Registries Stakeholder Group Meeting  
ICANN 58, Copenhagen  
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Transcript – Part I  

Note: Although the transcription is largely accurate, in some cases it is incomplete or inaccurate due to inaudible passages or transcription errors. It is posted as an aid to understanding the proceedings at the meeting, but should not be treated as an authoritative record.

Cherie Stubbs: Good morning everyone. My name is Cherie Stubbs. I’m the Secretariat for the Registry Stakeholder Group. And next to me is Sue Schuyler who is the Data Management for the Stakeholder Group. And before I turn the meeting to our chair Pat Diaz just a couple of housekeeping details to remind everybody to please announce your name before speaking for purposes of those who may join us remotely and for the recording and the transcript. With that Paul?

Paul Diaz: Thank Cherie. Good morning everyone. For the recording it’s Paul Diaz, Chair Registry Stakeholder Group. This is our face to face at ICANN 58 on 14 March. Starting this morning with just our admin details as Cherie noted please remember the kind of unique set up of this room, quite a large U table. If you need to speak please signal me. If I’m not seeing you right away acknowledging you please make a point of waving or something. The same thing for the folks in the chairs in the back. We have a mic at the stand. We have another wireless that we can move around. Everybody very, very much encouraged to participate.

Samantha Demetriou: I’m in Adobe do you want me to monitor (unintelligible)?

Paul Diaz: And we will be monitoring Adobe as well. Thank you Sam. Let’s see as you can see up on the screen and we had circulated it previously the agenda for the
day the issues that we're going to consider critical announcements, kind of leave that to the folks here in the room right now or anybody who may be in Adobe.

You know, essentially if there are developments that have happened since you’ve arrived here and that’s kind of what we meant by critical, we might want to talk about Spec 11 IIIB just to alert people about what’s going on there. Its things like that so let’s come back to that in a moment. Just think about anything that you’ve learned, heard, experienced in the last couple of days that you want to share with the group.

Let me just provide a couple of admin things also about the state of the membership. We're now up to 91 members, 76 of whom are voting. So that’s interesting we had 15 nonvoting members. That’s - those are record numbers all good.

We had some breakdown of gTLD groups and BRG. I’m not going to break it down but it's just very, very encouraging. When I interact with other members of the community, other SG and constituency chairs we're doing really well in terms of diversity, outreach. You know, in many ways we're sort of folks need to catch up to what we’re doing so very much appreciate the efforts the leaders of the various associations, interest groups.

The one thing I would ask is please everybody remember and this is actually for all members whatever level, folks come, folks go. There are changes in rosters and personnel. Please remember to update. Just reach out to Cherie or Sue or I so that we can be sure that we have accurate rosters. It’s an issue access to mailing lists -- things like that. It’s easy to forget in the crush of business understood but please do try to make, do try to remember to keep us
updated so that we have accurate lists. All right coming back to critical issues then looking across Crystal is it cool to give a quick update on 3B?

Crystal Ondo: Yes. Crystal Ondo for the record. So a few of us over the past few days have heard from senior ICANN staff members that the Spec 11 IIIB advisory, and just for background purposes that’s the document that ICANN is proposing to publish to clarify how registries can meet their obligations under Spec 11 IIIB which is the performance of security threats and reporting of abuse information to ICANN staff.

We’ve heard that the negotiations or the collaboration -- whatever you want to call it -- around the document had come to quote, an impasse which came to quite as quite a shock to those of us on this smaller working group who were under the impression that staff had taken our latest redline and had been working for the last three months to get us something back. All the last communications we had from staff indicated they were still working on it and we should still keep expecting something. So for us to hear from various senior execs at ICANN that it was an impasse and that it was a good example of something that should go through Goran's new impasse procedure which is yet to be laid out to anyone.

So it came to quite a shock to a lot of us. (Brian), Paul and (Beth) and I met with Krista, (Carla), Akram and Cyrus late last night to talk about it and see where they were coming from, why they were under the impression that this had come to an impasse, discussed the lack of communication and actually the complete kind of breakdown of communication given the fact that those of us on the working group had absolutely no idea that it had reached this point.

So we had a good discussion. I think we've worked through the impasse and hopefully they’ll find a better term for whatever they want to call that process
going forward on all of the issues that they think they can’t come to the table on anymore. So we're going to meet tomorrow at 11:30 with ICANN staff to talk about the high level issues that they see as blocking matters for this document. Everyone who is interested is welcome to join. Email me or Paul and we'll get you the room information again 11:30 tomorrow. And then after that we will be meeting hopefully every other week probably to try to really get this through the finish line. It shouldn’t be this hard.

I think that by being more open and honest with each other with the Registry Stakeholder Group and staff that we can really just finish this up and it doesn’t have to escalate to what happened yesterday.

Paul Diaz: Thank you Crystal and thank you for your ongoing leadership on the issue. And for everybody as well note it came as a complete shock during the day and clearly there was a tremendous misunderstanding and misgivings on our part. When we - the way it was cast it seems like the worst case scenario was unfolding.

Unfortunately that is not the case and we are going to move forward. But in the session with Akram and Cyrus to be clear staff apologized for the complete breakdown in communication which really is on their side because this was - the ball was back in their court and they didn’t communicate any of this. And this idea that we're in an impasse we came to agreement last night. No we're not. We're actually closer to agreement it’s just a matter of kind of resetting. So much like our experience with the security framework rather than spinning cycles and adding to a document that nobody was really satisfied with kind of let’s go back to square one, focus on the important things and come to agreement.
One other issue I raised with him though was the importance of predictability and processes. So remember this advisory deals with a component or a clause in our registry agreements. As such it’s between ICANN and ourselves. And ICANN staff did not manage this process in a way that is appropriate for contracted parties. They shared a draft with third parties. And, you know, that’s not acting in good faith. So we called them out on it and they admitted that. And hopefully we do not see such behavior in the future. That said this impasse protocol or process or whatever it is they’re working on not just with Spec 11 IIIB but there are other issues some of which touch on registries, others working groups and other groups across the community. The idea is when you reach a sticking point they want to have a way of an agreed upon way of moving forward.

That’s all well and good but underscored with Akram in particular because he’s the most senior guy in the room that when it comes to a contract issue that’s between us. The rest of the community doesn’t have a say in how we move forward on the contract. And so that requires communication, open communication between the contracted parties ICANN and the Stakeholder Group.

And again we’ve been as forthcoming as possible. Staff just sort of shut down on us. So it was a learning experience. We’re moving forward. As we said for tomorrow hopefully we can get the reset that we're looking for and move forward on this particular issue. Maxim?

Maxim Alzoba: Maxim Alzoba for the record. Just to let you know that during the work of Public Sector Working Group I attended a few sessions of this with GAC. And yes their own sessions. It’s big – worrying that I heard the word $500 million few too many times from Bobby Flame who is leading the PSWG. It’s about auction proceeds and that most probably its cause to not wait but to
spend this money on the security needs because we usually said that these and that could be done on the count of registry because it costs money.

And I’m not sure if that means they want to find some contractor who will suck it up dry in a few years without any particular benefit for the community. Thanks. But mentioned that more than five times that it’s an idea they're thinking about.

Paul Diaz: Thanks Maxim. Yes there's quite a few issues all baked into what you’re talking about but at a high level of the – there’s certainly parts of the community that have ideas of how to spend the auction proceeds. Of course there’s a Cross Community Working Group right now that's developing the rules by which the proceeds will be used. We're nowhere near a point where they can start spending money.

And to have a very high - highly visible member of the PSWG repeatedly referencing that pot of gold and making it seem like well there’s an easy solution here just spend it from there is troubling and inappropriate. So with the auction proceeds workgroup Jonathan I don’t mean to put you on the spot can I just ask can you please update everybody where we stand in that group and what our need is?

Jonathan Robinson: Sure Paul. It’s Jonathan for the record. The groups work is underway through around three meetings. There's a systematic working through of the charter questions, a high-level first pass if you like. And the purpose of that first pass is to make sure that the group is properly familiar with all of the questions to understand whether in each and every of those questions there are further issues and to try and determine whether each of those questions, whether any of those questions is if you like an overarching issue that needs to be addressed ahead of all of those.
So that’s the where the group's at from the point of view of the work that’s actually being done. There is a meeting of the group due to take place tomorrow. I don’t have the exact time on the schedule but is published on the ICANN schedule.

Because of the way in which we structured these Cross Community Working Groups we have – there is a representative from the Registry Stakeholder Group on that group, a member of that group and that’s Jon Nevitt. But there are also there’s an open opportunity for anyone to participate. So anyone can come along and participate in that group with effectively exactly the same standing as any member. The only issue is that ultimately if any particular topic came to a vote a participant doesn’t vote in the same way as a member. But our experience of running these Cross Community Working Groups is that it’s very seldom if ever that any voting takes place.

And if you just simply want to track it you can track it as an observer in which case you’ll be subscribed to the mailing list and won’t have to put forward a statement of interest and/or a declaration of interest.

The unique specification in this case is that you do have to put forward a declaration of interest if you want to be a member or participant and that declaration of interest in essence discloses whether you have any intention or are connected in any way with a future applicant for funding. So it’s really meant to disclose up front whether you have a longer-term interest in the funds.

