



Ninth Status Report Under ICANN/US Government Memorandum of Understanding

Quarter ending 31 March 2004
Posted: 7 April 2004

Report by ICANN to United States Department of Commerce Re: Progress Toward Objectives of Memorandum of Understanding

The following status report describes progress towards the completion of ICANN's tasks under this Agreement, including implementation of ICANN's strategic plan in accordance with Section II.C.15 of Amendment 6 to the ICANN / DOC Memorandum of Understanding (MoU).

That section calls for ICANN to perform activities and provide the resources in support of the DNS Project, in conformity with the ICANN Board-approved mission and core values and in furtherance of its ongoing reform efforts. What follows below is a listing of each activity, as called out in the MoU, followed by a description of progress towards completion.

Section II.C

1. Continue to provide expertise and advice on private sector functions related to technical management of the DNS.

ICANN continues to provide expertise and advice in many important aspects of the DNS community. This interaction has resulted in many key outcomes. Among them, ICANN has:

- Worked with several gTLD registries to deploy the first rounds of Internationalized Domain Names. The deployment resulted from ICANN's request to the IETF, who developed criteria guiding the technically sound deployment of IDNs.
- In response to community comment, ICANN launched a new round of solicitation for sponsored TLD applications. ICANN received ten applications. The applications were reviewed for completeness. After a public comment period, the applications will be reviewed by an independent panel. <http://www.icann.org/tlds/stld-apps-19mar04/stld-public-comments.htm>

- The ICANN registry liaison and the Transfer Assistance Group will launch the domain name Transfer Policy to guide registrar and registry behavior when registrants request a change of registrar. It is planned that the final version will be posted during the next two weeks. <http://www.icann.org/transfers/index.html>
- The ccNSO formation was formally completed and the organization held its inaugural meeting in Rome. Proposed bylaw changes incorporating the new organization into the ICANN organization have been posted. <http://www.icann.org/legal/proposed-bylaws-corrections-11mar04.htm>
- The Board approved the results of negotiations with VeriSign concerning its WLS proposal, authorizing the President and General Counsel to seek U.S. Department of Commerce approval to amend the VeriSign registry agreements to permit the offering of WLS, and authorizing the President to enter into the necessary and appropriate amendments with VeriSign if and when approved by the Department of Commerce. <http://www.icann.org/minutes/rome-resolutions-06mar04.htm>
- ICANN responded to the launch of SiteFinder by consulting and requesting opinions of the IAB and SSAC. <http://www.icann.org/announcements/advisory-19sep03.htm>

2. Work collaboratively on a global and local level to pursue formal legal agreements with the RIRs, and to achieve stable relationships that allow them to continue their technical work, while incorporating their policy-making activities into the ICANN process.

After several months of negotiation, ICANN, represented by CEO Dr. Paul Twomey and the CEOs of the Regional Internet Registries, represented by Mr. Axel Pawlik on behalf of Mr. Paul Wilson, signed a letter of intent on 30 March 2004, promising to conclude a memorandum of understanding, between ICANN and the Numbers Resource Organization (NRO).

Given the public comment period requested by the various RIRs, it is anticipated that the MoU will be signed at the end of May 2004. In the meantime, the CEOs of the RIRs reported that they will advise their boards to release a proportion of the funds due to ICANN.

The texts of the letter of intent and the proposed agreements can be found in the attached appendices A and B, respectively.

3. Continue to develop, to test, and to implement processes and procedures to improve transparency, efficiency, and timeliness in the consideration and adoption of policies related to

technical management of the DNS. In conjunction with its efforts in this regard, ICANN shall take into account the need to accommodate innovation in the provision of DNS services.

Through the GNSO, ICANN has initiated several policy development processes (PDPs). In addition to addressing the specific issues indicated by those specific PDP's, ICANN is also working to test and improve the process by measuring the efficacy of various components of the process and feeding back the results to ensure continuous improvement.

A particular PDP calls for the GNSO to develop a process on the need for a predictable procedure for changes in the operation of TLD Registries whereby ICANN can effectively evaluate (in a timely, transparent and predicable manner) proposed registry operations changes in order to encourage innovation in the provision of DNS services. The ICANN-generated issues report encouraged the implementation of such a policy and specifically warned that "delays in the consideration process could result in barriers to changes and innovation at the TLD registry level." <http://www.icann.org/gnsso/issue-reports/registry-svcs-report-19nov03.htm>

Other PDPs involve important considerations on the use and accuracy of Whois data and the development of criteria for the succession planning of the .net registry. Each of these PDPs provides transparency for those interested in following and testing the efficacy of the newly developed policies.

ICANN's At-Large Advisory Committee is responsible for considering and providing advice on the activities of ICANN as they relate to the interests of individual Internet users (the "At-Large" community), and also helps the world-wide At-Large community organize for individual internet users' structured involvement and informed participation in ICANN. The ALAC is actively promoting individual user community interests within ICANN. At-Large representatives are serving as liaisons/members in the following ICANN policy-related groups: ICANN Board; Names Council; Transfers Assistance Group; WIPO II Working Group; TLD Evaluation Advisory Committee (TEAC); three GNSO WHOIS Task Forces; GNSO Committee of the Whole on Registry Services; and the (informal) WSIS coordinating group. Thus far, the ALAC has provided recommendations/individual Internet user perspectives on the following issues: introduction of new domain names; WHOIS database (privacy, accuracy, access, and use of the WHOIS database); WIPO II recommendations; World Summit on the Information Society (WSIS); ICANN policy on registry service changes; and VeriSign Registry's redirection of queries for non-existent domain names. Prior to issuing recommendations, the ALAC solicits input on these issues using online resources such as its website, online forum, and email announce list, and posts draft recommendations for public comment. The ALAC also is collecting public input through its online forum on issues involving the registration and transfer of domain names, and the implementation of internationalized domain names.

