MANAL ISMAIL, GAC CHAIR: So we are going to proceed now with the auction proceed update session. And allow me to welcome Erika Mann and Ching Chiao. And thank you for the offer to make those individual updates to the different SOs/ACs. So with this we have 30 minutes for this session. So allow me to hand over directly to you Erika Mann.

ERIKA MANN: Good morning and thank you for allowing us to make a short presentation about our update. Let me start with a maybe telling you that we hope to be able in Barcelona, three weeks ahead of Barcelona, to present the draft recommendation. Which means you can, the time is getting quite tight and we would really love to have your input. So please be so kind to look at these slides that we will show you. We will make sure you have them available so you can review them. And we are ready to answer any kind of questions you have including from the staff.

If there is anything that you would love to have more information about please be so kind and come back to us. We don't want to postpone it again because we are now working two years on this topic and I really believe it's time that we present the draft recommendation and we don't want to postpone it any further.

To remind you about a few things. The slides that you see here are reminders. So the auction is the mechanism of last resort resolving contention between two or more applicants. Only one registry as you know all too well can operate top level domain. Depending on how you judge it about 230 million in separate fund which is reserved. But one has to be a little bit careful because of the dodge case. One has to be a little bit cautious and should not assume that the whole amount will be available. The interesting part and I skipped the rest of this page and we go to the next one.

We do have 26 members and 49 participants and 30 observers.

We meet every second week ahead of this meeting actually we speeded up our process and met once a week. When I said meet we hardly have the time to meet outside of the ICANN official meetings. And we might have to do this again just to be ready ahead of Barcelona to be able to publish the draft recommendations. On the next page if you can go one further

you see what we call the constraints. We put quite some effort in defining our constraints. And I want to guide you through them quickly because I think they are important and relevant for you. And in case you think there are things that are missing please let us know this.

We have to be in consistent with ICANN missions. And had a long debate and discussion in our group how narrowly we have understand ICANN's mission. And came with the board to an understanding that the board would be willing to accept a language that would say something like, in service of ICANN mission. Which would mean there is an understanding that has to fall within ICANN mission but there is a kind of testing environment how narrowly it has to be defined. I see that the pages are not in sync.

So I mentioned the first point on this page, and the second is the private benefit concerns. So we have to insure that ICANN tax exemption will continue so whatever we do it's kind of guiding principles for us. The fund can't be used for political activities. It can't be used for lobbying activities.

And we had a long discussion about conflict of interest consideration, and keep in mind this area is of course, needs to be redefined depending about what we talk about. For example we have each time we check if the participant of this group or

members this group have a conflict of interest and they have to declare it but in the future different environment will have to be tested.

For example evaluators of projects in the future they will have to declare their conflict of interest if they have one as well. This is an area which we will constantly have to be improved. And then we have financial and fiduciary concerns. And for the offices of ICANN. It's a topic which will continue it guide us because we are talking about different models which are available in the future. We call these models on how to create a fund environment. We call them mechanism and we will talk about this a little bit later.

So keep in mind that is another topic which is not fixed at the beginning and can be fixed but depending on the creation of particular model on how to distribute funds. We will have to redefine very likely this environment.

The next page if you can continue please. I don't know who is doing this, can we continue this please. Can you please continue, you are very slow in showing the pages. One more. Thank you so much. One more please. We discussed this. So here, thank you so much. Here you see, our development phases. We are currently in the upper line on the right side. So the third basket. That's where we are currently.

So we have the drafting team provided input to the charter. This is quite a while ago. And continue working to develop working method and initial report. And now in phase where CCWG are working for the draft initial report. That's the report that I was talking about that we want to issue three weeks ahead of Barcelona. And then there are still three more phases which we will have to test after this. I want to draw your attention to the middle basket in the lower section. ICANN board reviews proposals. Of course, the board will have to approve it and review the final recommendations but we have two board members with us who are participating regularly and doing a marvelous job. And there is a bigger issue coming back, going back to the full board and have an exchange and can come back to us and say you are on the right track or have some concerns. I see Maarteen sitting in the back. We don't expect to see a major clash before the initiate the recommendations. I don't expect we will have a major clash there, hopefully not. Now to tell you a little bit of where we are. We are in complicated phase.

MANAL ISMAIL, GAC CHAIR: Can we go to the next slide please.

ERIKA MANN: Thank you so much. And I only want to talk about the last phase. What you see here as phase five initiated. So forget all of these

phases. We are in phase where we have to test charter question against the mechanism. So I want to show, there is one slide missing here. Is it possible to show the four mechanisms? Is it coming afterwards?

