to come that we have the public comment period running to the 27th of April, and then we have the face-to-face meeting in Madrid but I

don't know where to deal with the response from the community.

And then by the time we get to June, we should have the full report of data available and hopefully we'll be able to publish the final report by July.

That in a snapshot is what's happening with the CCTRT. I urge you all to read the report, especially the recommendations, carefully. I urge you all to look very closely at the recommendations concerning safeguards, DNS safeguards because that's where our mother's milk is, as it were, and please, please give us your feedback. Thank you, all.

ALAN GREENBERG:

Thank you very much. We'll go into a very short break. The next session is with the SSAC. They have a limited amount of time and it's a critical issue we are going to be discussing with the CCNSO later today. We will start on time even if the room is empty. Thank you.

[END OF TRANSCRIPTION]