I think that’s it Paul. The only other thing is just I hope most of you will know is I’m going to step down from being the GNSO appointed co-chair. Currently we have two co-chairs myself and Ching Chiao who's the ccNSO appointed
co-chair. There is no ALAC appointed co-chair at this stage and none of the other chartering organizations have elected to appoint a co-chair.

I understand Erika Mann is the front runner that hasn’t formally been selected by the GNSO. So it’s likely – the likely outcome is that Erika and Ching will be the co-chairs and I’ll hand over the meeting with whoever the GNSO selects as the co-chair in very short order to try and ensure continuity in good working of that group. But so it’s open to anyone to keep a good track of it and to participate should you wish. Thanks Paul.

Paul Diaz: Perfect. Thank you Jonathan. Okay so Kristina first and then Keith.

Kristina Rosette: We - Kristina for the record. I have a different topic so if…

Paul Diaz: Thank you Kristina. I’ll come right back. Keith?

Keith Drazek: Okay thanks Paul, thanks Kristina yes just to follow-on to what Jonathan said. Erika is the only candidate that has volunteered that has volunteered from the GNSO and I expect that tomorrow the GNSO Council will, you know, unless something surprising happens approve Erika as the replacement.

Paul Diaz: Thank you Keith. And Jonathan thank you for your leadership. Jon thank you for remaining involved and we'll look to you for updates as things progress. Kristina or Jonathan did you have a follow-up?

Jonathan Robinson: Sorry I just omitted one point. Just for the record I will – I’m very – my intention is to continue to participate in that group notwithstanding the fact that I’ve stepped down as co-chair.

Paul Diaz: Great, thank you. Kristina?
Kristina Rosette: Kristina Rosette for the record. I just wanted to note that it seems to me at least that this whole report card that idea that was articulated in the board’s response to the GAC seems to be gaining some momentum here. I know that it was the subject of David Conrad’s presentation yesterday in the DNS abuse session. Alan Woods gave – had some - had a really strong intervention. But I think it’s probably not to get too far ahead of ourselves but I think it’s something we might want to consider raising with the board sooner rather than later.

Jonathan Robinson: Could Kristina clarify what that is? I’m not familiar with it?

Paul Diaz: That’s what I was going to ask Kristina. I don’t think everybody in the room is probably up to speed.

Kristina Rosette: In the board’s response to the GAC advice from Hyderabad the board set out that ICANN was basically planning to create this monitoring tool which would take in feeds from Spamhaus and other organizations and then would essentially kind of set benchmarks, publish information and the like. But I suspect there’s some folks here who have more detail about it than I do.

Paul Diaz: Thanks Kristina. And maybe Alan.

Alan Woods: Thank you Alan with Rightside. Yes so I went up to David Conrad afterward and had a brief chat with him as well just to say that this was sort of the first time that we’ve seen it. We've had heard rumors and we had gotten snippets from but we had never actually seen it. And I was surprised to see it in full glory up on the screen for the first time with everybody else considering I gave a list of probably the ten, 15 in their estimation at that time worst registries or worst TLDs.
So he impressed upon that they are trying to work on a research project and a research project only. I said that I - it would have been probably better for everybody in the room if they had impressed on that a little bit more as they were presenting it. He said that it wasn’t intended for use by the GAC or by compliance. It was just a research project.

However the problem that I had is that even afterwards I’ve had some very good conversations with members of the GAC or should I say or the PSWG over the last few days. And even one of those people come up to me afterwards and said, "Oh what does this mean? You know, I thought we were on a good page. Where is this going? Why did you ask the question? What are you looking for?" And I was like, "I’m not looking for anything other than clarification to be perfectly honest." But it the way it was phrase just had the ability to cause more confusion.

And straightaway a member of the PSWG put up her hand, pointed at the statistics that were on the screen and said, "Well as far as I’m concerned that to me would be a compliance issue," which it was, you know, that was not if it is a research project it should be completely separate from the compliance issue. So, you know, as a bit of more background possibly for Kristina the - currently the - they’re not just looking at one or two of the blacklist providers. What they're looking at is as many as possible. They’re trying to make it that if there is more than one flag in more than one blacklist provider then that is a better weighted response.

But as I said to them on the day we are all looking at registries at different chunks or aspects of the blacklist providers based on our own, you know, review of the industry basically and that a representation such as that even though we are all independently quite comfortably I would expect compliant
with Spec 11 IIIB having a conglomeration of all of them may be showing statistics that as a registry we aren't even aware of or would stand over. And I think there’s a lot of conversation that needs to be had about this. And if it is going to be going forward and going to be released we need to be certain of the point of this particular scorecard is.

Paul Diaz: Thank you Alan. Continue - (unintelligible) let’s keep these ideas fresh in mind. As we look at our calendar we're going to have compliance, and GDD staff in with us in the next 90 minutes. Let’s raise these, pose them as questions see what the response is but agree that there needs to be more clarity about what is being shared, how they're collecting data and what are the expectations that are being said about the use of that data because right now it seems could go quickly go sideways on us. Maxim and then Jonathan.

Maxim Alzoba: Maxim in addition to that I had conversation later with John Crain as I understood they wanted to mix information from different sources basically strip it from the proofs so it's not useful anymore and feed it to us. And I suggested that they keep track of proofs in separating this so we could see what was the grounds for inclusion for the particular name because for example most registries I think they do not want to have issues with understanding which particular party has more rights for some particular object, I mean copyrights because sometimes even judges don’t understand it.

So it means they didn’t think about it deep. they just wanted to collect everything to mix to strip out of useful information and to have something average in the end. And for example if you asked directly registries who particularly is happy with Spamhaus I’m not sure we will see many hands raised. Thanks.
Paul Diaz: Thank you Maxim. Okay again let’s also pose these questions to compliance and GDD when they’re here. And depending on the responses we get let’s be sure to raise is also with our registrar colleagues for a face-to-face. To Kristina’s point we can adjust our questions, our interactions with what we raise with the board. It feels like now's the time. Jonathan.

Jonathan Robinson: Yes just picking up on a phrase I think I heard. I - to my mind nothing is ever just a research project which is the phrase I think I heard. I mean typically somebody justifies that cost and expenditure and background too that was the motivation, you know, with - as being a means to an end. So it would be useful to try and understand what the projected purpose of the work is.

Paul Diaz: Okay. (Brian)?

Brian Cimbolic: Yes thanks Paul. Brian Cimbolic. I think we have an idea as to at least one use of the data. And it’s right in ICANN response to the GAC in which they say that it’s likely that the data, one of the actions with the data will be at least informing registries and registrars of their abuse statistics and their position relative to the median for the industry. So I think that’s where this notion of a report card comes out. So basically it sounds as though registries and registrars are going to get a percentage against the median based upon this aggregated data which obviously doesn’t have a basis in our contract or have any meaningful - I guess if we were to get that what do we do with that information?

Paul Diaz: Thank you (Brian). Also noting in chat room Sue posted there's a conflicting session that's going on this morning. And given the title and the content it looks like ICANN is increasingly focusing on spam as an issue that they believe they have some right to meddle in. And that seems to fly in the face of
what we heard from Jamie Hedlund a few weeks ago. So let’s put the question back to them what’s going on here? Jordyn?

Jordyn Buchanan: Oh, thanks. It's Jordyn Buchanan from Google for the record. So I guess like I understand why we don’t want ICANN imposing extra contractual obligations on registries. But at the same time I feel like it is helpful for both registries and the community at large to understand whether or not there is a very a significant variation in her TLD abuse characteristics. And I feel like there’s already third parties doing this. The methodologies that those third parties use sometimes it's sound, sometimes it’s not particularly sound, more often the latter than the former. And I think some thoughtful analysis of, you know, can we come up with methodologies to actually understand whether such patterns exist and to have that potentially allow us to understand are there things that we could be doing better? Are there patterns that emerge that are interesting to understand would be, you know, potentially valuable.

If it turns into the, you know, I don’t agree with the notion that, you know, they should turn into a compliance issue necessarily but just having the information out there I think it’s strange for – it seems hard to argue that information shouldn’t exist if it’s factual and potentially helpful to understand the dynamics of a big change to DNS that's happened over the past two years. And, you know, I feel like if every time someone proposes doing any sort of research on abuse in the new gTLD system the registries response has just been knee-jerk like no we hate that. It feels like we’re sort of covering up for potential if there are bad actors out there for potential bad actors in this space. And I don’t think we should give shade to bad actors. Like I think most of the people I look around this table I bet if they did a study like that the scores would be really, really good because our TLDs are generally not the ones that where I see acting as abuse factors isn't showing up on most of these lists. So I just – I would caution us against always knee-jerk reacting against these
things if we can gain more information about the dynamics happening in the industry.

Paul Diaz: Thank you Jordyn. (Brian), follow-up.

Brian Cimbolic: Yes thanks Jordyn. Brian Cimbolic for the record. I get where you’re coming from and largely agree but I think that if it were really in the spirit of cooperation and helpfulness then maybe something, you know, an output to the registries being an opt in basis. You know, again I’d like to probably see that data but I don’t want that data fed to me in the form of a report card.

Paul Diaz: Alan?

Alan Woods: Alan Woods just to add to that as well and also I mean I completely agree with Jordyn as well. This - the first time we saw this was on the screen. You know, we should - I would love to see that and I think that we can definitely feed into that. But let's do it, you know, collaboratively as we're all supposed to be doing in this community.