These online policy development and advocacy efforts are augmented by ALAC-sponsored workshops at ICANN regional meetings to educate the At-Large community and solicit input on key issues and their potential ramifications for At-Large. Thus far, the ALAC has sponsored/co-sponsored events on WHOIS, wildcard services (registry service changes), and WSIS.

In another process dedicated to openness, proposed changes to ICANN's bylaws accommodating the formation of the ccNSO have recently been posted for public comment. <http://www.icann.org/legal/proposed-bylaws-corrections-11mar04.htm>

4. Continue to develop, to test, and to implement accountability mechanisms to address claims by members of the Internet community that they have been adversely affected by decisions in conflict with ICANN's by-laws, contractual obligations, or otherwise treated unfairly in the context of ICANN processes.

ICANN's Review and Implementation of Corporate Responsibility and Accountability Mechanisms

In 2002, ICANN outlined some specific aspects of corporate responsibility and accountability. The recommendations for improvements to ICANN's processes were first set out in the Blueprint for Reform (<http://www.icann.org/committees/evol-reform/blueprint-20jun02.htm>) at Section 5:

Ombudsman

ICANN should create an Office of Ombudsman, headed by an Ombudsman hired by and reporting directly to the ICANN Board. The Office should have its own budget, directly authorized by the Board (but administered for reasons of financial control and other purposes by the President/CEO). The Office should operate under a charter adopted by the Board after public notice and comment.

Public Participation

ICANN should establish a staff position (working title: Manager of Public Participation) responsible for developing mechanisms to encourage full public participation in ICANN, and to facilitate the receipt and analysis of all public comments received on a given proposed action by the ICANN Board. This position would also be responsible for the design and content of other relevant outreach activities, including the ICANN website, public forums and mailing lists, and other options for public comment and participation.

Reconsideration

The ICANN Reconsideration Process should be amended to apply to (a) actions by staff alleged to contradict established Board policy or to be inconsistent with known facts, or (b) actions by the Board alleged to be based on error or lack of relevant information. The Reconsideration Process should require that the Board consider any reconsideration request no later than the second Board meeting following receipt of the request.

Bylaw Amendments and Alleged Infringements

Amendments to the ICANN Bylaws should continue to require a 2/3 majority of all voting Directors. The Board should create a process to require non-binding arbitration by an international arbitration body to review any allegation that the Board has acted in conflict with ICANN's Bylaws. The costs for such arbitration would be borne by ICANN should the review favor the person making the allegation, and vice-versa.

The ICANN Committee on Evolution and Reform subsequently requested the creation of "Accountability Framework Assistance Project: Recommendations Regarding Accountability" (<http://www.icann.org/committees/evol-reform/afap-report-23aug02.htm#II>) released on August 23, 2002, which provided recommendations for implementing the above aspects of the Blueprint dealing with accountability.

The above processes resulted in the changes to ICANN's bylaws in 2003. These changes are reflected in two major areas within the bylaws:

- Article IV: Accountability and Review (<http://www.icann.org/general/bylaws.htm#IV>) which includes: a process for reconsideration of Board or ICANN staff actions ("Reconsideration Process"); an Independent Review Panel ("IRP"), which shall be charged with comparing contested actions of the Board to the Articles of Incorporation and Bylaws; and periodic reviews of ICANN's structure and operations.
- Article V: Ombudsman (<http://www.icann.org/general/bylaws.htm#V>) for internal evaluation of complaints by members of the ICANN community who believe that the ICANN staff, Board or an ICANN constituent body has treated them unfairly, and where the issue does not fall within the scope of the Reconsideration Process or the IRP.

ICANN's Review and Status of Accountability and Corporate Responsibility Progress

Reconsideration Process

ICANN's Reconsideration Process is fully operational and continues to work. The Committee of the Board on Reconsideration recently heard a reconsideration request during a committee meeting during the ICANN Rome Meeting and ruled on the issue. At that time, the Board made

suggestions about creating web forms to better capture information and create greater accountability relating to any new reconsideration requests.

Independent Review Panel

ICANN has maintained its requirement that bylaws cannot be amended without a two-thirds vote of ICANN's Board of Directors. Additionally, ICANN has in recent weeks closed an arrangement with a third party arbitration service to provide services and fulfill the requirements of the Independent Review Panel. The Board of Directors has a special meeting scheduled for April 19, 2004, where it will vote on accepting the staff's recommendations for finalizing an agreement with the third-party entity to provide these services. ICANN looks forward to full implementation of the IRP on or before May 15, 2004.

Ombudsman

ICANN has contracted with an outside consultant regarding the appropriate implementation of its ombudsman program. Offsite Human Resources Pty, Ltd has been engaged to conduct a search for the position of Ombudsman. ICANN expects to have this position filled and for the ombudsman program to be fully launched before June 30, 2004.

Other Corporate Responsibility Oversight

ICANN has made significant progress relating to its corporate responsibility and accountability, but even as it makes progress ICANN continues to look for additional ways to improve the oversight.

Internet Community Watchdog Groups

With ICANN's many watchdog websites, law schools and professors and active constituency groups actively overseeing ICANN's activities, there is much feedback available in the community. ICANN monitors these sites for potential, meaningful information that has not been received from traditional sources.

California Corporation Law and California's Attorney General

In that ICANN is a public benefit non-profit corporation organized within the State of California, ICANN is subject to California laws and business codes relating to the operation of such entities.

http://www.ss.ca.gov/business/corp/corp_artsnpinf.htm

These laws explicitly permit oversight of criminal actions by the California court system and the California Attorney General. It is notable that California's Attorney General Bill Lockyear is very active in non-profit reform measures.

