

**TESTIMONY OF DR. PAUL TWOMEY
BEFORE THE US SENATE COMMITTEE
ON COMMERCE, SCIENCE, AND TRANSPORTATION
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Introduction

Mr. Chairman and members of the Committee, thank you for the opportunity to speak before this Committee in my role as President and CEO of the Internet Corporation for Assigned Names and Numbers (ICANN). ICANN is an internationally organized public benefit non-profit corporation organized under the laws of the State of California. ICANN is recognized by the world community as the global authoritative body on the technical and organizational means to ensure the stability and interoperability of the DNS, and the equitable distribution of IP addresses.

The limited and distinct mission of The Internet Corporation for Assigned Names and Numbers is clearly set out in Article I of its Bylaws. ICANN:

1. Coordinates the allocation and assignment of the three sets of unique identifiers for the Internet, which are
 - a. Domain names (forming a system referred to as "DNS");
 - b. Internet protocol ("IP") addresses and autonomous system ("AS") numbers; and
 - c. Protocol port and parameter numbers.
2. Coordinates the operation and evolution of the DNS root name server system.
3. Coordinates policy development reasonably and appropriately as they relate to these technical functions.

Since appearing before you last year, ICANN has taken great steps forward in solidifying its structure, enabling us to continue to fulfill our mission relating to the technical coordination of the domain name system (DNS).

At the core of our mission is global interoperability. The Internet requires a stable and secure system of unique identifiers if it is to serve its global community efficiently and reliably. During the past 35 years, the Internet has met such needs through informal policy development forums that have been collaborative, inclusive and impressively effective. ICANN has been established to serve the Internet community in maintaining the stability and

security of the Internet's unique identifier systems, while fostering competition where appropriate to give Internet users greater choice at optimal cost.

In ICANN's self-governance model, the policies that create that stable, competitive domain name system are able to be developed in a manageable, bottom-up, consensus-based process that has global, multi-stakeholder representation. In short, ICANN's bottom-up coordination of global stakeholder interests is the way in which it accomplishes stability and competition.

Since its origins in 1998, ICANN has helped secure an environment in which over 700 million people can use the Internet daily with universal resolvability. It has addressed stakeholder issues as they have appeared, and fostered greater choice, lower costs and better services to DNS registrants and their end-user customers.

Since its creation, the Internet community has vigorously discussed and reviewed the mission and values that guide ICANN's actions. This extensive, inclusive and bottom up discussion has been encapsulated in ICANN's revised Bylaws, its Mission and Core Values.

ICANN's achievements to date

Since 1998, ICANN's self-governance model has succeeded in addressing stakeholder issues as they have appeared, and bringing lower costs and better services to DNS registrants and everyday users of the Internet.

Among ICANN's main achievements for ICANN's stakeholders are the following:

Market Competition. The market competition for generic Top Level Domain (gTLD) registrations established by ICANN has lowered domain name costs by an estimated 80%, with savings for both consumers and businesses.

Choice of Top Level Domains (TLD). ICANN continues to introduce new Top Level Domains to give registrants right of choice. These include the introduction of seven new gTLDs in 2000 and this year's round considering ten applications for Sponsored TLDs (sTLDs), a focused sub-set of gTLDs.

Internationalized Domain Names (IDN). Working in coordination with the appropriate technical communities and stakeholders, ICANN's adopted guidelines have opened the way for domain registration in hundreds of the world's languages.

The Uniform Domain Name Dispute Resolution Policy (UDRP). The Policy has resolved more than 5000 disputes over the rights to domain names, and proven to be efficient and cost effective.

The Redemption Grace Period (RGP). The 30-day period allows domain name holders to reclaim their name if it has been unintentionally deleted from the registry database. This grace period has allowed a more stable and continuous web presence for many, saving domain name holders money and worry.

Streamlined domain name transfers. After significant study and discussion, and working with the accredited gTLD registrars, ICANN developed a domain name transfer policy which allows domain name holders to transfer management of their domain name from one registrar to another, bringing further choice to domain name holders.

