Quarterly Stakeholder Call
For Quarter ending 30 September, 2014
<table>
<thead>
<tr>
<th>Time</th>
<th>Title</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 min</td>
<td>President’s Overview</td>
<td>Fadi Chehadé</td>
</tr>
<tr>
<td>10 min</td>
<td>Policy Update</td>
<td>David Olive</td>
</tr>
<tr>
<td>15 min</td>
<td>Management Update</td>
<td>Akram Atallah</td>
</tr>
<tr>
<td>10 min</td>
<td>Q1 Financials</td>
<td>Xavier Calvez</td>
</tr>
<tr>
<td>30 min</td>
<td>Q&amp;A</td>
<td>All</td>
</tr>
</tbody>
</table>
President’s Overview

Fadi Chehadé, President and CEO ICANN
Overview

• First Quarterly Stakeholder Call
• Goal: Provide a predictable window into ICANN’s activities and financial health
• Objective: Factual, detail-based reporting for period of 1 July to 30 September 2014
Operational Performance

Q1 ACHIEVEMENTS

- Strategic Plan completed over 17 months via 3 public comment periods
- Hired Chief Technology Officer
- ICANN grew from 290 in 25 countries to 306 staff members in 28 countries
- Adopted Strategic Plan as framework for five-year planning and one-year operating plan
- Revenues slightly higher than expected; expenses slightly lower
- Increased technical strength
- Stabilized staff growth

More information on Quarterly Report page
Contractual Compliance

Q1 Achievements

Second Year Audit:

- 317 Registrars audited last year
- 98% in compliance by end of audit

- Created new position and appointed Chief Contract Compliance Officer with focus on working with others to help safeguard registrants and global Internet community

- Launched 3rd year of Contractual Compliance Audit Program

- Completing the first round of the New Registry Agreement on 14 TLDs

More Information
https://www.icann.org/resources/pages/compliance-2012-02-25-en
IANA Stewardship Transition & Accountability

KEY FACTS

• Names community proposal led by 100+ people from 41 countries
• Numbers community proposal undertaken by 5 Regional Internet Registries
• Protocol parameters led by Internet Engineering Task Force

Global community is on track on both transition of stewardship from USG and strengthening of ICANN accountability

This is top priority project; but our number one mission is security, stability and resiliency of Internet Domain Name System

US Secretary of Commerce Penny Pritzker at ICANN 51 reaffirmed support for the transition and multistakeholder governance

MORE INFORMATION
https://www.icann.org/stewardship-accountability
Internet Governance

KEY FACTS

• Internet Governance Forum 2014, Istanbul, September 2014

• International Telecommunications Union Plenipotentiary 2014, Busan, October–November 2014

• NETmundial Initiative launch, November 2014

• ICANN is committed to maintain its limited remit within the global distributed Internet governance ecosystem as coordinator of technical Internet identifiers, Internet Protocol Parameters, address space and the Domain Name System

• ICANN will continue its successful coordination with the technical multistakeholder community on these issues in the global fora

• NETmundial Initiative is one way ICANN will work with other global players to strengthen the current distributed global ecosystem and evolve it as necessary to fill any identified gaps

MORE INFORMATION
www.netmundial.org
Community

Q1 ACHIEVEMENTS

• 13 public comment periods
• 39 advice statements
• 37 Board and New gTLD Program Committee resolutions
• 2 Security & Stability Advisory Committee Reports
• 1 new Country-code Names Supporting Organization member for 152 total
• 5 new Governmental Advisory Committee members for 146 total members and 31 observers

• Diverse volunteer community from around the world.

• Policy is made by:
  — PROTOCOL PARAMETERS
    Internet Engineering Task Force
  — NUMBERS
    Regional Internet Registries/Number Resource Organization/Address Supporting Organization
  — NAMES
    Country Code Names Supporting Organization, Generic Names Supporting Organization

MORE INFORMATION
https://www.icann.org/policy
Policy Development Update

David Olive, VP Policy Development Support
# Coordinating Policy Development

**ICANN SUPPORTING ORGANIZATIONS**
- Generic Names Supporting Organization (GNSO)
- Country Code Names Supporting Organization (ccNSO)
- Address Supporting Organization (ASO)

**ICANN ADVISORY COMMITTEES**
- At-Large Advisory Committee (ALAC)
- Governmental Advisory Committee (GAC)
- Security & Stability Advisory Committee (SSAC)
- Root Server System Advisory Committees (RSSAC)