<http://www.charitynavigator.org/index.cfm/bay/content.view/catid/38/cpid/191.htm>

ICANN Corporate Oversight Panel

At the suggestion of the DOC, ICANN has reviewed other mechanisms which would serve to establish clear corporate responsibility oversight. ICANN is working to establish a three-person panel that would provide an additional layer of oversight over fiscal matters in the event that allegations of criminal or other wrongdoing are made by ICANN's independent auditors and involve the Board of Directors or CEO. In that event, this three-person panel would be empowered to investigate the allegations and make recommendations to the California Attorney General regarding appropriate actions or remedies. ICANN is investigating appropriate mechanisms to implement this Corporate Oversight Panel and will present them to the Board of Directors in the next two-three months as part of ICANN's review of its contingency planning.

Summary

In summary, 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 organization's 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.

5. Collaborate with the Department on operational procedures for the root name server system, including formalization of relationships under which root name servers throughout the world are operated and continuing to promote best practices used by the root system operators.

ICANN intends to pursue and execute formalized agreements with root name servers through their operators. The agreements will take the form of Memoranda of Understanding and govern forms and frequency of technical communication among root name server operators and acceptable sources of best practices. The signatories will agree to adopt those best practices and to consult with one another concerning improvements in the reliability and maintainability of the root server system.

A proposed version of the agreement is under review by the ICANN General Counsel's office. After review, ICANN will schedule dissemination of the proposed agreements and collaborate with the various operators to make any changes that would increase the efficacy of the agreements. ICANN has held discussions with certain root name server operators regarding the proposed agreement in order to facilitate their later acceptance.

In partial fulfillment of its own root zone management responsibilities ICANN will:

- With input from the relevant stakeholders, develop and implement tools and systems to perform the root zone editing function
- Implement secure, robust, and redundant infrastructure for distribution of the root zone to the root server operators
- Publish appropriate registration information in the Whois database

To meet best practices standards as defined by sound business practice and by IETF RFC 2870, ICANN will:

- Provide bandwidth, hardware, expertise, personnel, and other necessary resources.
- Continually improve and modernize the “L” root system to meet the requirements and challenges of a dynamic Internet/DNS environment.
- Deploy advanced monitoring and denial of service mitigation technologies in the proximity of the “L” root system.
- Maintain a secure facility for “L” root operations.
- Work closely through the RSSAC and the DNS community to ensure that issues relating to the DNS, including interactions with new developments and technologies, are understood and reacted to in a timely manner.
- Provide meeting coordination, secretarial support, and other services to the RSSAC.
- Participate in the root server operators’ community.

6. Continue to consult with the managers of root name servers and other appropriate experts with respect to operational and security matters relating to the secure and stable operation of the domain name and numbering system in order to develop and implement recommendations for improvements in those matters, including ICANN's operation of the authoritative root, under appropriate terms and conditions.

ICANN continues to work closely with the root-operators, both via the RSSAC and SSAC. Through that collaboration, the RSSAC and ICANN will publish informational documents for each of the root servers concerning best operating practices and multiple level security (electronic and physical).

New protocols, such as IPv6 -- which dramatically increases the available pool of Internet Protocol address numbers -- and DNS Security (DNSSEC) -- which promises to bring greater security to the domain name system -- are vital innovations in Internet resource technology. ICANN will collaborate with the wider technical community to assess the

value these and other innovations have for the Internet community, or whether they pose an unreasonably disruptive threat to Internet stability or security.

7. 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 re-delegation 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.

During the past year, ICANN has achieved significant progress in working cooperatively with ccTLD operators and ccTLD community to address issues affecting the stable and secure operation of the DNS. This has been achieved through regular and ongoing dialogue among ICANN, the approximately 250 ccTLD operators and the GAC (including meetings between ccTLD operators and the GAC at ICANN meetings); attendance of ICANN staff at ccTLD regional meetings; and further efforts to improve the timeliness and efficiency of the performance of the IANA function as it impacts ccTLD operators. ICANN has also focused on encouraging and facilitating participation by ccTLDs in ICANN, using means such as increased dissemination of information and outreach on ccTLD issues where possible and attending and contributing to relevant discussions in other forums.

The ccNSO was constructed with the goal of providing targeted and influential participation by ccTLD managers in matters affecting global Internet policy. The ccNSO's formation documents included the policy-development process and method of analysis of the scope of the ccNSO's policy-development role. To contribute to fostering greater dialogue between ccTLD operators and the GAC within the ccNSO structure, the ccNSO structure includes a non-voting GAC liaison on the ccNSO Council, and built into the ccNSO policy development process is ongoing consultation with the GAC.

An important step in the past year was the chartering of the Country-Code Names Supporting Organization (ccNSO) on March 1, 2004 during ICANN's Rome Meeting. The ccNSO Launching Group (formed following ICANN's June 2003 Montreal meeting) announced the official launch of the ccNSO with accord with ICANN Bylaws Article XX. The announcement confirmed the enrollment of 30 charter members, with at least four from each defined geographic region. On March 8, 2004, a Process for the Election of the First Council of the ccNSO was announced. At the ICANN Kuala Lumpur Meeting set for July, the ccNSO Council will hold its first meeting and will elect two members to ICANN's Board of Directors to fulfill the complement of Directors as set out

in ICANN's reform process, creating a Board of Directors truly representing all of ICANN's Supporting Organizations.