ICANN's successful operations and support for the management efforts of its community underpin the operation of the global internet. Each day this system supports an estimated 20 billion resolutions more than 6 times the number of phone calls in North America per day. There are about 64.5 million domain name registrations globally. The Regional Internet Registries (RIRs) and ICANN, working together, have allocated approximately 388 million IPv4 addresses since 1999. Each day more than 700 million users use the Internet. Due to the universal DNS resolvability secured by ICANN, the Internet works in the same way for every one of them.

ICANN's Priorities Going Forward

Since I last testified, ICANN staff and Board members have consulted with a wide range of people representing a variety of interests and needs relating to ICANN's mission. Our formal discussions have included governments and law enforcement officials, academic and everyday users of the Internet, country code Top Level Domain (ccTLD) managers, gTLD registry and registrar operators, business leaders, Internet service providers, technical Internet operators, and many more. There has been considerable commonality on the issues raised by stakeholders. The issues that have settled out as being key are as follows:

- 1) Complete the MOU process with the United States Department of Commerce
- 2) Proactively ensure the future stability and security of the DNS
- 3) Substantially augment core IANA services and ensure they function effectively
- 4) Efficiently introduce new gTLDs to increase competition in the domain name space
- 5) Significantly expand available resources to assist developing nation Internet communities with education and technical coordination
- 6) Meaningfully increase preparation of ICANN materials in multi-lingual formats
- 7) Actively promote consumer interests through information and service
- 8) Effectively educate consumers on how to obtain resources for dispute resolution, consumer protection and law enforcement
- 9) Considerably strengthen services to gTLD Registries to address their growing needs as new gTLDs are introduced
- 10) Significantly strengthen services to gTLD Registrars to ensure a healthy, competitive marketplace

11) Materially aid gTLD Registrars with managing consumer complaints

The objectives identified by the community and those outlined in the MOU coincide in many respects. The first issue raised by nearly all stakeholders is for ICANN to fulfill the existing MOU and so the transition to private sector leadership. Other stakeholder identified issues also appear as obligations under the existing MOU. This year, the ICANN Board adopted the proposed budget that will allow ICANN to successfully complete and meet all of its objectives.

Memorandum of Understanding

In November 1998, the United States Department of Commerce entered into the first MOU with ICANN, recognizing it as the private sector, non-profit corporation that should assume a set of technical coordination and related policy development responsibilities for the Internet. Subsequently, there have been a number of additional one-year extensions of the MOU, recognizing ICANN's significant progress towards achieving the tasks necessary to transition oversight of the naming and numbering system to a public/private partnership.

On 16 September 2003, ICANN and the United States Department of Commerce agreed to extend their joint Memorandum of Understanding (MOU) for three additional years until 30 September 2006. Earlier this month, we completed the first year of this MOU.

This three-year MOU highlights ICANN's responsibility to ensure the stability of the Internet and foster its globalization. Toward those ends, ICANN will: implement an objective process for selecting new Top Level Domains; implement an effective strategy for multi-lingual communications and international outreach; and develop a contingency plan, consistent with the international nature of the Internet, to ensure continuity of operations in the event of a severe disruption of operations. ICANN is working with the United States Department of Commerce to complete, within this term, the transition toward privatization that began with the first MOU.

Tasks completed within this first year included implementing an objective process for selecting new Top Level Domains; creating an effective strategy for multi-lingual communications and international outreach; the development of a contingency plan, consistent with the international nature of the Internet, to ensure continuity of operations in the event of a severe disruption of operations, have now all been met in a timely fashion.

To date ICANN has successfully completed all of its milestones through 30 September, 2004 as due under the Memorandum of Understanding (MOU). In fulfilling its obligations to the current United States Government under the terms of the MOU and meeting all the stated

deadlines, ICANN has moved significantly towards transition to the private sector for the technical coordination of the Domain Name & (Address) System (DNS).