Jordyn Buchanan: Yes. And I would just say - it's Jordyn again. I would just say let’s have that be the spirit. Let’s say like hey let's work together to make this a good system as opposed to saying oh, what are you guys doing? That’s terrible. Don’t do that right? Like I think that’s a slightly different posture in terms of how we react to it that makes it sound a lot different to, you know, the other folks looking at how we think about abuse.

Paul Diaz: Now Thank you Jordyn. That’s a good point.

Jonathan Robinson: Just to...
Paul Diaz: (Unintelligible).

Jonathan Robinson: ...fairly quickly say that that was actually what I said to David Conrad. It was literally I said, "I’m very happy that there’s something like this going on," I said, 'But I just don’t like seeing it for the first step up on the screen and please talk to us in the future," is what I said.

Paul Diaz: And it makes perfect – I mean it’s consistent with everything we're trying to do underscoring the importance of communication open channels. Okay Maxim?

Maxim Alzoba: Since we potentially face a situation where some third parties who are not bound by technical standards or things like that are trying to (make sense) I think it’s time to come with suggestion that for those sources there should be certain standards of proof collection. There should be standards of identification of third parties. For example not all registries will accept complaints from anonymous parties because for example in our jurisdiction it’s not a complaint. It's nothing. And thus we might come with a suggestion that okay it might be some benefit to the community but it should be reasonably structured. And we would be glad to participate in the creation of structure, of response because if the security like database providers think that it’s just income. No its participation and spending on research and medias. Thanks.

Paul Diaz: Okay thank you Maxim. All right I see some of our staff colleagues come in. Here’s Jamie, perfect, perfect timing. Welcome Jamie. So let’s shift into save all these ideas and as appropriate bring them - start bringing them up with colleagues who are about to speak as we move into the 9 o’clock hour. And the next session we have time with compliance, with finance and with GDD. The idea was that, you know, it’s really an opportunity to follow up on
conversations we previously had. If there are any slides to share they are coming up on the screen.

There have been sessions if we’re going to start with compliance. Can you please mute that? Compliance has provided several sessions already this weekend. Having technical difficulties over here.

Man: Yes. (unintelligible).

((Crosstalk))

Man: It’s a cover-up.

((Crosstalk))

Paul Diaz: Very good. That works, just unplug the damn thing. So for those who've been in the sessions over the weekend we're beginning with compliance. And if there are follow-on questions please. Here’s an opportunity. We have both Jamie and Maguy with us. Let me pass over and take it away guys.

Jamie Hedlund: Thanks Paul and thanks everyone for having us here. My name's Jamie Hedlund. I recently stepped into the Contractual Compliance and Consumer Safeguards role formerly occupied by Alan Grogan. I am as all of you know fairly new in this job so really here much more to listen than to make any bold pronouncements.

You know, throughout this meeting I’ve really been focused on getting feedback from all stakeholders. Obviously you all are extremely important among them. Not all specific questions will I be able to answer. I’m hopeful
Maguy will but if there’s anything we can answer we we'll obviously get back to you.

So just have a couple of slides to go through. Next slide. So this and another slide are – I drafted these in response to a request from Goran for all of the executives to describe in our budget request, you know, what's - what is it that we do and why is it important? And this in a word basically just says that compliance, contractual compliance is critical for our legitimacy and credibility as a multi-stakeholder organization. It will continue to be important. It’s even more arguably more important now than it was prior to the transition when the US government was more of a backstop. And now we're being watched I think more closely around the world to see how and whether we actually we function. There are three things that sort of initiatives that I've been working on to begin with. One is transparency, you know, working with Jordyn on the CCT Review Team. And we’ve already heard it from other parts of the community the demand for greater transparency in contractual compliance both in the handling of tickets as well as in the rationale for the decisions.

In response to the draft report that’s coming out soon or that just came out rather it would be helpful if folks have comments on granularity of data and on transparency to provide those and be specific about exactly what kind of data is, you know, would be desirable to see. Also as you were sort of touching on we are coordinating with the Office of the CTO, David Conrad's shop and looking at infrastructure abuse as distinguished from content abuse so not spam and looking at ways that we could collaborate, you know, under the contract but also along with third parties to try to mitigate the infrastructure abuse that’s really created by a small group of, relatively small group of - facilitated by a - a relatively small group of people.
And then finally this Community Ad Hoc Working Group on Compliance the idea here is to - yes next slide. I’m sorry I wasn’t following on the screen. The idea here is create a vehicle for transparency. Right now it seems that there is a lot of discussion and mythology around contractual compliance in what is we do that happens within silos. And so the, you know, the idea here is you have a forum where contractual compliance can be discussed as a community. This is not to discuss individual cases or shame individual actors but to look at, you know, more holistically what contractual compliance means. Next slide please. Actually even a couple of slides back.

The last thing I wanted to talk about really was the consumer safeguards rule. This is a role that is very different from what Maguy’s shop does. This person will be primarily, you know, first and foremost a - play an engagement role. That means raising awareness about what existing safeguards are, getting feedback on the effectiveness or perceived effectiveness of those safeguards, looking, you know, providing awareness on what types of safeguards potential safeguards would fall within ICANN's mission as well as those that would fall without and what types of collaboration with third parties might be possible parties who - with whom, you know, if it more squarely fits within their remit. That position is still open so if you know of anyone good please encourage them to apply. And that’s really it. Thank you. And of course look forward to your questions and continued feedback not just here but afterwards.

Paul Diaz: Okay thank you Jamie, excellent overview. And the last topic kind of dovetails what we were discussing. Does anybody want to raise a question with Jamie about the data? Do you want me to try and summarize? Okay I’ll try and summarize then, jump in folks.

Jamie the question when you at the end talking about your consumer safeguards use of third-party providers data I think like Spamhaus and others
there is questions, concerns on the part of stakeholder group about what data is being used, how it’s being packaged, presented and decisions that may come from that, expectations that come from presentation data.

It’s not just the compliance shop but it could easily come back to compliance if things like the GAC report card for example or other uses of data that put contracted parties in a particular light if we are not actively collaborating with you the development that if they're simply using third-party we're struggling to understand how ICANN is access that data, packaging it for other consumers and the impacts it could have on us and then as it applies to the compliance department how it could become something that compliance may come back and use against us.

So it would help us to understand what is being done currently. We’ve seen some presentations here already in Copenhagen with data being shared and with reactions from across the community to the data. And we're only seeing it for the first time.

Jamie Hedlund: Thanks Paul. Those are all very legitimate concerns. And there is no effort, deliberate effort that I’m aware of to hide the ball or surprise anyone. I think there is a genuine effort -- and I can’t speak for David Conrad -- but my sense is that there is a genuine effort to try and understand what’s going on in the marketplace in terms of abuse and other things and in doing that looking at outside and outside sources. I completely agree there should be an open conversation about those sources about the validity of those sources and how they're used. But as I only caught the tail end I mean I think as Jordyn was suggesting it also doesn’t make sense to kind of bury our heads in the sand. That doesn’t - it doesn't help any of us and it certainly doesn’t help their credibility of ICANN multi-stakeholder model if we completely ignore it. But I do take your point about openness collaboration and transparency.
Paul Diaz: Okay. I have a queue going. Ken and then Alan.

Ken Stubbs: Yes my biggest concern would be in transparency there. You’ve been talking about that. First of all you’re dealing primarily with historical data so it’s not like the data can be manipulated in advance. And secondly how you are using the data and the methodology that around arriving at the results that you intend to interpret and apply to specific situations really in my opinion needs to be openly transparent. There shouldn’t be a doubt, you know, about this. And I think one of the problems we have is we're just not really sure as indicated by Paul’s question. Thank you.

Jamie Hedlund: Thanks Ken. And again could not agree more all in favor of transparency and constructive collaboration.

Paul Diaz: Okay Alan?

Alan Woods: Alan was from Rightside. I asked the question yesterday at the DNS session just after seeing that information. I suppose another take and then something that struck a chord with me I’ve worked very closely with PSWG on the Spec 11 framework, the Security Framework Drafting Team with a few people here around the table. And one of the focuses as well is that not necessarily what’s written in the document but in the breaking down of barriers and the educational piece within that document as well between us and the PSWG, them understanding the registry's take and also understanding their take and there’s been some excellent efforts in that.

And I already saw the result as a result of that session yesterday where some of those walls were beginning to be built up just as a result of having that open
screen. I tried to be subtle in my approach of the question and I was conscious of the fact Maguy you were at the table.

Specifically with regards to they were saying that they were getting and full view as to of his many blacklist providers as possible whereas as a registry operator, you know, there are only a few providers of monitoring services or services out there from a contractual compliance point of view. And one would hope and Maguy I don’t know if you can talk on this or not but one would hope that the choices the registries have made would be deemed to meeting that level of Spec 11 III B in our overview of the technical analysis and the statistical analysis of these in the DNS.

But when you present a statistic that is an aggregate of all the blacklist providers and not just the curated chunks that some registries are looking at it can give a false impression that as registries we are not doing everything that we can when in fact we are doing everything that we can. We have put an awful lot of thought. We put an awful lot of effort into dealing with abuse in the DNS. And then we get this listing which is based on information that we probably don’t have access to or for reasons such as the cost of access to that information or indeed that we have doubts over the validity of some of those as you pointed out yourself, those blacklist providers that we would never see that information.