Additional progress was also made in the past year with ccTLDs on the issues of process and theory of re-delegations and the establishment of frameworks for accountability of ccTLD managers. Step by step procedures for ccTLD re-delegations have been outlined and publicly noticed to the community by ICANN. Also, additional progress has been made by ICANN on negotiating and entering into frameworks of accountability with ccTLDs. Discussions are also underway regarding agreements with several additional ccTLD managers. ICANN is in the process of revising these frameworks of accountability to make them more palatable to the international organizations that participate in this process, and expects a much greater uptake in ccTLDs that will be participating both with these changes in the frameworks and the commencement of the ccNSO and its impact on the ICANN related process and policy development.

8. Continue the process of implementing new top level domains (TLDs), which process shall include consideration and evaluation of:
 - a. The potential impact of new TLDs on the Internet root server system and Internet stability;
 - b. The creation and implementation of selection criteria for new and existing TLD registries, including public explanation of the process, selection criteria, and the rationale for selection decisions;
 - c. Potential consumer benefits/costs associated with establishing a competitive environment for TLD registries; and,
 - d. Recommendations from expert advisory panels, bodies, agencies, or organizations regarding economic, competition, trademark, and intellectual property issues.

Define and implement a predictable strategy for selecting new TLDs using straightforward, transparent, and objective procedures that preserve the stability of the Internet (strategy development to be completed by September 30, 2004 and implementation to commence by December 31, 2004).

ICANN has undertaken two significant efforts with the regard to the implementation of top level domains. First, on 15 December 2003, ICANN launched the solicitation for applications of a new round of sponsored TLDs.

<http://www.icann.org/announcements/announcement-15dec03.htm>. That announcement indicated that, “after the application period closes, an independent team will evaluate the applications against specified selection criteria.” The panel, now being selected, will be international in nature, to reflect the population of the applicants, and provide expert opinion in DNS, business, market and technical considerations regarding whether certain TLD accreditations should be granted.

The announcement specifically defined the criteria by which the applications would be measured. <http://www.icann.org/tlds/new-stld-rfp/new-stld-application-part-15dec03.htm> Each step of the process thus far has been publicly announced with an explanation of next steps.

On 19 March 2004, ICANN announced that it had received ten (10) applications for new sTLDs. The applications included the following proposed TLD strings: .asia, .cat, .jobs, .mail, .mobi, .post, .tel (2 applications), .travel, and .xxx. The applicants are a diverse pool of organizations, including proposed sponsors from Canada, China, Finland, Spain, Switzerland, United Kingdom, and the United States.

ICANN is currently soliciting public comments on the applications. All applicants that are found to satisfy the posted criteria will be eligible to enter into technical and commercial negotiations with ICANN for agreements for the allocation and sponsorship of the requested TLDs.

Second, ICANN has launched studies as to the manner in which new gTLDs can be successfully implemented. ICANN has contracted with Finaki to complete the evaluation of the initial proof of concept round of new TLD introductions that was initiated in the year 2000. That study is expected to offer substantial input into the new streamlined process for the introduction of gTLDs. That study has been described in earlier reports and is now nearing its conclusion. The public policy questions to be answered through that study were recently highlighted in the Rome meetings.

<http://www.icann.org/presentations/sapiro-forum-rome-04mar04.pdf> These issues included:

- The effect of new TLDs on the scope and competitiveness of the domain name market
- Whether new TLDs have incorporated technologies that can adversely affect the DNS or violate technical standards,
- To what extent have the registries provided free, real-time access to a fully searchable Whois database,
- Whether adequate management safeguards and policies are in place to protect against malicious or accidental acts that could substantially interfere with continuity of service,

In addition, ICANN is seeking expert advice in the following areas:

- an international economics organization on the introduction of competition into the TLD market and other similar markets, allocation mechanisms and possible appropriate business models for the TLD manager-ICANN relationship;
- a review and report on intellectual property issues involved in the introduction of new gTLDs to be provided by the World Intellectual Property Organization;
- consumer protection issues, potentially from a consumer protection agency;
- reports from the Internet Architecture Board and ICANN's Security and Stability Committee on technical stability issues related to the introduction of new gTLDs, including planning for registry failures;
- assessment of the Internet Architecture Board on the need for additional technical standards to support multilingual TLDs.

Other work on the strategy for selecting new TLDs (using straightforward, transparent, and objective procedures that preserve the stability of the Internet) is underway within ICANN's Generic Names Supporting Organization, which included the subject on the agenda of its 1 April 2004 teleconference.

9. Continue to develop, to test, and to implement appropriate mechanisms that foster informed participation in ICANN by the global Internet community, such as providing educational services and fostering information sharing for constituents and promoting best practices among industry segments.

Public Participation

ICANN has retained Kieran Baker as Acting General Manager of Communications and Public Participation. A native of the UK, Kieran has joined ICANN from CNN, where he was Senior International Editor & Producer for CNN in both their Hong Kong and London bureaus as part of his twelve years with that organization. More recently, Kieran was International Coordinating Producer with Fox News, and coordinated coverage in Iraq, Amman and Kuwait during the war in Iraq.

As part of this role, Kieran will collect and organize the messages and opinions gathered by news organizations concerning ICANN performance. Those messages will be fed back into ICANN's continual self-evaluation of its performance in order to improve corporate responsibility and accountability.

Additionally, Kieran is leading the effort to produce and translate meaningful literature describing ICANN's mission and recent efforts. The publications are both of a general nature and of substance that is targeted for a particular audience, e.g., geographic, technical, intellectual property.

ALAC

ICANN's At-Large Advisory Committee is responsible for considering and providing advice on the activities of ICANN as they relate to the interests of individual Internet users (the "At-Large" community), and also helps the world-wide At-Large community organize for individual internet users' structured involvement and informed participation in ICANN. Fifteen members (three from each geographical region) were appointed last year to an Interim At-Large Advisory Committee (ALAC) (ten by the Board, five by the Nominating Committee). Membership on the Committee will evolve to consist of ten members selected by Regional At-Large Organizations once constituted, supplemented by five members selected by ICANN's Nominating Committee.