In parallel to the MOU, ICANN is delivering on its four strategic priorities over the period of July 2003 to June 2006. The four strategic priorities as set forth at ICANN's foundation and embedded in its By-Laws, are the following:

1. Contribute to stability and security of the unique identifier systems and root management
2. Promote competition and choice for registrants and other users
3. Forum for multi-stakeholder bottom-up development of related policy, and
4. Ensuring on a global basis an opportunity for participation by all interested parties.

For ICANN to fulfill its mission, each of these priorities must be reviewed and pursued. The policies that create stable, competitive unique identifier system must be developed through a bottom-up, consensus-based process that has global representation.

Through ICANN's strategy development process, we have found that those initiatives and processes that best foster and ensure an independent, bottom-up policy consensus, also foster global representation in that process and consensus. Conversely, the initiatives that foster global representation do support the achievement of a bottom-up policy consensus.

Update on specific areas of the MOU

I would like to elaborate on progress in some of the specific areas of the MOU that may be of interest to this Committee.

Finalizing Address Supporting Organization (ASO) MOU with RIRs, and Frameworks of Accountability with the RIR's.

The Regional Internet Registries (RIRs) each have a share in a global responsibility, delegated to them by IANA, to manage Internet address space. The IANA policies for allocation of IPv4 address blocks and other number resources to the RIRs are applied fairly and transparently, based purely on the documented need for address space. Addresses and other number resources are distributed in a coordinated fashion from a single global pool, with no pre-allocation to different countries or regions. Apart from ensuring fairness, the distribution system ensures that isolated "shortages" will not occur.

The stability and fairness of this allocation system and the management of the unallocated address pool would be further secured by formal agreements between ICANN and the RIRs. Formal agreements are being prepared to define the strategies for distributing IPv6 blocks and other IANA-related functions.

After considerable discussion, the RIRs put forward a revised MOU that established how the ICANN Board would receive global policy recommendations from the ASO, and the steps

necessary to ratify that policy, or return it to the ASO for further consideration. ICANN has expressed to the RIRs its willingness to sign the MOU, after receiving commentary from the ICANN community. It is anticipated that a concluding agreement will be signed on 21 October, 2004.

Establish stable relationships with ccTLD operators

One of the tasks to complete under the MOU with the United States Department of Commerce is agreements, or frameworks of accountability, with ccTLD operators. Specifically, ICANN should

“continue its efforts to achieve stable agreements with ccTLD operators that address, among other things, issues affecting the stable and secure operation of the DNS, including: delegation and redelegation of ccTLDs; allocation of global and local policy-formulation responsibility; and the relationship between a ccTLD operator and its relevant government or public authority. Such efforts shall include activities to encourage greater dialogue between ccTLD operators and their respective governmental authority.”

Oversight of ccTLDs is delegated to recognized managers, who operate according to the interests of the local Internet community, including governments. These interests reflect local policies that are adapted to best meet the economic, cultural, linguistic, and legal circumstances of the country or territory involved.

Both ICANN and ccTLD managers have an interest in ensuring the stable, secure, and proper functioning of the domain name system, and each have a distinctive role to play in that goal. At the global level, ccTLDs managers participate through the recently formed country-code Name Supporting Organizations (ccNSO) in ICANN’s policy development process to contribute to global policy regarding ccTLD management (See below).

A formalized relationship is desired between ICANN and ccTLD managers, acting as the trustee for the ccTLD on behalf of the local Internet community, to help to maintain stability for the single root, and to confirm accountability for the ccTLD operations. An agreement identifies where authoritative decision rights lie concerning ccTLDs, and the history of that authority, to help maintain accountability for operations.

Significant progress has been made in the past year with ccTLD managers on the process and theory of redelegations and the establishment of frameworks for accountability between ccTLD manager and ICANN. These frameworks of accountability follow the recommendations contained in the February 2000 Governmental Advisory Committee principles for the administration and delegation of ccTLDs. With my tenure, and with the formation of the ccNSO, ICANN staff is now working with the respective interested parties to identify criteria that must be included in agreements between ICANN and a ccTLD manager, and to work with respective ccTLD managers to ensure that their unique situation is encapsulated in a framework of accountability with ICANN.