And I think it - that is more the reasons not that anybody wants to put their head in the sand. I think there’s a lot of conversations and there’s a lot of delicacy around not only what has been presented but the relationships and the confusion and how that interplays with yes compliance, how it interplays with our membership or our relationship with the PSWG and law enforcement generally.
So again getting a cold open on that data in the middle of a meeting within ICANN it was unfortunate is the word I would use at this moment. I definitely would like to work and see where that could lead and if there is good evidence behind it. But I was very surprised yesterday with the tone. I’m not going to lie.

Paul Diaz: Maguy please.

Maguy Serad: Good morning everyone, Maguy Serad, Contractual Compliance. I would like to address the aspects from a contractual compliance perspective Alan. Yes I heard your question. I think you presented it fairly objective. Jamie addressed, you know, the - that area with David Conrad. I’m not going to emphasize on that.

What I would like to share with this audience is for example the CCRT Review Team. We have been involved throughout the entire process with the working group because they do come to us for different data points, aggregate data points as I may say. But when they drafted the initial draft report one of the points that was highlighted on an extract from the several elements of reports that we provide online to your point specifically on 11 IIIB they were quoting a 96% compliance with 11 IIIB. But they did not state the scope of the sample size.

I immediately caught that. I get in touch with them. I said, "Can you please address that," because 96% in relation to 2000 plus registry operators versus the sample size of 264 that it was conducted on is very important message how it's stated. So we are involved. You know, I’m very much focused on data. One plus one always equals two.
So when I read the report I provided the feedback. It was well received and I
was promised it would be updated accordingly because even though we
extract data from different sources if it’s not stated properly in the content not
everybody is going to go to the source to read the full information. So I want
to assure you when we are looking at data to the extent possible to us if we are
confident and we go to the sources that we have we do address it properly. If
not, we ask questions.

Paul Diaz: Thank you Maguy. Maxim?

Maxim Alzoba: Maxim Alzoba for the record. It’s about the mixing different sources. We’re
stripping all the useful information and without adding particular weight it's
from the - just topology. What you have is just an average of something which
actually meaningless. So I suggest that for example the next time these yes
seen done (sic) you first have particular standards of proof collection for the
sources because we don’t know how they use it. If they have any common
standards I think not.

And the second thing is standards of identification of complainants because
for some registries anonymous complaints mean nothing because it’s not valid
in their proper - in their jurisdictions. And the third thing is, you know,
statistics can show anything. For example you don’t provide small letter
cTLD, gTLD on the left of the table and then we suddenly see that all of
them are bad. But ccTLDs are not regulated by that by our rules so I’m not
sure if it’s a good idea to add them.

Or for example they were not shown the number of domains to ratio to bad
domains. And it may (unintelligible) regret it or some yes new gTLDs who
have zero priced registrations it could be quite high and if use information. So
the suggestion is since it’s going to be an important part of our life there
should be something on standards of proof collection for those sources because without it it just not very useful information. And the second thing, the standards of identification of complainant. They should be used by all sources and if they do not accept it they’re not proper sources for this reason. And yes the last suggestion is to keep the information about proof they provided to you because if the proof wasn’t provided it’s not the proper information about the - that name, about the domain name. And to provide to the registries on an instant matter because it requires to react in 24 hours and we spent most of them waiting for the reply from Spamhaus who put our IP addresses to the spam list and that’s not like listening to us then it’s the (deal).

Maguy Serad: Maguy Serad. Thank you Maxim. I think the first bullet has been already addressed and the third one about the collection and the statistics and all that. As to the second point we heard your feedback about that in the closed session. So let us get back to you on that one on the reporters. Thank you.

Paul Diaz: Okay Reg?

Reg Levy: Thanks, Reg Levy from Minds and Machines. Alan made a point that the report that was displayed yesterday indicates access to information that we don’t actually have. And that brings me to one of my concerns with contractual compliance right now that I’m beginning to receive inquiries that hint at information that ICANN has access to but refuses to release to me. And I feel like that is an extremely dangerous standard to sort of hide the ball. I’m not here to discuss specific cases at all, it’s just a trend that I’m beginning to see.

And the whole report itself plays into another trend that I’ve seen of what I would call compliance drift that compliance is beginning to look into - look for additional things to hold us to. You mentioned earlier Jamie that
compliance is more important now than ever. And I’m concerned that, that - you think that that means that its role has to be bigger.

Jamie Hedlund: Thanks Reg. So on the first one I hope you’ll provide us examples of that. I’m not aware of any. That doesn’t mean that it doesn’t exist but again specificity is helpful. You know, saying ICANN is bad or ICANN is mean is not actionable. So that’s one.

On the second in terms of ICANN, ICANN drift I was - I tried to be careful about talking about particularly in the context of the consumer safeguards role about the importance of staying within scope within our mission. I think the contractual compliance role is more scrutinized around the world now than perhaps it was. That doesn’t mean our role is bigger. Thanks.

Paul Diaz: Okay thank you Jamie. Okay Maxim you got a follow-up?

Maxim Alzoba: It’s a bit different from this particular item. It’s about complaints because all complaints which come to a department you spend time on research. If it’s a proper complaint then you create case then we spend time on research, then we do something and we spent time on communications and some efforts on research what was there, is it in the scope of our contractual obligations, et cetera? So it means that if the amount of complaints is big enough we will not be able to do anything else but to exchange information with you. So as I understood from the yesterday communications with you, you see all those complainants as yes identified by email basically. And it means you do not track companies who are behind it.

So when company staff uses some free email system to generate thousands of different emails to send you one complaint from each you still see it as like different persons. And when they use some information which proves that yes
these particular registry behave badly and here is the proof from our company that’s their suggestion so you start thinking about review complaints from persons one way and from companies you have created so you see who wastes the most time of us and you. And we will be quite interested in having the top complainants section because without it we don’t understand why are we spending so much time on the similar complaints which lots of registries receive and in a case where they're groundless for example. Thanks.

Maguy Serad: Maguy Serad for the record. Thank you Maxim. I am not going to delve into that discussion. We’ve already had that and we have noted the concern and I hear you. But what I would like to remind everyone in the audience if you are seeing abusive behavior from the complaint system where if it’s a submission of a complaint because we do vet them. And we do look at the complaint for the merit of the complaint, not the source of the complaint. But if you are seeing abusive behavior we have put forth a process to manage it and take action on it once it’s reported to us. So the process has been in existence for about 4-1/2 years now. If you are seeing that all you need to do is respond to the ticket or send me a direct email or an email to compliance at icann.org telling us what your concern is, showing us what is that behavior that you’re concerned about. And we will engage with you to make sure we understand the views you are reporting because we also do not want to react but we want to make sure we're making fact-based decisions.

We have in the past given notice to reporters about the abuse and when they still did not follow we have suspended them from reporting and stopped it and blocked it from going to you. So please let us know if you’re seeing that behavior. If there's an issue let’s address it and then we’ll look into how can we provide more transparency to reporting on the reporters.
Paul Diaz: Thank you Maguy. Okay in the interest of time we have 90 minutes this morning. We're dividing it in thirds so (Jen) I'll give you the last question.

Jon Nevett: Oh, Jon Nevett from Donuts. I just observed that some ccTLD they are not actually run by some government just very commercialized just like any other new gTLD. But just from that if we found some abusive behavior for any gTLD we can report direct to and report to ICANN (complex). But for ccTLD we can’t do nothing. So that's some kind of an unequal treatment. I just want to see how ICANN compliance deal with that kind of issue.

Jamie Hedlund: So as you know ICANN has no contractual arrangements with ccTLDs and so we neither set the policies nor have any contractual compliance enforcement capability with them.

Paul Diaz: Okay. Let me just close in asking you’ve heard a lot today and we heard you say collaborate, communicate open channels. How do you propose we as a subset advisory group -- something like that to work with you, you know, rather than coming back and shouting at each other politely but shouting at each other, you know, three months from now? What can we do in the interim to make sure that concerns that you're hearing today can be clearly articulated factored into plans moving forward?

Jamie Hedlund: So whatever works best for you I mean I have - we are clearly open door and, you know, collaborative discussions rather than exchanging middle fingers I think is more constructive. So but happy to set up regular calls, meetings -- whatever you think would be most effective for your constituency.

Maguy Serad: I would like to add to that please if I can Jamie. I don’t want to receive individual opinions or ideas. We wanted to be a stakeholder voice that’s going to benefit the community overall, not I want to know this and I want to know
that. If as you and I have worked in the past usually send us say like a communication that’s internal. That’s an internal collaboration, informal collaboration where you list what is it you’re looking for or what are questions you have or concerns and we be very happy to provide you a right, you know, a writing response and jump on any registry stakeholder call you want from us. And as Jamie said whatever process would work best for this stakeholder good we'd be happy to work with you on it. But as long as we receive requests please that is truly the voice of that stakeholder group not an individual voice.

Paul Diaz: Okay. So we have an action item coming out and we will get back to you. Just to state the obvious as much as the stakeholder group has grown, as representative as we are – we don’t all of our membership does not include all accredited registry operators. And there is a strong sense in both of the contracted party groups that a lot of the problem players are not in this room. And, you know, we want to be constructive and collaborative. We recognize though that there are others.

And hopefully in working closer together we can also get some – see some love from ICANN so that when people broad brush the registries or registrars are not doing whatever it is they’re complaining about that we can distinguish no wait a minute the contract - the Registry Stakeholder Group is a good actor. They're people are good people. Okay with that then thank you very much for your time Maguy, Jamie.