Ultimately, the Committee will be supported by a network of self-organizing, self-supporting At-Large Structures throughout the world involving individual Internet users at the local or issue level. The At-Large Structures (either existing organizations or newly formed for this purpose) are to organize into five Regional At-Large Organizations (one in each ICANN region - Africa, Asia/Australia/Pacific, Europe, Latin America/Caribbean, and North America). The Regional At-Large Organizations (RALOs) will manage outreach and public involvement and will be the main forum and coordination point in each region for public input to ICANN.

This format for At-Large user participation has been carefully structured to provide for accountable, transparent stakeholder organization, and allows for the ability to identify the group speaking. The ALAC and the At-Large network are being formed with a view to ensuring that the voices of different sectors of the Internet community will be heard and that their representation can be effectively taken into account.

In the nine months since the Board approved the criteria and process for certifying At-Large Structures and recognizing RALOs, the ALAC has conducted outreach efforts in all five geographic regions to encourage the formation of a global At-Large framework. The ALAC has used its website, forum, 6000+ announce list, press contacts, and regional and international events and conferences to share information about At-Large efforts and educate the user community on why, and how, to become involved in ICANN At-Large. Interested, qualified groups have been invited to become At-Large Structures by completing and submitting to the ALAC a short application form (information is available in English, Spanish, Portuguese, French, Italian, and Chinese). Groups that meet the minimum requirements are certified as "At-Large Structures". ALAC members are working with several groups in their regions that are interested in submitting applications, including community networking groups, professional societies, consumer advocacy groups, and academic organizations.

Thus far, ten organizations have been certified as "At-Large Structures" (certification recognizes that the groups meet ICANN's criteria for involving individual Internet users at the local or issue level in ICANN activities and for promoting individuals' understanding of ICANN): Societa' Internet (Europe); Arab Knowledge Management Society (Asia/Australia/Pacific); Alfa-Redi (Latin America/Caribbean Islands); Förderverein Informationstechnik und Gesellschaft e.V. (FITUG) (Europe); Internet

Society Luxembourg A.S.B.L. (Europe); Internet Society Bulgaria (Europe); Moroccan Internet Society (Africa); Anais.AC (Africa); Sudan Internet Society (Africa); and Internet Society - Finland (Europe).

As of 5 April 2004, the ALAC is conducting due diligence on seven At-Large Structure applications: ISOC DRC (Africa); Internet Society Vasudhay Kutumbhkum (ISVK) (Asia/Australia/Pacific); ISOC Taiwan Chapter (Asia/Australia/Pacific); At Large @ China (Asia/Australia/Pacific); National Information Infrastructure Enterprise Promotion Association, Taiwan (Asia/Australia/Pacific); Internet Society - Catalan Chapter (Europe); and Asociacion Costarricense de Derecho Informatico (Latin America/Caribbean Islands).

When there are sufficient At-Large Structures in a geographic region these groups can form a Regional At-Large Organization (RALO). Online resources are used to help keep At-Large Structures and their members (and the At-Large community in general) informed and engaged in At-Large activities, and to encourage collaboration and At-Large organizing in all regions. In addition, to advance organizing and RALO formation, multi-lingual meetings have been held in all regions in conjunction with recent ICANN meetings (in Asia/Australia/Pacific organizing meetings were held in conjunction with APNIC/APNG meetings). RALO launching events are planned in 2004 for Europe, Africa and the Asia/Australia/Pacific regions.

To further support At-Large organizing and networking, the ALAC is applying for grants to provide financial assistance for At-Large formation activities in developing countries. The ALAC hosted a workshop in Tunisia in October 2003 to help individual Internet user community leaders in Africa inform, organize, and involve in ICANN activities, Africa's At-Large community. The ALAC was awarded an ICSF grant by InfoDev/World Bank to support the participation of qualifying individuals from African countries in the workshop and ICANN's meeting. The ALAC is planning a similar event in Malaysia and is pursuing grants to support participation by individuals from developing countries in ICANN's July 2004 meeting.

Simultaneously, the ALAC is actively promoting individual user community interests within ICANN. At-Large representatives are serving as liaisons/members in the following ICANN policy-related groups: ICANN Board; Names Council; Transfers Assistance Group; WIPO II Working Group; TLD Evaluation Advisory Committee (TEAC); three GNSO WHOIS Task Forces; GNSO Committee of the Whole on Registry Services; and the (informal) WSIS coordinating group. Thus far, the ALAC has provided recommendations/individual Internet user perspectives on the following issues: introduction of new domain names; WHOIS database (privacy, accuracy, access, and use of the WHOIS database); WIPO II recommendations; World Summit on the Information Society (WSIS); ICANN policy on registry service changes; and Verisign Registry's redirection of queries for non-existent domain names. Prior to issuing recommendations, the ALAC solicits input on these issues using online resources such as its website, forum, and announce list, and posts draft recommendations for public comment. The ALAC also is collecting public input through its online forum on issues involving the

registration and transfer of domain names, and the implementation of internationalized domain names.

These online policy development and advocacy efforts are augmented by ALAC-sponsored workshops at ICANN regional meetings to educate the At-Large community and solicit input on key issues and their potential ramifications for At-Large. Thus far, the ALAC has sponsored/co-sponsored events on WHOIS, wildcard services (registry service changes), and WSIS.

10. Continue to assess the operation of WHOIS databases and to implement measures to secure improved accuracy of WHOIS data. In this regard,
 - a. ICANN shall publish a report no later than March 31, 2004, and annually thereafter, providing statistical and narrative information on community experiences with the InterNIC WHOIS Data Problem Reports system. The report shall include statistics on the number of WHOIS data inaccuracies reported to date, the number of unique domain names with reported inaccuracies, and registrar handling of the submitted reports. The narrative information shall include an evaluation of the impact of the WHOIS Data Problem Reports system on improved accuracy of WHOIS data.