Collaboration on root name server systems and formalization of relationships

One possible threat to DNS stability and security is the corruption of the root-zone file, or the unavailability of the root server system. Were the zone file to become corrupted or obsolete, or the root servers to become completely unavailable (e.g., through a denial of service attack), the DNS would begin to degrade immediately, and within days would be unusable. While the present system has remained stable and secure through the last 35 years, such an eventuality is something that must be guarded against.

ICANN through its Root Server System Advisory Committee (RSSAC) plays a key role in the coordination of the root server system.

The responsibility of the Root Server System Advisory Committee is to advise the ICANN Board about the operation of the root name servers of the domain name system. The Root Server System Advisory Committee considers and provides advice on the operational requirements of root name servers, including host hardware capacities, operating systems and name server software versions, network connectivity and physical environment. The Root Server System Advisory Committee also examines and advises on the security aspects of the root name server system.

The Committee includes representatives of organizations responsible for operating the world's thirteen root name servers and other organizations concerned with stable technical operation of the authoritative root-server system, including representatives of the Regional Internet Registries and the protocol development body, the Internet Engineering Task Force.

RSSAC members have been closely involved in the development, testing and deployment of new protocols in the root-server system. Recently this led to a recommendation from ICANN's Root Server System Advisory Committee that the IANA function of ICANN should go forward with the inclusion of IPv6 addresses in the root-zone.

ICANN is also a part of that root-server community. L.root-server.net has been directly operated by ICANN for the past four years. ICANN's staff operate and coordinate on a regular basis with the other root-server operators.

Accountability Mechanisms

Implementing accountability mechanisms

ICANN has taken significant steps to ensure corporate responsibility and accountability over its Board of Directors, Officers and Staff. The completion of the Reconsideration Process,

improvement in efforts to increase public participation, as well as the introduction of the Independent Review Panel and Ombudsman Program, supplement the existing structures of corporate responsibility and accountability already in place by mechanisms of law and under the organizations structure and corporate governance systems. In addition, ICANN will continue to seek to improve this corporate responsibility by implementing a Corporate Oversight Panel for any high level issues so that there are no gaps in the strategy associated with ICANN's contingency planning mechanisms that are occurring in the next quarter.

Competition and Choice

To continue fostering the benefits of competition within the global DNS, without risking its stability and security, ICANN is pursuing two key objectives in these areas:

- Fostering innovation, competition, and growth in the registration of Internet resources to benefit providers and users of registration services.
- Defining and implementing a predictable strategy for selecting new gTLDs, and providing support for their successful launch so that the stability of the Internet is maintained

These objectives also meet specific requirements of the MOU.

Among ICANN's most noted successes to date have been establishing and fostering competition within the domain name registration arena. The Organization for Economic Cooperation and Development (OECD) has reported that "ICANN's reform of the market structure for the registration of generic Top Level Domain names has been very successful. The division between registry and registrar functions has created a competitive market that has lowered prices and encouraged innovation. The initial experience with competition at the registry level, in association with a successful process to introduce new gTLDs, has also shown positive results."¹ The ICANN community and Board decisions have led to greater choice for consumers, with an expansion of the domain name space to include 7 new Top Level Domains. Over 200 accredited registrars are now able to assist registrants with 10 gTLDs. As a result, annual registration fees have fallen from US\$50 in 1998, when there was only 1 registrar, down to as low as US\$6.75 by mid-2004. ICANN has also seen new technologies and protocols introduced for the registries and registrars to enable them to better service the growing number of registrants, who are better protected through transfer options and redemption grace periods.

Process of Implementing new TLDs

The development of an appropriate process and policy for the creation of new gTLDs is central to fostering choice and competition in the provision of domain registration services, and as such is critical to the promotion of ICANN's core values. New gTLDs have been a topic of discussion within ICANN and the broader Internet community since the creation of ICANN in 1998.