Jamie Hedlund: Thank you.

Paul Diaz: And Cyrus I’m not sure how we're – how you’d like to break the day the next section. Do we go to finance or do we go to your team?
Cyrus Namazi: I think our finance team has budgeted the next half an hour. If you don’t mind we’ll do that.

Paul Diaz: Terrific. And please. Thanks Jamie. Welcome Becky, get settled, Xavier. All right as our finance colleagues get settled and their slides are coming up on the screen just to remind everybody just before we traveled ICANN posted its first working draft to the fiscal ’18 budget. There will be a comment period. Chuck has already taken a quick look and shared some ideas but as we’ve done in past years we will need to look at this in more detail, develops stakeholder comments so keep that in the back of mind but let me shift it over to finance and let you guys run the show.

Xavier Calvez: Thank you Paul. Since we are budgeted we're going to show it and good morning everyone or good afternoon for those who are on remote participation. As Paul just indicated we have published last week the FY ’18 draft operating plan and budget. And we're going to go quickly over and providing you an overview of this.

First let me introduce quickly the team that participates to planning for us. There’s four members of this team present here and two are remote in Los Angeles. And I will immediately let Becky introduce the FY '18 overview.

Becky Burr: Thank you everyone. This is Becky Burr for the record. If we could just go to the next slide please. We’re going to give an update on the FY ’18 operating plan and budget. And as Xavier has indicated we published the draft operating plan and budget just on right before this ICANN meeting. So that is our typical rhythm to try and have that published before the ICANN meeting which took place on 8 March. We have several topics to cover but just in the interest of time I’m going to go through and focus mostly on the
documentation that we've published and then give everyone an opportunity for some Q&A.

Next slide please. Next slide please. This first slide gives an overview of the planning process timeline. And as we can see for FY '18 the planning process started in September. And throughout that period we held many opportunities for engagement with the community on the process and the timeline.

We also had opportunities during ICANN 57 to interact with the community on assumptions. And then further along in the process we've highlighted that the publication of the operating plan and budget took place on 8 March. And the next two key areas are going to be the public common period receiving comments and the report back out on the public comments. And then the final box here is the proposed adoption of the budget in June by the board at ICANN 59.

We did give a comparison to the process of last year just for a reference point that we'd just like to highlight that in each case for FY '17 and FY '18 we have exceeded the typical public common period of 45 days and just due to the timing of the ICANN meetings we average around 50 days of public common period.

Next slide please. This slide we’d like to give an update on the current status. So as we’ve indicated the draft five year operating plan update and the FY '18 operating plan and budget published on the 8th March. The public comment period does and on the 28th of April. We are asking for any clarifying questions by the 19th of March but we encourage is if there’s any questions that provide additional information for any group that is reviewing the draft budget if we could receive those questions by 19 March that will help us in organize these responses and provide feedback to all publicly to everyone.
And in addition we are asking that any group that feels that they would need to discuss their comments with staff or if we may need to discuss the public comments with staff we would like to set up those meetings by the 31st of March. This is all before the end of the public comment period.

Current status updates number two here is that the SO and AC additional budget requests are under review. We did receive approximately 60 requests and they’re currently being reviewed for recommendation to the board. And the ICANN board approval is estimated to be early May.

Next slide please. Next slide please. This slide gives just a quick update of the five-year operating plan update. The implications of the FY '17 activities that then will have implications on the FY '18 operating plan update. We’ve provided here an overview of several types of changes that would be seen in this document. And what I’d like to do is just highlight the three high profile updates that are on the lower right-hand side of the slide.

The PTI or IANA functions operating plan is incorporated into the total ICANN operating plan as the IANA budget. The FY ’18 operating plan and budget does not assume any expenses related to the IANA stewardship transition in FY ’18. And the final point of a high profile update here is that the reviews incorporated into the bylaws are now called specific reviews and are included in the FY ’18 operating plans and budget.

Next slide please. On this slide we're giving you an update of the highlights of the budget. So again this process, planning process includes a five-year operating plan update. This is the second update of your three FY ’18. I just want to highlight here that there are no major changes to baseline operations and the IANA functions are separately reported in as PTI and as the IANA
budget. For point number two the FY '18 budget is balanced. What I'd like to highlight here is that the funding or the revenue in the FY '18 operating plan and budget is at $142.8 million and baseline expenses for ICANN operations is balanced at $142.8 million and there are no initiatives or projects being funded from the reserve fund in the FY '18 budget.

As it relates to funding the highlight that we’d like to give here is that funding does increase at a slower rate. The funding forecast or FY '18 budget of $142.8 million is 5% above the FY '17 forecast of $135.9 million. This slower growth rate is consistent with the number of new TLD’s now in operations and reaching its peak.

ICANN operations baseline expenses also increased by approximately 5% over the FY '17 forecast. And this is mainly driven by personnel. And you can see that again it is a balanced budget. We're funding equal baseline expenses.

Next slide please. This slide provides an overview of the multi-year forecast for the new gTLD program. This is a slide that we present in our quarterly stakeholder call in other financial documents. We would just like to highlight that this gives the multi-year forecast where the application fees that were collected of $362 million. This shows phasing projected by year four of the program and we've highlighted violated in the red box here the assumptions that we have included in the FY '18 budget as part of the total ICANN budget.

Next slide please. I’d like to just highlight two new items to the planning process. The first is that the draft operating plan and budget includes a section as it relates to the caretaker budget. The community powers to reject the strategic operating plans and budget require then that we have a caretaker budget. So if the board approved operating plan and budget is vetoed the caretaker budget replaces the operating plan and budget during the veto
resolution period. In the publication we’ve outlined our assumptions of what we are proposing for the caretaker budget should this occur.

The second item that’s new to the planning process for this year is we’ve included a list of unfunded potential FY ’18 activities. This listing were activities and expenses considered during the budget development process but not included in the draft FY ’18 operating plan and budget. These activities are to be considered during FY ’18 based on the priority and availability on funding. And just to note that means that should there be additional funding that arises from either higher funding or revenue than budgeted and/or lower expenses than budgeted then these additional activities could be considered based on their priority to be completed.

Next slide please. I’m now just going to give a brief overview of the next steps. We’ve just highlighted three areas of primary interest as part of the public comment period. Again now that the document has been published if there are any groups that would like to have clarifying questions we are asking that those be sent to us by the 19th of March. We will then be setting up meetings. We would like to have those scheduled by 31 March.

And then the next key area is that the public comment period does end on the 28th of April and the following steps take us through to publication. And I'd just like to highlight one new step is that just prior to the final request for budget approval we will be sending out on or around the 10th of June the final draft of what we intend to send to the board for approval highlighting any changes. So this is a new step that will take place this year so that everyone can see what will be submitted to the board for approval prior to the fiscal year end.
And the next slide please. This next section is just a highlight seeking involvement from everyone in the planning process. We would just like to highlight that we have two sessions here at ICANN 58, the Budget Working Group which is today the 14th at 5:00 pm. It is it’s a group where we do have interaction and we encourage all those that have interest in the planning process to attend.

Then we are going to have a session on the 16th of March at 9:00 am called Financial Accountability, the Operating Plan and Budget and we encourage everyone to attend that. We’re just highlighting at the bottom of the slide that we have the public comment period. We really do look forward to the comments that we will receive.

And then for anyone that would like to receive specific emails related to the planning process we do ask that you subscribe to our email address just by emailing us at the email at the top of the slide here controller@icann.org. And that’s the end of the slides that we have to present. If you go to the next slide I believe we have a Q&A slide.

Paul Diaz: Okay thank you Becky. Xavier we're going to start a queue. I’ve got Chuck and then Ken, Jonathan. Please Chuck.

Chuck Gomes: Thanks. Thanks Becky. The - my first comment is to the Registry Stakeholder Group. I will submit some clarifying questions to the group, probably won’t be able to get to it until my flight home on Friday so there won’t be very much leeway there. But if anybody would like to work with me on that just let me know and I’ll send it to you first and we can via email do that.

It is important that we get more people involved in this process. Paul’s done a pretty good job as he’s been able to participate in this process. But please let
me know today if you’d like me to include you in the things. now I already a - pull up some preliminary information to the group but I’ll do a little bit more on my flight home on Friday and then send it out as - after I land.

Secondly you notice that there's a three-hour session tonight from 5:00 to 8:00. They serve a gourmet dinner that - well sorry about that. It’s really not gourmet but there will be some foods provided…

Man: Wine and beer.

Chuck Gomes: Thank you. The - I would be happy if anybody wanted to join me in that. Now I know it conflicts with our session with Glen from 6:00 to 7:30. I plan to break away Xavier at six to be at least at the beginning of the session for Glen and then return. But if anybody would like to join me in that that would be great. And we'll go through the budget in a lot of detail with the group tonight and also the session on Thursday.

So again welcome you to join me. I know I think Paul plans to attend part of it if he can but if somebody else would like to I really welcome you and I’d be glad to provide a little bit of coaching as we go through that tonight so thanks.

Paul Diaz: Thank you Chuck. Before I continue in the queue let me just ask the clarifying questions the 19th, what’s the deadline timewise? Is it close of business California or what?

Chuck Gomes: Close.