The report published on 31 March 2004 (<http://www.icann.org/whois/wdprs-report-final-31mar04.htm>) described statistics as required by this objective. The report concluded that the Whois Data Problem Reports System (WDPRS) effectively improved accuracy for problems that were, in fact, reported.

More significantly, the statistical analysis and reporting of some recognized shortcomings in the present WDPRS. As a result, a new WDPRS was devised and deployed coincident with the report. The new system immediately demonstrated several benefits:

- Problem reports concerning data from all gTLDs can be entered into the system. Prior to the roll-out of the new system, only comments concerning .com and .net could be considered.
- The statistics indicated that ICANN staff intervention at a relatively early stage of the evaluation process did not contribute significantly to the improvement of data accuracy. That non-value added manual step was eliminated.
- Reduced registrar administrative burden without diminishing the value of the reporting system.

- Enhanced capability for the reporter to track the problem and offer feedback as to the registrar handling of the issue.
- Enhanced statistics gathering capability.
- Enhanced capability for ICANN to track registrar handling of each issue.
- Closed-loop feedback so that ICANN staff can become involved at a meaningful point, when a registrar has demonstrably failed to take action.

While the statistics gathered and analysis done for the recent report were meaningful, the new system will enhance ICANN's capability to gauge and report on the efficacy of the WDPRS.

b. ICANN shall publish a report no later than November 30, 2004, and annually thereafter, providing statistical and narrative information on the implementation of the ICANN WHOIS Data Reminder Policy. The report shall include statistics on registrar compliance with the policy and information obtained regarding results of the implementation of the WHOIS Data Reminder Policy. The narrative information shall include implementation status, information on problems encountered, and an evaluation of the impact of the WHOIS Data Reminder Policy on improved accuracy of WHOIS data.

The implementation date for the WDRP for most registrars was 31 October 2003. ICANN is monitoring registrar implementation of the WDRP and is planning the statistical gathering process in preparation for the report due 30 November 2004.

11. By June 30, 2004, ICANN shall develop a contingency plan to ensure continuity of operations in the event the corporation 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. In conjunction with its efforts in this regard, ICANN shall work collaboratively with the Department to ensure that such plan reflects the international nature of the DNS.

ICANN is developing separate contingency plans for business or physical failure. ICANN is consulting with the IETF to develop back-up plans in the case of natural disaster or other event that physically disrupts operations. ICANN is currently relocating servers and systems to geographically diverse and more secure locations to harden the existing system and to facilitate recovery in case of physical failure at one or more locations.

ICANN Business Operations and General Counsel's Office are jointly developing the framework to ensure continuity of operations in the event of business failure. That framework consists of pro-forma agreements and dedicated facilities to carry on operations regardless of operator, organization form or identity.

12. Collaborate on other activities as appropriate to fulfill the purpose of this Agreement, as agreed by the Parties.

Since taking office in March 2003, ICANN's President has continued to put great effort into establishing a process for regular dialogue between ICANN and the various constituent interests that in the aggregate make up ICANN. Increased communication and input has been sought from groups including the RIRs, the ccTLD managers, the gTLD registries, the registrars, the various advisory committees and supporting organizations within ICANN, those technical bodies that participate within ICANN, such as the IETF and the IAB, and other interested groups. Increased contact with governments around the world has also been a focus. This increased level of communication is intended to ensure ICANN stays in touch with all the varied views in the Internet community to better serve those views.

13. Building on ICANN's recent efforts to reexamine its mission, structure, and processes for their efficacy and appropriateness in light of the needs of the evolving DNS, collaborates with the Department to ensure that ICANN's corporate organizational documents optimally support the policy goal of privatization of the technical management of the DNS (collaboration to be completed by March 31, 2004).

In the last six months ICANN has continued its collaboration with the DOC, has met its collaboration requirement under this section, and has made significant progress in its efforts to reexamine its mission, structure, and processes for their efficacy and appropriateness in light of the needs of the evolving DNS, and has moved significantly in the direction of privatization. It is important to note that ICANN will continue to evolve to ensure that it is best living up to its mission and core values and to best serve the needs

of the diverse constituencies that are involved and impacted by these evolution and privatization efforts. The remaining work is set out in ICANN's Strategic Plan and is currently being aggressively pursued by ICANN's staff and Board of Directors. ICANN remains interested in collaborating with the DOC now and in the future to ensure that these goals are achieved in the best manner possible.

ICANN's Corporate Structure

The called for collaboration focused on, among other things, consultation on ICANN's corporate structure. ICANN's view is that the current form of ICANN's corporate structure (a California Non-Profit Public Benefit Corporation) remains relevant to its current mission, despite a recent series of lawsuits testing various aspects of ICANN's contractual relationships. The time and cost of relocating the corporation at this point in time would not provide any additional benefits under law. It is likely that ICANN can provide evidence of the long-term benefits of the contractual relationships with registries and registrars by proving that such agreements are enforceable under California law. A change in structure or moving the place of incorporation for ICANN would not be efficient at this point as the costs of relocating (revising contractual relationships as well as moving expenses et. al.) would not provide any additional benefits to ICANN.

Moving into another jurisdiction (within the US) would make little difference as the same federal tax laws governing non-profits would be applied in most instances and impact the individual corporate laws relating to each states corporate rules for non-profits. Moving into another jurisdiction abroad would, at this point, destabilize the contractual relationships upon which ICANN's functions are reliant.

It is important to note that ICANN's structure is based in its international nature and through the bottom-up consensus process as set out below.