¹ OECD, Working Party on Telecommunication and Information Services Policies, *Generic Top Level Domain Names: Market Development and Allocation Issues*, July 2004, p 4 .

ICANN is committed to developing and implementing a comprehensive strategy for selecting new gTLDs using predictable, straightforward, transparent, and objective procedures that preserve the stability and security of the Internet. This strategy is being informed by ICANN's past gTLD introductions. These are the proof of concept tests in the Year 2000 round that resulted in the introduction of seven new gTLDs and this year's round considering ten applications for Sponsored TLDs (sTLDs), a focused sub-set of gTLDs.

Review by third parties has confirmed ICANN's commitment to fair and impartial processes. As the OECD noted in a major review of ICANN's introduction of new TLDs:

“When OECD countries allocate resources they have certain common objectives irrespective of the method chosen. These can include efficient allocation of a resource and efficient use of that resource, transparency in the award of resource, non-discrimination, and the creation of appropriate conditions for market competition. There may also be other wider economic and social objectives. Through statements and actions it is clear that ICANN shares the ideals inherent in these objectives.”

The questions to be addressed in the implementation of a new gTLD strategy are complex and draw on technical, economic, operational, legal, public policy and other elements. Moreover, many stakeholders in the global Internet community will be interested in participating in the implementation of the strategy.

Mechanisms to foster informed participation by community

ICANN is committed to international participation in decisions that determine the security and stability of the global Internet; the Internet's participants, origins and diversity are its ultimate strength. With this global participation, ICANN ensures that policy development incorporates all relevant perspectives, and that it is operating for the benefit of the Internet community as a whole. The mechanism in place guarantees to continue to develop, maintain and improve the policy development processes which foster global broad-based participation, competition, continued innovation and above all, end-to-end interoperability for the Internet users around the world.

ICANN currently coordinates a number of aspects of public participation in ICANN, including interaction with our multiple stakeholder operating across various Supporting Organizations. We constantly update our Website with the latest news and ICANN initiatives and organize regular online Public Forums concerning issues pertinent to and of priority to the Internet community.

ICANN will be adding a separate and additional Community Relations website to further promote participation - this website will be designed to provide the newcomer and the experienced ICANN participant with fresh information, ease of participation in ongoing public forums, and an ICANN perspective on current issues in the Internet community. ICANN receives regular input from the general community of Internet users and support active and positive participation in the ICANN process by Internet stakeholders, especially end users.

This is how participation in the ICANN process works:

1. By continuing to support a public meeting program that unites government, business, public, private, and civil society interests of facilitating a stable, interoperable and dynamic Internet. To accomplish this objective ICANN holds public meetings throughout the year. Recent meetings have been held in Accra, Bucharest, Shanghai, Rio de Janeiro, Montreal, and Tunis. So far this year meetings in Rome and Kuala Lumpur have attracted over 800 delegates from 78 different countries and Cape Town is expected to draw even greater numbers. The ICANN community sees a growing need for outreach to developing country Internet communities, particularly in areas where network access to tools such as broadband, and personal travel costs can impose a significant burden on local operators, users, and other stakeholders in the ICANN process. These local Internet communities are vital stakeholders in ICANN, relying on a stable and secure DNS to provide common ground as they connect to and engage with the global Internet. ICANN seeks to foster their involvement in the ICANN process, and to ensure that their needs are fully considered as policy is developed. Therefore ICANN is developing criteria for regional offices and to establish an ICANN presence in each ICANN region to better support the needs of regional stakeholders, enhance staff diversity, and enable ICANN staff to attend and support more regional forums.
2. We have developed a comprehensive and multilingual communications strategy, ICANN Materials are now translated into over 12 different languages and the Website will soon be available in French and Spanish. We have a collaborative outreach program and strong media relationships, to ensure that ICANN and its stakeholders are constructively aware of each others' activity, roles, resources and interests.
3. Priority is given to support and encouragement of a policy development process that fully engages the principle of private-public governance and bottom-up coordination of multiple stakeholder interests.
4. We have built a significant track-record in facilitating participation from the global community of Internet stakeholders, to ensure that policy development incorporates all relevant perspectives and stakeholder value for the security and stability of the global Internet.