**OTHER INTERNET POLICY / TECH ORGS.**
- Internet Engineering Task Force (IETF)
- Regional Internet Registries

MORE INFORMATION
[https://www.icann.org/policy](https://www.icann.org/policy)

**FY15 Q1**
Generic Names Supporting Organization (GNSO)

Q1 HIGHLIGHTS

- **7** Council Resolutions passed
- **11** Policy Development Processes underway
- **61** Sessions held at ICANN 51

**New areas of work in Q1**
- Discussion group on new gTLD subsequent procedures
- Work on IANA Stewardship Transition Proposal

**Completed work in Q1**
- Inter-Registrar Transfer Policy Part D recommendations adopted
- Uniformity of Reporting Final Issue Report resolved and closed

MORE INFORMATION
https://www.icann.org/policy
Coordinating Policy Development

GNSO Policy Development Process
*Summarized

*Some steps omitted for brevity.

MORE INFORMATION
https://www.icann.org/policy
Q1 HIGHLIGHTS

13 COUNCIL DECISIONS AND RESOLUTIONS

23 COMMUNITY SESSIONS HELD AT ICANN 51

152 MEMBERS ADDED .IN (INDIA)

- Focus on IANA stewardship transition and ICANN accountability
- New Working Group- Internet Governance
- Interim adoption of work on how to interpret policy for delegation and re-delegation of country-code Top Level Domains (ccTLDs); awaiting Governmental Advisory Committee (GAC) input

MORE INFORMATION
https://www.icann.org/policy
Address Supporting Organization

**Address Council**

The Address Council (Address Council) oversees the global policy development process for the creation of global Internet Number Resource policies, and delivers draft policies to ICANN’s Board of Directors for ratification.

**Regional Policy Development**

Each regional community contributes three members to the Address Council. Each regional community must issue an identical version of the proposed policy. This policy is then reviewed by the ASO-AC and the ICANN Board for ratification.

**5 RIRs**

The 5 RIRs (Regional Internet Registries) within their geographic regions, according to defined regional policies.

**RIR**

Each RIR administers the Internet Number Resource (IANR) address space assigned by the IANA under a Memorandum of Understanding (MoU).

**NRO**

The NRO represents the 5 RIRs collectively, and establishes the ASO by agreement with ICANN.

**Policy Recommendations**

The ICANN Board reviews global Internet Number Resource policies for implementation.

**ASO**

The ASO, within the ICANN Framework, oversees the policy development process for global Internet Number Resource policies.

**IANA**

IANA oversees the operation of the Internet Assigned Numbers Authority (IANA) and manages the global pool of Internet Number Resources (IANRs).

**Glossary**

- **AC** - Affiliates of the Internet Number Resource policies
- **ASO-AC** - Address Supporting Organization Address Council
- **IANA** - Internet Assigned Numbers Authority
- **ICANN** - Internet Corporation for Assigned Names and Numbers
- **RIR** - Regional Internet Registries
- **NRO** - Number Resource Organization
- **ICANN Board** - Board of Directors

More information:
https://www.icann.org/policy
Responsibilities & Stakeholders

Global Domains Division
- Policy Implementation
- Community Engagement
- IANA Functions
- DNS Security, Stability and Resiliency

ICANN Corporate Infrastructure

Stakeholders
- Registry (gTLD, ccTLD)
- Registrar
- Community
- Registrant
- End User

ICANN50
Policy
Stakeholders
Registry (gTLD, ccTLD)
Registrar
Community
Registrant
End User
ICANN Corporate Infrastructure
Management Update
Akram Atallah, President, Global Domains Division
Executive Summary

• Operations report
  – Technical update
  – Business operations service tickets
  – Names & New gTLD Program
  – ICANN staff and locations

• Engagement report
  – Technical engagement and outreach
  – Spotlight on Latin America & Caribbean (LAC) region
Strengthened ICANN’s Technical Capabilities

- Chief Technology Officer appointed
- 18th Root key signing ceremony
- 150+ L-Root location nodes
- Four senior new hires in ICANN’s IT Department
- Name Collision Occurrence Management Framework published
<table>
<thead>
<tr>
<th>Domain related requests</th>
<th>Protocol related requests</th>
<th>Number related requests</th>
<th>General inquiries</th>
</tr>
</thead>
<tbody>
<tr>
<td>270</td>
<td>862</td>
<td>3</td>
<td>275</td>
</tr>
</tbody>
</table>