The International Nature of ICANN in the Global Internet Community

ICANN has taken very active steps to gain recognition that the organization is representative of the entire global Internet community. Participation in ICANN is open to all who have an interest in global Internet policy as it relates to ICANN's mission of technical coordination. ICANN holds public meetings throughout the year. Recent meetings have been held in Rome, Tunis, Montreal, Rio de Janeiro, Amsterdam, Shanghai, Bucharest, and Accra. Future meetings will be held in Kuala Lumpur and Cape Town during 2004.

The ICANN Board and staff reflect the international nature of the organization. The staff hails from seven different countries (Australia, Denmark, France, The Netherlands, Niger, the United Kingdom, and the United States), exhibiting fluency in more than 14 languages. Similarly, the Board includes members and liaisons from thirteen nations (Australia, Brazil, Bulgaria, China, Germany, Italy, Kenya, Malaysia, Mexico, Portugal, Senegal, the United Kingdom, and the United States) and is fluent in many languages. ICANN currently occupies offices in Belgium and conducts some business operations in France and Australia. Immediate internationalization and outreach plans call for physical ICANN presence in Africa, Latin America and the Asia-Pacific Rim.

The Supporting Organizations and Committees that lead the bottom-up policy development process are internationally based and populated. See the international complement of the Address Supporting Organization (ASO), the Generic Names Supporting Organization (GNSO), and the Governmental Advisory Committee (GAC) as indicative of the international nature of the effort supporting that process. The formation of the Country Code Names Supporting Organization (ccNSO) is further internationalizing participation in the ICANN policy development process and also improves the ccTLDs' (Country Code Managers') voice on the ICANN Board of Directors since the ccNSO will directly elect two board members.

The Internet is marvelously robust, with thousands of independent networks operating together to move traffic around the globe. ICANN inherently supports regional network development through its mission. European, Asian, Latin American and the African Internet communities are working effectively to build regional interconnections, belying the notion that all Internet traffic flows through North America.

ICANN Facilitation of Bottom-up, Collaborative DNS Policy Development

ICANN does not create or make Internet policy. Rather, policy is created through a bottom-up, transparent process involving all necessary constituencies and stakeholders in the Internet Community.

ICANN policy begins its development in the Supporting Organizations and Advisory Committees. The recognition that a policy is needed may arise from anywhere in the Internet community, the international ICANN Supporting Organizations and Committees (such as the Regional Internet Registries (through the ASO), the GNSO, the ALAC or the GAC), or the Country Code Managers (ccTLDs). Additionally, in early March of 2004, the CCNSO was actually formed and will be providing the appropriate board members.

The ICANN bylaws provide specific mechanisms for soliciting, receiving and considering governmental inputs. That advice is received into the policy development process through the GAC.

There are several redundancies built into the policy making process to ensure that new policy addresses the needs of the entire Internet community and not one special interest area or geographical region. The ICANN structure and policy development processes also ensure governmental input is received at many levels.

ICANN's independence enables rapid response to changes within the commercial, technical and geopolitical landscape of the Internet and DNS. While rapid and flexible, the ICANN process also requires and considers input from all interested and affected constituencies.

14. By December 31, 2003, develop a strategic plan that sets forth ICANN's goals for securing long-term sustainability of its critical domain name and numbering system management responsibilities, including the necessary corporate structure and financial and personnel resources to meet such responsibilities. Such plan should address, among other areas, the following items, and should include measurable objectives and milestones for achievement of such objectives:

In accordance with sound business practice and in compliance with the memorandum of understanding (MoU) with the U.S. Department of Commerce, ICANN has developed a strategic plan to guide its activities for the next three years and beyond. Accomplishing the goals set out in the MoU are required in order for ICANN to achieve a fully independent status.

The strategic plan addresses objectives set out in the MoU, those described to ICANN by various stakeholders and constituencies, and environmental considerations such as the United Nations' World Summit on an Information Society (WSIS), the introduction of IPv6, and relationships with certain stakeholders.

The strategic plan sets out objectives in accordance with ICANN's role as defined in the white paper that essentially created the organization:

- Contribute to the on-going stability and security of the Internet through ICANN's IANA activities, improvements in infra-structure and root management activities.
- Promote choice and competition for the marketplace through support of registry and registrar operations, enforcing contractual obligations throughout the community, and introducing IDNs, new TLDs and other enhancements to the market.
- Provide a forum for the bottom-up development of policy to ensure continuous improvement in the DNS.
- Ensure, on a global basis, an opportunity for participation in the ICANN process by all interested parties.

Identifying objectives under these four headings ensured that the strategic plan mapped to ICANN's role as originally envisioned and does not expand ICANN's role.

All elements of the strategic plan were reviewed for completeness to ensure:

- The elements of the Strategic Plan mapped to the goals set out in the MoU with the U.S. Department of Commerce so that by accomplishing those elements, ICANN can emerge as a fully independent entity.
- The elements of the Strategic Plan mapped to the requirements for service and oversight voiced by members of ICANN various constituencies to ensure that ICANN focuses resources on those requirements in the first place.

- The plan fully described the resources necessary to accomplish the objectives so that the Strategic Plan, year-by-year, could be used to guide formulation of the ICANN annual operating budgets.