Man: We'll wait until the 20th in the morning if you want.

Paul Diaz: Great answer. Thank you. Ken?
Ken Stubbs: Yes I have two questions. First of all please correct me if I’m wrong because the slides flew by fairly quickly before my eyes I did not see any indication in the budget of any contribution to strategic reserves. Am I correct there?

Xavier Calvez: So we didn’t include any information on that in those slides, you’re correct. The budget is disclosing funding and expenses. The cash implications of this balanced budget we have a cash flow statement in the public document that exists. We didn't include it here. And that cash flow statement shows the impact, the cash impact on each of the different funds that ICANN manages which is the operating fund on one hand, the reserve fund on the other hand and then the new gTLD application fees that are unspent as well as the auction proceeds.

So you will see in the document that we are not disclosing any contribution from the operating fund to the reserve fund for example. The – because it takes a board decisions to do and we're not speculating or forecasting a board decision. However you will see that those balances show an increase of the operating fund which is simply resulting from the excesses that have been - that have happened for FY '16 the year that we closed last year June.

We’re anticipating a small access for FY ’17 as well and as a result the operating fund mechanically increases. So we will review with the board over the next few weeks and months the allocation of that operating fund access to reserves or to other projects possibly. So this is an upcoming exercise and it’s not currently reflected in the draft operating plan and budget.

Ken Stubbs: Well thank you for the education. But I really am not getting from the answers that I’d like. I understand your process. I suppose I’ll ask another question. How much over the last let’s say two years -- and that’s the approximate time
-- for the IANA process was taken from the strategic reserves to fund the cost overruns on the original budgets for the IANA process?

Xavier Calvez: So thank you Ken. This amount is actually on the Web site on the IANA Transition or on public Web site and this is an information we update every quarter. I'll give you the amount not just the past two years, I'll give you the amount over three years right inclusive of 2017 during which the budgeted plan is $8.8 million of spend for the IANA strategic transition which added to the previous two years represents approximately $30 million all of which have been - will have been taken away from the reserve fund which therefore is expected to go from the $85 million or so that it was at two years ago to about $54 million. As…

Ken Stubbs: So the $30 million number you’re referring to is only the funds that were taken from the reserve to fund the effort, not the total cost of the effort?

Xavier Calvez: No it is the total cost of the effort which was entirely funded from the reserve fund.

Ken Stubbs: Okay.

Paul Diaz: Thank you. Jonathan?

Jonathan Robinson: Thanks Paul. Chuck I'll happily take your any - I’m here. I'll happily take any email or help you with any work on the budget. That’ll be great. Xavier actually I had a question which and Becky which was not dissimilar to Ken’s so I’ll try not to repeat it. But what I think I understood you to say was in the prior financial year you made a slight surplus and therefore you anticipate although can’t be sure that that’ll be added to the reserve fund.
Like Ken and others I’m obviously concerned about the depletion of the reserve fund over the last while. And we all know that the board has a commitment to attempt to run with a one year to build up to a one year reserve fund. So I guess my question is to what extent in the budgeting process are you targeted with attempting to create some form of surplus in order that you can – that the organization, you know, as part of its strategic objectives is focused on making the contribution to the reserve fund? Thanks.

Paul Diaz:

So this is one of the options available to the organization to create a structural surplus on an annual basis. At the time of planning in order to have a manual or at least planned contribution to replenishment. Just to explain the what Jonathan just indicated if we look at $55 million current balance of the reserve fund the replenishment we're talking about is to bring that level to the targeted level of adequate reserve for ICANN which has been set in the investment policy of ICANN at one year operational expenses. One year of operational expenses approximate to on the basis of FY '17 budget to $132 million.

So we’re something like $80 million short. And that’s the issue that Jonathan is speaking to and there's not many people more than me who are concerned with that level of depletion because it is a concern. It is the sustainability of ICANN as a whole that is at stake with this depletion.

So the replenishment of the reserve is a big concern. The creation of this annual surplus is the mechanism that is being considered by the board in the exercise of re-looking at the reserve fund and what should be the target and obviously even more so how do we replenish that reserve fund?

So the creating a surplus is obviously an option. And there’s a few others that are being considered by the board as well. But so far there has not been the creation of a surplus per se in the budget. However as you know there is in the
budget a contingency which is simply the set of budgeted expenses that are not allocated to any specific purpose or function that is a flexibility built in the budget to allow for changes versus plans or to allow for the inaccuracy or planning where expenses can be different from the amounts that they were planned for.

And that a contingency in the FY '18 budget is $6 million. Last year it was about $5 million. So it is a - an amount that also helps us if it’s not used to create an excess at the end of the year. And in the past two years the excess that we have either seen or anticipating is corresponding not far to that moment at the end of the day.

So we believe that this is something that could be institutionalized as a standard in quotes process. And I actually don’t see going forward any situation under which we would not try to create some kind of structural excess as a saving mechanism. You make this much money you put a little bit away every and that helps replenishing the reserve fund though I would argue that let’s assume a $5 million contribution every year in excess. It’s going to take us a while to get through $80 million of replenishment. So that’s not the sufficient element to contribute entirely to the replenishment though it should be a necessary one.

Jonathan Robinson: Thanks Xavier. That’s a comprehensive answer and I mean it strikes me that it’s prudent on the part of the management team and the board given the targeted reserve fund that you should do that. And I also think -- and this is purely my own opinion and I’ve expressed it simply as that -- that in the event that you were to seek to replenish the reserve fund from other means having institutionalized some sort of structural contribution it would make your case a lot stronger. Thank you.
Xavier Calvez: I am completely of the same view and I will convey this group's views that you’ve expressed.

Jonathan Robinson: I don’t speak on behalf of the group although that would be an interesting discussion to have in our group but I speak purely in my own capacity on that topic.

Paul Diaz: Okay. We’re coming up on time. Jon you'll get the last question.

Jon Nevett: Great, thanks. Xavier did you say $132 million? Us that what I saw in the documents as well? When I started in the industry about a dozen years ago ICANN's budget was $8 million. Now, you know, I can’t say that my own personal girth hasn’t grown over the last 12 years either but it – do you think and does staff think that at some point ICANN needs a diet and maybe scale back a little and reduce its annual operating expenses and you’ll get a double benefit?

Benefit one is you’ll get revenue to put towards the reserve fund and benefit two is the annual operating expenses will come down so the gap will reduce as well so it’ll be a double benefit. Is that something that Goran and others, Akram are thinking about? Are you thinking about scaling back or is it continued growth every year?

Xavier Calvez: Thank you Jon. The way the organization is looking at the budget is primarily what do we need to do to fulfill the mission? And when we do that it becomes a matter of prioritization and best use of the resources to complete the mission. You have seen - sorry. You have seen the organization grow substantially even over the past three years even, you know, even shorter period than the one you mentioned. So it's about 3-1/2 or four years ago we were 150 staff. Today we're at 360 so it’s a substantive growth.
As you know the mission of ICANN has not necessarily changed in terms of its fundamental objectives but accomplishing that mission has been a continuously demanding exercise. You had the Compliance Team in front of you a little bit earlier. The pressures across the organization and from the communities on increasing compliance has been tremendous. Maguy’s group has tripled in size over the past five years. And there's a lot more people saying that it’s not big enough than people saying it’s too big.

So the question is what do we not do in order to be able to reduce expenses right? What is the part of the mission where we should do less, save costs and therefore be able to either stabilize or reduce our expenses? That’s what I would like this group like everybody else as well to contribute further in terms of input to say you should do less here and may be more here or less across the board. That’s exactly the type of input that we would welcome as part of the budget.

And certainly the question to me is less reduce cost. It’s more what do we not do? And I think that’s the constructive discussion that needs to happen in the community. I see another question there and after that I would like two minutes.

Paul Diaz: Certainly Xavier. Okay we're getting tight for time so please focus quick questions. Maxim?

Maxim Alzoba: Maxim Alzoba for the record. Just as a follow-up growing numbers doesn’t mean following missions because it’s just different things. And small suggestion have you considered like running a poll within the organization so the persons they write six sentence what they do? And it might help you in
identification of yes how effectively to make it grow while not losing the mission. Thanks.

Xavier Calvez: Presuming that I’ve understood correctly or question or your suggestion I think we do a lot more than that in asking the organization what do they do. I don’t know if you’ve looked at the operating plan of ICANN but that - maybe that’s not what you have in mind.

Maxim Alzoba: It’s about question to staff members what do you do for your salary? If they cannot answer it’s not for me then to recommend it. It’s up to you.

Xavier Calvez: So I'll go back on what I just said. Have you looked at the operating plan where we disclose by 350 projects with the allocation of people so we have the fraction of every single staff member that contributes to each project aggregated together to be able to say we spend this much resources and time on this project across the 340 projects of the organization.

So the question on the staff members as to what do they do is asked, answered, documented and aggregated at the ICANN level and published. The exercise of doing this on one hand on the planning basis, on an annual basis as well as the supervision of every staff member across the organization and the performance management activities of the organization let us be able to ensure that every staff member contributes at ICANN to its fullest extent.

So I think there are processes in place at ICANN to have that constant exercise. I would also add that what you see is in this budget for example is the result of the process where each function explains what it does, explain what the needs are and explain what the resources are that they think are needed to be able to fulfill those needs. That’s a completely standard exercise in any planning process in any organization. There – my colleagues here on
the left and on the right can tell you that they don’t get everything they ask. And that’s a process…

Man: We don’t get anything.