UNIDENTIFIED SPEAKER: There you go.

ERIKA MANN: There it is. Why is it not showing on mine, how interesting. Here you see the four mechanisms that we are talking about. Would you want to maybe continue? These are the four mechanisms that we are talking about. These are four models how we can imagine the future fund could look like. And they are not identical and depending on the model which we select we will then have to look at with we call the charter question. And I show you some of them later.

We will have to review the chartering questions again. The first one is in new ICANN proceed allocation department is created as part of ICANN Org. We would in house a funding environment and become part of ICANN Org. The second option is a new ICANN is created as part of ICANN Org which would work in collaboration. Two organizations that would merge. One would be the ICANN, new department inside of ICANN and selected

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charitable corporation. And setup structure to allocate in the future funds, two different entities.

Or a new structure would be created which could be called for example ICANN foundation. Totally independent, totally separated from ICANN. Of course, there still have to be oversight coming from the board. And oversight from the management but it would still nonetheless an independent structure. Or an established entity or entities, for example foundations or fund used and would practically then execute the work on behalf of ICANN.

So totally outsourced. We had a very long discussion yesterday with Sarah Berg. She is advisor to ICANN on this topic. She advises in her private capacity. She advises different entities in selecting the best funding environment. So she is a professional in answering some of the questions. And we had a long discussion with her. And I think Manal it would be good for you if you would distribute the notes which we have taken yesterday from the discussion with her because she mentioned in that some of these different structures we are lacking at might have some difficulties actually for ICANN because either ICANN would have difficulties in having clear oversight and control of the mechanism or there would be difficult in regards to certain tax issues.

So I recommend that you really have a look at   on the notes. We have very detailed notes. So if you would be so kind to insure that the notes are distributed to your group.

MANAL ISMAIL, GAC CHAIR: Sure.

ERIKA MANN: Thank you so much. Now to come back to the point to explain to you what we are doing right now. This is practically our last work before we will be able to draft a recommendation. And this is what we are trying to do now to combine these four structures which you see. And testing them against what we are calling the chartering questions. And I will just show you one because you will see the list but I will just talk about one so you can have an idea why this is a complicated phase.

Can I   can we get the next slide please.

Okay here. Some of the chartering questions which are guiding our decision making process. So we are testing them against the four models which I just shown you a few minutes ago. And let's talk about one example here. Number one what framework should be designed and implemented to allow for disbursement of new gTLD auction proceeds.

So we received memo (indiscernible) from our legal team. Working in our group from the very beginning. And she understands what we are trying to setup. And legal team drafted a memo. You can imagine it's completely different if you would in house such kind of funding environment. Funding department. Totally different legal and in both cases the legal the control mechanism would be completely different. So this is just one example. Another one is what we are looking into how much money would be involved. Again you can imagine if you are in house such a model you might be able to use some of the resources you have available to a higher degree than if you would out source.

On the other side you will have to hire new people that are familiar with funds. You have to insure in your employment contract, how do you design it? Once the fund and money is not available anymore it would be out phased. Do you want to keep the people or do you design a contract that such a contract would be outsourced after the funding is not available. If you outsource the cost is much higher because the entity who is providing service to you has much higher cost. On the other hand you don't have to worry about any kind of future, you know, consideration of employment situation or anything else. You can imagine they are very high differences between the different models.

Can we just see the next slide so you have an idea about different chartering questions? I am not reading them to you because it will take too long and I think it's much better if we have an exchange.

And then the last slide is just about, how can I participate? It's just a reminder if you like to participate please feel free to do this any time. We have representation from your group and I believe it is important that a head of the   before we are drafting the draft recommendation it would be good an internal discussion about it. If you feel confident about what we are planning to do.

I think we would feel much more comfortable with GAC behind us. Thank you.

MANAL ISMAIL, GAC CHAIR: Let me now open the floor and see if we have any comments or questions to Erika or Ching?

So just to note that the GAC did not yet have substantive discussion on the issue but I mean it's good that we have this update so that we can have an informed discussion and maybe weigh in our views will as you mentioned before you come out with the reports.

ERIKA MANN:	Maybe I should mention one other point which might be interesting for you to look into in particular this is we are having a discussion currently and this goes to following what ICANN Org be able to participate and request money from this future fund. There are many topics which are really super important in the moment where the ICANN budget might not be able to actually to execute work needed and be able to fund it. For example there is obviously a discussion about the Woodson update. To allow ICANN to participate we need to foresee this. There needs to be time in recommendations, we will have to make it possible.
	And of course, there might be for other groups of ICANN something similar. Similar requirement you would love to see included. So of course, everything which all requests would have to fall within ICANN's mission. Nonetheless there might be similar requests coming from SOs/ACs so maybe you want to have a look into this point in particular.
UNIDENTIFIED SPEAKER:	Thank you Manal. Based on what Erika mentioned, they have very active participation in the past 18 months. With the very clear declare of interest. We have ccTLD registry. Very actively contributing their in terms of running a registry but also have the charitable arms for the activities.