1,410 total requests

JULY-SEPTEMBER

MORE INFORMATION
https://www.iana.org/performance
## Summary of Complaint Volume by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Domains Registered</th>
<th># Complaints</th>
<th>% Complaints per Domain Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>N. America</td>
<td>104.3M</td>
<td>5,439</td>
<td>.005%</td>
</tr>
<tr>
<td></td>
<td>890</td>
<td>410</td>
<td>46.1%</td>
</tr>
<tr>
<td></td>
<td>242</td>
<td>162</td>
<td>66.9%</td>
</tr>
<tr>
<td>Latin America</td>
<td>1.1M</td>
<td>79</td>
<td>.007%</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>23</td>
<td>95.8%</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>3</td>
<td>60.0%</td>
</tr>
<tr>
<td>Europe</td>
<td>24.3M</td>
<td>919</td>
<td>.004%</td>
</tr>
<tr>
<td></td>
<td>176</td>
<td>128</td>
<td>72.7%</td>
</tr>
<tr>
<td></td>
<td>158</td>
<td>80</td>
<td>50.6%</td>
</tr>
<tr>
<td>Asia/A/P</td>
<td>25.8M</td>
<td>2,619</td>
<td>.010%</td>
</tr>
<tr>
<td></td>
<td>194</td>
<td>149</td>
<td>76.8%</td>
</tr>
<tr>
<td></td>
<td>69</td>
<td>32</td>
<td>46.4%</td>
</tr>
<tr>
<td>Africa</td>
<td>21,452</td>
<td>3</td>
<td>.014%</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>6</td>
<td>75.0%</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>0</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

### LEGEND

<table>
<thead>
<tr>
<th># registrars per region</th>
<th># registrars w/ Complaints</th>
<th>% registrars with complaints per region</th>
</tr>
</thead>
<tbody>
<tr>
<td># registries per region</td>
<td># registries w/ Complaints</td>
<td>% registries with complaints per region</td>
</tr>
</tbody>
</table>

**MORE INFORMATION**

[https://features.icann.org/compliance](https://features.icann.org/compliance)
Completion of current round of New gTLD Program extended to 2017

FY15 Q1 Program statistics

- 63 top level domains delegated (total: 430 delegated)
- 73 Registry Agreements signed (total: 600 agreements signed)

31 contention sets resolved

- Auction proceeds are segregated from ICANN’s budget
- Community will be consulted as to how these funds should be used

MORE INFORMATION
http://newgtlds.icann.org/en/
Internationalized Domain Names

• Chinese script root zone Label Generation Rules panel seated
• Two proposed internationalized country code top-level domains – one for the Republic of Iraq and one for Republic of Belarus – passed string evaluation

Key Reports Published

• New gTLD Program Reviews and Assessments Draft Work Plan
• Implementing Rights Protection Mechanisms in Name Collision Mitigation Framework
• Universal Acceptance Draft Work Plan
Engagement: Latin America & Caribbean (LAC)

- Key events:
  - i-Roadshows: Guadalajara, Mexico & São Paulo, Brazil
  - Technical Workshop for TLD community- São Paulo
  - CaribNOG8 / Latin American and Caribbean Network Information Centre (LACNIC)- Curaçao

- Communications plan

- First new gTLDs for the region signed at ICANN 51
  - .LAT | .BAR | .REST

- Signed cooperation agreements with
  - Inter-American Telecommunication Commission (CITEL)
  - Caribbean Telecommunications Union
## 306 ICANN Staff in 28 Countries

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>N. America; Latin America &amp; Caribbean</td>
<td>233 staff</td>
<td>3%</td>
<td>242 staff</td>
<td></td>
</tr>
<tr>
<td>Europe; Middle East &amp; Africa</td>
<td>41 staff</td>
<td>7%</td>
<td>44 staff</td>
<td></td>
</tr>
<tr>
<td>Asia Pacific &amp; Oceania</td>
<td>17 staff</td>
<td></td>
<td>20 staff</td>
<td>17%</td>
</tr>
</tbody>
</table>

JULY 2014 → SEPT. 2014
Education

• University outreach

• ICANN Learn - current stats:
  – 50 courses | 1,000 users / month |
  10,000 lessons viewed / month

Localization and Language Services

• Focus group on translation for ICANN.org

Supporting the Next Generation

• 357 Fellowship Program applications for ICANN 51

• 12 participated in NextGen@ICANN Program at ICANN 51

Participation in Global Internet Cooperation & Development

• NETmundial Initiative

• Participation with International Organizations & sponsorship matters
Financials
Xavier Calvez, CFO

MORE INFORMATION
https://www.icann.org/resources/pages/financials-2012-02-25-en
Revenue and expenses on target for Q1.