WHOIS

The gTLD Registry Agreements and the Registrar Accreditation Agreement require that the registry operator and the registrars provide WHOIS services that can be used as a look-up service for registrars, registrants and other individuals and businesses that wish to query details of domain names or name servers stored in the registry. The WHOIS data includes information about the registrant, administrative contact, and technical contact associated with each domain name.

ICANN and the GNSO continue working on developing WHOIS system requirements. ICANN announced recently three new consensus policies developed through ICANN's policy development process. Once fully implemented these new regulations are expected to demonstrate further success in the accuracy and usability of the WHOIS services.

The result of the new policies along with additional statistics will be made available to the United States Department of Commerce in the two yearly reports as required in Amentment 6 to the ICANN/Department of Commerce MOU: Experience with the WHOIS Data Reminder Policy and, Effectiveness of the WHOIS Data Problem Report System.

To facilitate the information requested in these reports ICANN will continue to expand and improve the WHOIS Data Problem Report System (as is available at www.internic.org). The latest version of this system was deployed in March 2004.

Development of Contingency Plan

ICANN has developed a contingency plan to ensure continuity of operations in the event that ICANN incurs a severe disruption of operations, or the threat thereof, by reason of its bankruptcy, corporate dissolution, a natural disaster, or other financial, physical or operational event. ICANN worked collaboratively with the Department of Commerce earlier this year in an effort to ensure that the plan reflects the international nature of the DNS.

The IANA Function

The IANA is a function performed by ICANN. The IANA has three main stakeholders: the Top Level Domain (TLD) managers, the Regional Internet Registries (RIRs), and the Internet Engineering Task Force (IETF). The IANA is also the operator of the .int TLD registry, among other functions.

IANA – Redelegations

- The ccTLD redelegation process follows a format with deep roots, going all the way back to RFC 1591 (1994) and beyond
- The key aspect of our redelegation process is that the members of the Local Internet Community (LIC) come to agreement on the direction a redelegation should take
- ICANN does not “intervene” in the management of a ccTLD.
- ICANN does offer its services in facilitating conversation and understanding between parties in order to come to a more rapid conclusion
- Because this process depends almost wholly on the parties in the LIC, and require extensive examination by the ICANN staff, some redelegations can take years to sort out, while others can be handled much more quickly.

Transition to IPv6

Recognizing the importance of IPv6 to the Internet community, ICANN has coordinated with its Root Server System Advisory Committee, Top Level Domain managers, Security and Stability Advisory Committee, and other interested parties in careful analysis of this issue. After a period of thorough examination, the decision was made to move forward with deployment of the IPv6 address records in the manner prescribed by the community.

On 20 July 2004 the IPv6 AAAA records for the Japan (.jp) and Korea (.kr) ccTLD name servers became visible in the root zone file with serial number 2004072000. Other requests have been received and processed. It is expected that the IPv6 records for France (.fr) will be added shortly. Other requests are pending and will be added in accordance with documented procedure, which was developed through ICANN's unique multi-stakeholder consensus-based approach. <<http://www.iana.org/procedures/delegation-data.html>>.

Updates on the Structure of ICANN

ccNSO Formation

Last year I testified that the ccNSO was under formation, and to further participation in ICANN by the almost 250 ccTLDs around the world. I am pleased to report that the ccNSO is now fully formed, and its newly elected Council held its first meeting at the last ICANN meeting in July 2004.

The formation of the ccNSO is further internationalizing participation in the ICANN policy development process. It also improves the ccTLD's (country code domain managers') voice on the ICANN Board of Directors, since the ccNSO will directly elect two board members.