((Crosstalk))

Woman: True.

Xavier Calvez: So we do have and it's not specific to ICANN, everyone in any organization has a process that challenges the needs. And Becky indicated earlier the list of activities that are unfunded we have suggested to publish this for two different purposes. One so that you understand that not everything makes it into the budget because of the outcome of an exercise that I just described earlier.

There are competing demands for a limited amount of resources and that’s healthy. It’s a good thing. If people ask for resources they will be challenged to justify why they need those resources. And that’s a healthy exercise. So I think that happens and is very deeply documented in the organization.

I think the honestly the better path for us is to really interact with the community as to what are the priorities of ICANN? What does ICANN do? What are the priorities of ICANN and how do we reorganize what we do and maybe to reduce some things that we do.

Now we do need internally to on an ongoing basis challenge our costs. Do the same thing for less, optimize our cost to ensure there is no overlap in funds. This is operational efficiency that we tried to put a lot more efforts as we are a bigger organization. I’ll stop there.
Paul Diaz: Thank you Xavier. Okay we're eating into our time to GDD so please quick Ken and Jonathan you’ll have the last word.

Ken Stubbs: Yes I appreciate for lack of a better term I won’t call it a defense but I'll call it an elaboration. But let’s be frank, what you do is to in effect quantify plans. And what I get concerned about in -- and you made a point that is very strong -- I would advocate for more collaboration between the community.

In other words you have a significantly large scope of activities. I’m not saying that it all gets done every year but if we had interactions and what I’m saying is put together budget advisory groups from the community and let’s attack a specific area. Let’s talk about it. Not only that but let’s take it one step further. You say you have a whole list we'll call it a laundry list of unfunded things. Hey pardon me that belongs out in the community because we can help stratify it and prioritize it for you and maybe something might come from our input that, you know, I don’t like the idea of the staff in effect it’s kind of like the tail is wagging the dog.

You - it’s hard to argue that you’re being responsive if you ask staff to give you a list of priorities and what needs to be done rather than the community. You’re being responsive to the staff’s demands and I know the budgeting process. I’ve been through the whole thing. And I understand that.

But I’ve never seen an interaction with the community that actually involved taking a look at our plans for the next year before they got quantified. You know, because it isn't all based on ow much it costs. It’s how effective it can be as well.

Xavier Calvez: Thank you Ken. I think the logic of your point is very clear. I think that there has been exactly what you’re suggesting would happen. That interaction
happens tonight between 5:00 and 8:00 and has happened at every ICANN meeting over the past 2-1/2 years. And that’s exactly so we’ve done it in Hyderabad for example. And this is a great interactive opportunity to look at the priorities, look at how the budget is structured and be able to interact on specific aspect of what we do and how we should do it differently.

So there is that interaction. You’re actually making the point that Chuck was making earlier and that I was going to go over now is that we need your participation in these interactive forums like tonight’s working group three hours. There’s a lavish cost efficient dinner offered as well as wine and beer. I want to advertise to - but the point is that these three hours with the few people who come are very interactive type of session to provide the opportunity for that input to be provided and to discuss the assumptions of the budget at a relatively deep level of detail. And Chuck made that point.

But I wanted to reiterate Chuck’s point that speaks to Ken's need or ask is that this group for example represent large contributor to ICANN. If you want to have input on what ICANN does with the money that it collects it’s through that process that you can do it. It’s not the only process that you can do it with but this is through that process that you can do it.

So either participate to budget working group or submit public comments but either way this is a process where you have a say. And there is direct influence between your comments and what ICANN does as a result. You have 340 projects to look at. I know it’s a lot but take those that you’re interested in. You have the funding assumptions of ICANN that are laid out how, much we’re expecting the funding from registries and registrars to be. You have obviously expertise in there. We need your input.
Chuck and Paul have been providing registry expertise to that working group in the past and we're very happy to have them but we would like to have more of that input. So you have an opportunity through the working group through participating into the planning process to influence what ICANN does, what it doesn’t do.

Paul Diaz: Okay everybody needs a follow-up. Quickly Ken, Krista wants to jump and Jonathan you’ll have the last word and we have to draw a line under it.

Ken Stubbs: Yes I appreciate what you’re talking about but I’m looking at it from scope. Let’s assume for the hell of it we get three hours at each ICANN meeting. So you’re saying Ken we offer you nine hours a year to review an operational budget in excess of $100 million that involves 300 plus different projects.

And what I’m saying is all we're doing is looking at numbers and as you said pick out your favorite one. I’m trying to take it down one level and say before we put numbers on something let’s take a look at how we deal with these activities. That’s all I’m saying. And that’s why I’m not just talking about the budget but rather trying to answer some of the questions of why are you still growing? Why do you need that much money? What do you anticipate in the future? What’s your basis for that?

Now maybe I am assuming = I’m hoping to God that the board's asking those questions. But it’s supposed to be more a little bit more transparent. You know, that’s the point I’m making. Thanks.

Xavier Calvez: Thank you Ken. But I think you’re - I would like that you come to this working group because I think you would have a different statement there. I think it’s what you’re describing when you do is exactly what you said. We need to look at the fundamental activities. What are we doing as an
organization and that’s where we want to migrate a lot of the focus of the working group and the entire interaction that we have, less about the numbers more about what we do. But they raise those processes in place and they’re not capped out today.

My point is there's more opportunities than are being taken by the community and there's so many things that you guys are spread over. So of course it’s difficult for the community to participate heavily and actively in those processes. But we're offering more than is taken on right now.

So I think that we'll continue interacting, we'll continue offering that. But the working groups is not just looking at the numbers after the fact Ken. In November we looked at the plan from the beginning. Where should that go in detail? So hopefully you will be able to participate to the next working group so that we can – you can see how it happens and hopefully it will help us do a better job at it as well.

Paul Diaz: Okay really pressed for time. Jonathan and then…

Jonathan Robinson: Thanks Xavier. I’ll be very brief. You’ve described in a lot of detail a very highly structured and organized approach. And I mean I think you deserve, you know, that’s great to see, I mean both in terms of the planning and then monitoring. It sounds like that is very structured and organized.

You touched a moment very briefly on a focus on efficiencies. And I don’t expect you to comment further but clearly that’s an area that should also receive attention. And I minded I’m just thinking of these flowcharts that, you know, Goran's got going at the moment about processes and where there are inefficiencies or unknowns. I’m just trying to see if there’s any way you can synchronize with those but in any event I just encourage you to continue with
that additional focus on efficiencies. And like I say given Paul’s point in time I don’t necessarily expect you to respond, just a follow-up and a reinforcement of that. Thank you.

Paul Diaz: Perfect, thank you Jonathan. Thank you Xavier. Yes we're going (Chris) has agreed to save or work with us into next section so let’s jump right to that then. We had a list coming back on the screen and Cyrus and team we'll turn to you.

Cyrus Namazi: Good morning. This is the fun part of the session with ICANN. I saw we have a list of issues that you’ve already put together. Thank you for that. We're prepared to discuss them with you. Just wanted to very briefly touch on an announcement that we made last Friday. I’m sure you’ve seen it.

This has to do with Krista actually changing jobs within ICANN, wanted to just spend a moment to describe to you what’s going on and what’s not going on. It obviously saddens me quite a bit to lose a trusted partner and a friend.

The good news is that she's not going very far. She’s actually joining the legal team under John Jeffrey as you know. So she’ll be around to keep helping us with her immense knowledge and experience. She will be phasing out her responsibilities with our Registry Services and Engagement Team over time. It’s going to be a fairly quick transition. But thankfully she leaves behind a very capable team that was just actually bolstered by three additional members just recently toward the latter part of last year -- (Carla) and (Amanda) and (Lisa).

So I fully expect the team to step up to the plate. I will continue to actually be obviously involved and be stepping in to fill the gap while we look for a replacement for Krista. So I’m hoping there will be no disruption to the
services that we provide to you. And a search of course is going on for actively at the moment to find a replacement. So Paul?

Paul Diaz: Thank you Cyrus. I was just checking with Secretariat. Let me ask you because we ate into a lot of your time now we need to take a break. It’s mandated. Is it possible if we the questions are coming in and we don’t get to any - that you can stick around at the top of the hour? Okay. So for everyone I know there's a long list of stuff and if we don’t get to it all in the next 15 before we have to break, almost ten minutes now actually we'll have opportunity afterwards. Let’s see where'd it go?

Why don’t we start with the top of the list up here for some status updates and - or create a queue. What do people prefer? Most of the things that are on the screen should be very quick. They're just hopefully status updates. So Jon if you – you’re at the top of the list.

Jon Nevett: Sure. This is on the registry agreement amendments. As I put in the note and now thank you Krista and Cyrus for putting the charts together. I don’t even have to do the math. It's great. So 88%, we need two thresholds to get these amendments approved that we’ve been working on for 2-1/2 years. One is just based on the number of registries that are applicable that this provision is applicable to. And we're at 88% of those in the first month of voting and we're at 76% of those based on fees.

So a second trigger is fees paid to ICANN and we need 2/3 of those. So we still have a little room on both but I think we’re in a very good spot and I encourage everyone who hasn’t voted yet to please, please vote.
Cyrus Namazi: Just a quick follow. Thank you Jon. Just wanted to remind everyone this is a 60 day window and it closes April 10 the voting. So if you haven’t voted please step forward and do it.