**Support & Revenue**
- Q1 Actual: $104M (FY15 Budget)
- Budget: $104M

**Operating Expenses (Baseline)**
- Q1 Actual: $101M (FY15 Budget)
- Budget: $101M

**Approved Initiatives (USG Transition Project)**
- Q1 Actual: $6.9M (FY15 Budget)
- Budget: $6.9M

**Capital Expenses**
- Q1 Actual: $7.9M (FY15 Budget)
- Budget: $7.9M

In millions, USD - unaudited
Revenue overall on target. Monitoring slower new TLD delegations for impacting on fixed fees

<table>
<thead>
<tr>
<th>Category</th>
<th>Actual</th>
<th>Budget</th>
<th>Better (+) / Worse (-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registry Transaction Fees</td>
<td>11.3</td>
<td>10.7</td>
<td>+5%</td>
</tr>
<tr>
<td>Registry Fixed Fees</td>
<td>2.3</td>
<td>2.5</td>
<td>-7%</td>
</tr>
<tr>
<td>Registrar Fees</td>
<td>8.9</td>
<td>8.8</td>
<td>+1%</td>
</tr>
<tr>
<td>Other</td>
<td>0.8</td>
<td>0.4</td>
<td>+119%</td>
</tr>
<tr>
<td>Total</td>
<td>23.4</td>
<td>22.4</td>
<td>+4%</td>
</tr>
</tbody>
</table>

$2.6M of Registry and Registrar revenue (included above) in Q1 by 414 new TLDs delegated at the end of Q1 (inception to date).

Total Ops Support & Revenue: $23.4M
In millions, USD - unaudited
FY15 Q1 Operating Expenses – ICANN Ops

Careful management of expenses and favorable differences of project vs plan

<table>
<thead>
<tr>
<th>Category</th>
<th>Actual</th>
<th>Budget</th>
<th>Better (+) / Worse (-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>11.6</td>
<td>11.9</td>
<td>+3%</td>
</tr>
<tr>
<td>Travel &amp; Meetings</td>
<td>2.2</td>
<td>2.2</td>
<td>-1%</td>
</tr>
<tr>
<td>Prof. Svcs.</td>
<td>2.9</td>
<td>3.8</td>
<td>+23%</td>
</tr>
<tr>
<td>Admin.</td>
<td>4.4</td>
<td>4.7</td>
<td>+7%</td>
</tr>
<tr>
<td>Total</td>
<td>21.1</td>
<td>22.6</td>
<td>+7%</td>
</tr>
</tbody>
</table>

Total Operating Expenses: $21.1M

In millions, USD - unaudited
New gTLD Program – Multi-year Forecast

Application fees collected

362

Cumulative costs

Remaining funds for unexpected expenses (including risks)

In millions, USD - unaudited

FY12-14 Actual

135

FY15 Forecast

154

FY16-17 Forecast

274

Full Program Forecast

223

Application fees collected

19

60

FY15 Q1

61

18

43

51

87
FY15 Q1 Progress vs. Budget – New gTLD Program

Refunds
- Q1 Actual: 3
- FY15 Budget: 10

Application Processing
- Q1 Actual: 5
- FY15 Budget: 32

Repayment of Historical Dev. Costs
- Q1 Actual: 0.9
- FY15 Budget: 5.7

In millions, USD - unaudited
Funds Under Management

As of 31 Dec 13: 332
- New gTLD Auction Proceeds: 235
- Operating cash: 18
- New gTLD Cash: 79
- Reserve Fund: 1

As of 31 Mar 14: 320
- New gTLD Auction Proceeds: 215
- Operating cash: 23
- New gTLD Cash: 82
- Reserve Fund: 2

As of 30 Jun 14: 311
- New gTLD Auction Proceeds: 209
- Operating cash: 15
- New gTLD Cash: 86
- Reserve Fund: 1

As of 30-Sep-14: 300
- New gTLD Auction Proceeds: 198
- Operating cash: 16
- New gTLD Cash: 85
- Reserve Fund: 1

In millions, USD - unaudited
Questions?

More Information

ICANN.org
Visit the Quarterly Reports web page

For Journalists
Visit the For Journalists web page

Please join us for the Q2 Stakeholder Call on:

29 January 2015
14:00 UTC