Staff Reorganization and Changes

As I reported last year, one of the first things that I focused on when I assumed this position was the internal organization of ICANN. Since I had been involved with ICANN, one way or another, since before its birth, and because of my personal background in business and business consulting, I had some very definite ideas about how ICANN staff could be organized to enable more efficient and more effective performance, even working under what will always be significant financial constraints. After some consultation with various constituencies, I announced plans for evolving ICANN into a more business-like management structure -- one that takes into account the increasing demand for and complexity of the work that ICANN undertakes to support the Internet community. My goal is to improve responsiveness and to streamline management processes.

The new structure which I outlined last year has been implemented. There are now two Vice President positions (a Vice President of Business Operations, focusing on the day-to-day operation of ICANN, and a Vice President of Supporting Organizations and Committee Support, focusing on the need to support ICANN's constituent bodies). The new structure included reorganization of the various ICANN staff functions into four general groups, each headed by a General Manager; these will be the IANA function, the Public Participation function, a Global Partnerships function that focuses on our relationships with governments

and multi-national bodies, and Technical Operations, which is self-explanatory. The General Counsel is responsible for the legal activities of ICANN, principally the negotiation of agreements and advising the Board and the CEO on various legal requirements. Recruitment for these positions was completed and all positions are filled. Under the new budget, additional staff will be hired to support each of these functions.

This new management structure clearly delineates internal and external operations; recognizes important relationships that ICANN has with the community; and provides clear lines of accountability for key operational and strategic functions. While this will involve the addition of a small number of new positions, it has greatly improved ICANN's efforts to enhance the responsiveness and transparency of its operations to the community.

Increase the representation of ICANN's network of At-Large Structures

To give the world's Internet users a stronger voice in how the Internet develops, a new mechanism was created last year for individual Internet users' participation in ICANN, called "ICANN At-Large." ICANN appointed a 15-member "At-Large Advisory Committee" to consider and provide advice on ICANN activities that affect individual Internet users, and also to help the worldwide At-Large community organize for involvement in ICANN.

A structured and effective voice for the registrant and the user of the Internet is a highly valued part of the ICANN multi-stakeholder structure. ICANN values the perspective of the user; indeed it is an essential contribution to ICANN's stewardship of a stable and interoperable Internet.

Any group that enables informed participation by individual Internet users in issues addressed by ICANN is invited to receive "At-Large Structure" certification and work with ICANN. Thus far, 23 user groups from all geographic regions have submitted applications to participate in ICANN as At-Large Structures, including community networking groups, professional societies, consumer advocacy groups, and academic organizations.

Groups designated as "At-Large Structures" have a recognized role in policy making, and ICANN's At-Large Advisory Committee coordinates with them internationally to contribute to ICANN's work. At-Large has participated in policy-development on such matters as the introduction of new domain names, domain name transfers and redemption grace period, WHOIS databases, registry service changes, and internationalized domain names.

The ALAC is responsible for considering and providing advice to ICANN on how ICANN's activities may affect the interests of individual Internet users (the "At-Large" community). ICANN's technical management responsibilities for the Internet's domain name and address system relies on the ALAC and its supporting infrastructure to involve, and represent in ICANN, a broad set of individual user interests.

Underpinning the ALAC will be a global network of self-organizing, self-supporting At-Large Structures that involve individual Internet users at the local or issue level. These At-Large Structures (either existing organizations or newly formed for this purpose) will self-organize into five Regional At-Large Organizations (RALOs – one in each ICANN region of Africa, Asia-Pacific, Europe, Latin America/Caribbean, and North America).

ICANN's role is to educate and inform the At-Large community and encourage and facilitate their involvement in ICANN. The establishment and effective functioning of the ALAC and its five supporting RALOs will provide the structured, informed participation that is needed. Each RALO will be formalized through an MOU with ICANN. The RALOs will elect a majority of ALAC members, manage outreach and public involvement, and will be the main forum and coordination point in each region for public input to ICANN.

In December 2003, the initial six organizations received "At-Large Structure" certification. By August 2004, a total of 16 organizations in four geographic regions had been certified. Certification recognizes a group meets ICANN's criteria for involving individual Internet users at the local or issue level in ICANN activities and for promoting individuals' understanding of, and participation in, ICANN.