Jon Nevett: And…

Paul Diaz: Okay.

Jon Nevett: ...the vote comes from an entity called Big Pulse, one word B-I-G-P capital P-U-L-S-E in your email. So if you can’t find it look for big pulse. Thanks.

Paul Diaz: And Jon or Cyrus do we have any sense of the staff that have been presented a breakdown between Constituent Stakeholder Group members and others right because it’s all and I’m concerned that folks in this room may have voted but to get to the threshold we’ve got to rely on ICANN to reach out to those nonmembers because we have no ways of communicating with them?

Jon Nevett: Yes so a couple of points. There are a lot of folks in the room who haven’t voted so that would be good if they did. And then what’s the schedule for reminders Krista? Maybe you could share that.

Also ICANN publishes an Excel spreadsheet of who voted, not how they voted but who has voted. So anyone here could look to see who has voted and who hasn’t.

Krista Papac: I’m working on getting you guys the schedule for reminders but sorry, this is Krista Papac, ICANN organization. But what we are doing with the so the software as Jon pointed out is Big Pulse. If you can’t find your - the email along with the additional way that Jon suggested we have published an FAQ on our Web site that gives you some instructions on how to look for how it
might be stuck in your Spam folder and there’s some sort of – there’s a bunch of things in the FAQ but it does talk about ways to find the email if you can’t.

If you’re still struggling please just email us and submit it a case through the portal and we'll get you a new shoot. I said shoot. We'll get you a new vote request so that you can go vote.

The reminder schedule is - I’ll get back to guys with that. I can’t read this. But sorry, the software will automatically be sending out reminders. We set up a schedule. I’m just looking for it. Once I have it I’ll let you guys know but we're, you know, trying to make sure it stays front of mind for those folks that are maybe a little bit slower to respond.

Paul Diaz: Thank you all. Then Jon I’d forgotten about the spreadsheet so I have no qualms about using the bully pulpit and pressuring members to take a look and vote.

Krista Papac: (Unintelligible).

Paul Diaz: Yes and we can circulate it. And the secretariat and I will work on reaching out to those who are not on the list yet. Kristina did raise your hand?

Kristina Rosette: Yes, Akram, Kristina Rosette for the record. Akram I understand that earlier this morning in the CSG meeting there was a question about the comments that came in from other portions of the community and whether or not they were taken into account on the registry agreement. And it appears that there was some suggestion the ICANN is considering issuing a negotiation notice after this round of amendments is finally concluded. Is that the current intention?
Akram Atallah: No not really. What the - I think the business community asked the question on why they’re not involved in the negotiation and all of that and that we should hear everybody else from the community what they want in the negotiation. And so my answer to them was that this process isn't a contract that we can - either party can initiate a negotiation once a year and that basically we initiated this about three years ago and we were trying to do some cleanups in the contract and now it’s too late to do anything about this round and that if there is enough demand from the community to actually have certain things negotiated that we will consider that after this current round.

Kristina Rosette: Thank you.

Paul Diaz: Chuck?

Chuck Gomes: Thanks Chuck Gomes, just a personal observation. I find it very interesting that business people would be proposing contract negotiation with the community. I’m sure all of them would really love to do that in their contracts.

Paul Diaz: Here here. All right if we're good with this then Alan a quick update on security framework?

Alan Woods: Sure. Alan with Rightside registry, good progress to report from the security framework. ICANN meeting seem to focus those excellently. We’ve had across the meeting there’s been three sessions, one joint session between PSWG well, the entire drafting framework team one registry and one PSWG. At the end of the registries session we had a Version 5. We provided that to the DSWG who yesterday gave us Version 6 which we are going to be discussing this evening at our open session of the security framework. I think there’s small, small edits to come in the document and it is our sincerest hope
that we will actually come to an agreement within the team today. I may be living to regret that but it is our hope that we will come to an agreement today on that document and then see where the next steps lead us.

Obviously we don’t have an agreement to show the Registry Stakeholder Group yet and but we will be in contact with you to show it to you, show the document and hopefully get all agreement around here as well so we can proceed with the next stage so that where we’re at.

Paul Diaz: Perfect. Thank you Alan. Just to tie this in with our discussion with staff now and to follow-up on concerns that were expressed at the very beginning of our day this morning folks that we're interacting with in the security framework with PSWG is comments have been made by certain members while we're here, rather cavalier remarks about well use the auction proceeds to fund some of the things that they would like to see like registrant verification and stuff.

You know, I would ask we can push back on them but I think it needs to be all parties educating members, broader members of the community that perhaps aren’t quite as aware of how those processes work. You know, if there’s an idea on the part of some certain law enforcement officers that just because there's a pot of gold out there they have dibs on it. They have to be disabused of that idea very quickly. And I think that also needs to come from staff.

There are processes and consultations and an awful lot of work that needs to be done. And it’s concerning to hear that. Likewise other members of PSWG, we talked to compliance you’ve heard and we do intend to collaborate with them more but data that is being collected, used, packaged and shared across the community we need to have more interaction with staff, not just GDD compliance, maybe Dave Conrad’s team, et cetera, because there’s an extremely high risk that there's going to be very unrealistic expectations about
what will be done based on things like the GAC report card or other data that is currently being or has been shared this week.

And it's very troubling as contracted parties because if there’s a natural reaction on some in the community to say well then, you know, go do something about a compliance. These people are out of line and we’ve not seen the data, we don’t know how it’s being put together and all the rest. There's a genuine concern on our part about what we’ve seen here in Copenhagen and the days coming into the meeting. Krista?

Krista Papac: Thanks Paul. It’s Krista. Just one point I wanted to for one thing I wanted to say about a point you made. I was in here earlier for the compliance session then heard the discussion. And even though I am going to be transitioning out of this job I’m still feeling very responsible.

But I made a note to talk with the team about better to your point, better communication and coordination with David’s team and some of the other teams that might be involved in this. And so I did note that. And I – we could certainly just have a little - do a little bit better in coordinating with them so we can communicate with you so you guys aren’t surprised to the extent that we're able to do that. So we'll – we’ve - I’ve already taken a note. Thanks.

Paul Diaz: Thank you Krista. Any other questions, concerns this time? All right then let me shift to Stéphane.

Stéphane Van Gelder: Thanks Paul, Stéphane Van Gelder, Vice Chair Policy. So I’m going to talk to you about the RSP what do we call it, Drafting Team Discussion Group and the registries, the offset proposal on the RSP Registry Service Provider, just a very quick update. We had a call on I believe it was March 2. After finalizing a scope for the work that we want to do in this group.
The call was attended by ICANN staff Krista and I believe Cyrus was on the call as well. I can’t remember but Krista was there and answered many of the questions that the group had which was extremely useful and allowed us then to put together a document listing our own questions, internal questions for ourselves following the scope that we set out and trying to fine-tune the work that we're trying to do and also questions to (unintelligible) like to follow-up on.

We were planning to have a meeting here of the group but timing issues just were too difficult and we were unable to have that meeting. But the idea now is that we move forward with an idea of trying to work with ICANN to refine the process by which registry operator backend are changed at the moment. The process right now is pretty intense for people wishing to switch back ends. And in some cases the group feels that there may be redundant steps that could be diminished or improved in terms of efficiencies. So we are looking to try and work amongst ourselves and with ICANN to try and come up with a process that is perhaps more efficient and less intensive for everyone involved.

That is one of the scopes of the scope items of the group that we're looking at. There are others. But the group is looking to try and address operational issues before it addresses wider issues such as the actual place of backend registry service providers in the ecosystem. So that’s a short update on that group.

I’ll switch to the registry fee all set proposal Paul, just to say that the proposal was worked on within a small group then passed on to the SG, worked on there in the wider group. Then once the group felt it had a proposal that was sufficiently honed, passed on to Paul who sent it to ICANN I believe this morning. So that has now come to a conclusion as far as the work of drafting a
proposal and suggesting it to ICANN goes and we'll await ICANN response on that. I'm happy to take questions on those two and if not back to you Paul.

Paul Diaz: Okay, thank you Stéphane. And mea culpa on the reg fees offset proposal. I literally just sent that Cyrus and all this morning. It's just slipped with the crush of business but understand you’ll need time to digest it and we'll look forward to following-up with you. Other questions from the group about these two items, either of the items? Okay then I’m going to ask, we have a mandated break. We need to shut down but we'll start at the top of the hour. Cyrus if I can ask you and your team to come back for a couple minutes at the top of the hour we can finish the agenda items.

Cyrus Namazi: (Unintelligible).

Paul Diaz: That’s fine. We'll work with you certainly.

Woman: (Unintelligible).

Paul Diaz: Okay and everybody we'll reconvene at 11 o’clock the top of the hour. Jon?

Jon Nevett: Krista are you going to be here when we get back? Okay well I think we should thank you for your service and wish you luck in your new role.

Krista Papac: Thank you for that. And it I’m going to miss you guys believe it or not. I’ve learned so much and it’s been an honor to be in this role for the past almost four years. And to Cyrus's point earlier the team is really strong and find a good candidate. But he’s got really good people that are supporting you. You guys already know that so thank you again for the opportunity.
Cherie Stubbs: Thank you. If everyone can please return to the room so we can reconvene at 11 o’clock. Thank you.