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I think this is very good time for now to the goal that we aim to publish the initial report by the Barcelona. Potentially you can have your members and or share your thoughts and also the experience of running a non profit operation but understanding an existing either as registry or established, you know, operation. So we would love to hear from you. And also have you know, the European investment bank talking to us and share their thoughts. And those are very helpful and I think at this stage we are aiming to summarize those thoughts and experiences. Still time for you to make your input. Thank you.

MANAL ISMAIL, GAC CHAIR: So I have Indonesia please go ahead.

INDONESIA: Thanks for your presentation. I am also familiar with the CCWGAP.

MANAL ISMAIL, GAC CHAIR: I think we had an update in San Juan as well.

INDONESIA: New for me. Apologize if I am asking questions that are not related to you. In the CCWGAP are you looking for names? Are

you giving advice to the ICANN board if someone would like to or several people would like new gTLD names.

ERIKA MANN: Only dealing with the current amount available. We are looking neither in how you know such fund could be extended in the future. It's not part of our role. Neither are we making any recommendations with regard to policy issues related to gTLD or business recommendation. With a new round of gTLD. It's not part of our work. It's purely the question how should the available money be used for purposes outside of the traditional work ICANN is doing.

INDONESIA: So you don't look at fund that might be received by ICANN in near future because they are selling something.

ERIKA MANN: Yes the past round. The current round which is already closed. The money which came in from the auction proceeds because they couldn't, two or three players couldn't agree who is the only one. So then you will remember there was an auction. So this money we are talking about.

INDONESIA:	So you look after how the money is spent.
ERIKA MANN:	Yeah.
INDONESIA:	Okay.
ERIKA MANN:	We are setting the framework and another phase that we will look into the nitty gritty. The funds should be in house. Take an example, I am not saying this is going to be the model. Let's take this as an example. And then we will have certain constraints already built in. But then for example let me just pick an example. Somebody applies for money, then you need to have a project manager who is overlooking the project for a period of depending on the amount of money. So these kinds of detailed questions we are not looking into. We will say it has it be precise and fall within the ICANN mission. And has to be done by project manager. But how it will be done in concrete terms you need what we call an implementation team. Which will be done in another phase following our work.

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UNIDENTIFIED SPEAKER: Just maybe to what Erika said. We are not at a stage of picking projects. We are at a stage of design framework and then the next phase, when the ICANN board approves the framework itself. The implementation phase for that particular part. That's the phase you know, will be choosing projects but also that particular phase when the actual evaluation criteria is out, this will also base on the recommendation of this particular working group. And once again you brought up a very good point and we would like to make very clear on that. It's the auction proceed from the last round. Any future if there is more money then it's potentially a future problem. Not for us now but that's a future problem.

MANAL ISMAIL, GAC CHAIR: Any other questions? Yes Trinidad and Tobago.

TRINIDAD AND TOBAGO: I want to thank you for the excellent presentation. And I know how important this is for many constituents to further their work. I know for example the fellows have looked at this as an avenue to find sustainable support for their program.

That aside, I did note one thing which I thought was somewhat interesting, and I know this was probably fleshed out. With respect to department or office that was going to be setup, with

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sole remit of utilizing the funds. The question arises how sustainable is office if that office has to be funded from the funds? And does that office survive if the funds if the auctions proceeds do eventually deplete and somewhat. And then of course, the additional resources that have to be put in place for such an initiative. That is minor comment. Thank you.

MANAL ISMAIL, GAC CHAIR: So any quick responses?

ERIKA MANN: I think you are absolutely right. Reason we are a little bit cautious with creating a new foundation. If ICANN would come and the community comes to the conclusion we love the idea about the fund. About foundation, this would be different because then you would target, you know the goal, in a different way. And then if it's sustainable and long term you might want to do. If you only argue it is one time of you know distribution of available money, it's probably not a good idea. Yeah.

MANAL ISMAIL, GAC CHAIR: So with this thank you again. Thank you very much Erika, Ching. Thank you very much.

[Applause]

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Please remain seated we will proceed with   we will have Jordan Carter. And we will proceed with the following sessions. Thank you.

[END OF TRANSCRIPTION]