At the regional level, the At-Large Advisory Committee is helping At-Large Structures work together to form Regional At-Large Organizations (RALOs) to manage outreach and public involvement and be the main forum and coordination point in each region for public input to ICANN. Websites, email forums, newsletters, workshops, and local and regional meetings are being used to inform and engage user communities.

Security and Stability of the Internet

At a very well attended and important public meeting, in the aftermath of September 11, 2001, ICANN created a Security and Stability Advisory Committee (SSAC), focused on security and integrity of the Internet's naming and address allocation systems. The committee draws its membership from operators of Internet infrastructure and other security specialists, and presently continues work on several ongoing projects, including a recommendation regarding the layering of services on the DNS, an evaluation of the redundancy and resiliency of the major domain name servers to withstand distributed denial of service (DDoS) attacks, and an assessment of the status of DNSSEC, the forthcoming protocol to add cryptographically signatures to the domain name system and thereby prevent forgery and hijacking of domain names. The DNS work includes building a road map outlining its deployment and identification of where further work is needed.

The Information Society and WSIS

The 2001-2005 United Nations World Summit on Information Society (WSIS) exemplifies the global efforts towards a better understanding of the information society and its potential accessibility to all. Its in-depth exploration will likely reinforce that the Internet will not function without the cooperation and collaboration of the wide range of entities with interest in its operation. The tasking and process of the UN Secretary General's Working Group on

Internet Governance (WGIG) also reflects the value of participation by a wide range of Internet stakeholders.

ICANN, through its stakeholders, is following the WSIS discussions. It welcomes the opportunity to contribute to an open dialogue and understanding of the issues surrounding the very broad topic of Internet governance, and sharing its own experiences as a multi-stakeholder partnership with the global community.

Designation of .NET Successor Registry Operator

The current Registry Agreement between ICANN and VeriSign, Inc. which was signed in May 2001 will expire on June 30, 2005. The agreement provides that ICANN, must adopt an open and transparent procedure for designating a “successor” Registry Operator. In June of this year the ICANN’s Board adopted a procedure for the designation of a “successor” registry, which is currently underway. ICANN’s Generic Names Supporting Organization, has adopted recommendations regarding criteria for ICANN in the selection of the “successor” .NET registry operator.

Those criteria have been submitted for public comment and ICANN has received extensive comments including comments from some of the potential .NET bidders, including the incumbent .NET registry operator, VeriSign. ICANN is seriously considering those comments with all due diligence and regard, and is obtaining professional and expert advice relating to how those comments might impact the final version of an RFP. Accordingly ICANN has extended the initially proposed deadline for issuance of an RFP to insure that the most appropriate RFP be issued. The overall timeline for the award of .NET to the incumbent VeriSign or to a successor has not been changed (with the exception of the issuance date for the RFP), and a new agreement or transfer of the current registry will occur by the date of the registry contract expiration in June 2005.

ICANN is also seeking an independent third-party professional firm, (which will most likely be a well regarded global accountancy firm) to manage the .NET “Successor” Registry Operator Process. ICANN believes that this will best insure a fair and independent process and will avoid any perceptions of possible bias or impropriety on the part of ICANN, particularly as ICANN continues defending litigation brought against it by the current .NET registry operator, VeriSign. An announcement regarding the identity of the third-party firm will follow shortly.

Conclusion

In conclusion, Mr. Chairman ICANN is committed to the stewardship of a stable and globally interoperable Internet.

ICANN was founded on four key principles, to:

1. Contribute to stability and security of the unique identifier systems and root management

2. Promote competition and choice for registrants and other users
3. Forum for multi-stakeholder bottom-up development of related policy, and
4. Ensuring on a global basis an opportunity for participation by all interested parties.

ICANN remains committed to these principles. Since I appeared before you last year, ICANN has taken significant steps to solidify its capabilities. It will continue to strengthen and evolve to address these goals for a growing and globalizing Internet.