ICANN has achieved or made considerable progress toward achieving the following objectives described in the strategic plan:

- ICANN has hired the seven senior management positions: General Counsel; VP., Business Operations; VP, Policy Development Support; Chief Technical Officer; GM, IANA; GM, Global Partnerships; and GM, Public Participation.
- ICANN oversaw formal formation of the Country Code Name Supporting Organization (ccNSO).
- ICANN and the RIRs signed a letter of intent to enter into a memorandum of understanding.
- IANA completed process development work on an effective workflow management tool to increase the efficacy of IANA processes. The workflow management system is presently in beta testing and is scheduled for deployment in the near future.
- ICANN launched the solicitation for new sTLDs and is closing out a substantial study to guide a round of gTLD proposals.
- ICANN is offering a plan through the preliminary budget for fiscal year 2004-05 that substantially increases revenue in the short term and, in the longer term, describes a more balanced, robust revenue stream.
- ICANN is offering a plan through the preliminary budget for fiscal year 2004-05 to build the capability to accomplish many of the objectives set out in the strategic plan, among them: the establishment of a compliance function, staff support for policy development, multi-lingual operations and outreach to developing areas, and robust root management services.
 - a. Conduct a review of corporate administrative structure and personnel requirements, including executive compensation and management succession plan (implementation of any recommendations resulting from review to be completed by March 31, 2004);

ICANN has prepared the following briefing for the Department of Commerce to review ICANN's Personnel Administration Plan as required under the "Memorandum of Understanding Between the U.S. Department of Commerce and the Internet Corporation for Assigned Names and Numbers, Amendment 6", signed on September 17, 2003 (herein referred to as "MOU Amendment 6"). In particular, the MoU calls for ICANN to review personnel requirements, executive compensation and succession planning.

Personnel requirements have been determined through the formulation of the Strategic Plan (also required by the MoU) and the FY 2004-05 ICANN budget (i.e., the tactical execution of the strategic plan). Execution of the strategic plan and budget require ICANN staff to grow from 40 employees at the end of FY 2003-04 to 59 employees at the end of the next fiscal year. Specific areas of growth are indicated in the documents mentioned.

ICANN obtained and filed an executive compensation plan. The plan was procured from Fredrick W. Cook and Company (FW Cook), who were awarded the assignment after a competitive bidding process. The compensation plan measured compensation for ICANN's top eight executives against prevailing compensation patterns in the not-for-profit and technical sectors of the employment market. Adjustments were recommended in accordance with the result of that comparison and an implementation plan was put into place.

A management succession plan was prepared by internal staff members. The plan is phased, providing for temporary succession in the short-term while ICANN is short-staffed and describing a more permanent succession hierarchy as projected staffing levels are achieved and quality hires are made.

- b. Conduct a review of internal mechanisms that promote and ensure Board of Directors, executive management, and staff corporate responsibility (implementation of any recommendations resulting from review to be completed by March 31, 2004);

ICANN has made significant progress relating to its corporate responsibility and accountability. But even as it makes progress, ICANN continues to look for additional ways to improve the oversight. ICANN's Reconsideration Process is fully operational and continues to work. The Committee of the Board on Reconsideration recently heard a reconsideration request during a committee meeting during the ICANN Rome Meeting and provided feedback on the issue. At that time, the Board made suggestions about creating web forms to better capture information and create greater accountability relating to any new reconsideration requests.

ICANN has maintained its requirements that bylaws cannot be amended without a two-thirds (2/3) vote of ICANN's Board of Directors. Additionally, ICANN has in recent weeks closed an arrangement with a third party arbitration service to provide services and fulfill the requirements of the Independent Review Panel. The Board of Directors has a special meeting scheduled for April 19, 2004 where it will vote on accepting the staff's recommendations for finalizing an agreement with the third-party entity to provide these services. ICANN looks forward to full implementation of the IRP on or before May 15, 2004.

ICANN has contracted with an outside consultant regarding the appropriate implementation of its ombudsman program. Offsite Human Resources Pty, Ltd has been engaged to conduct a search for the position of Ombudsman. ICANN expects to have this position filled and for the ombudsman program to be fully launched before June 30, 2004.

ICANN has retained an Acting General Manager of Communications and Public Participation. This ICANN staff position will take the messages and opinions gathered from news organizations, watchdog sites, universities and others concerning ICANN performance. Those messages will be fed back into ICANN's continual self-evaluation of its performance in order to improve corporate responsibility and accountability.

Critical to this position is interaction and coordination with ICANN's At-Large Advisory Committee (ALAC). The ALAC provides advice on activities of ICANN that relate to the interests of individual internet users ("At-Large"), and helps the world-wide community organize into At-Large groups for individual internet users' structured involvement and informed participation in ICANN. Central to this position is an understanding of the current network of self-organizing, self-supporting At-Large Structures throughout the world involving Internet users at the local or issue level. At-Large Structures are groups (either existing organizations or newly formed for this purpose) that are certified by the ALAC.

ICANN has over the past two years 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 organization's structure and corporate governance systems. In addition, ICANN will continue to seek to improve this corporate responsibility by reviewing the possible implementation of 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.

- c. Develop and implement a financial strategy that explores options for securing more predictable and sustainable sources of revenue (strategy development to be completed by June 30, 2004 and implementation to commence by December 31, 2004);

The fiscal year 2004-05 ICANN operating budget remains heavily reliant on registrant fees paid to ICANN by the registrars. However, this year's budget activity also sets in

place a concerted effort to collect funds from other areas of the community. Those efforts, expected to become more effective year-by-year, are described below.

This year's budget also plans that the fees charged to registrants through registrars should be made on a per transaction basis rather than by the current quarterly calculation. The current method divides the portion of the ICANN budget allocated to the registrant fees by the number of total number of domain names to develop a "per name" fee. That fee can vary from quarter to quarter as the number of registrations fluctuates. In cases where the registrar signs a multi-year subscription, the registrar will be(??) out-of-pocket if the per name fee rises over the years.

Transaction-based fees, fees paid by the registrant through the registrar to ICANN for every new subscription, renewal or transfer, effectively address these issues. Since the registrar forwards fees to ICANN only upon the receipt of funds from the registrant, the fees paid will always be directly proportional to revenues. Variability in the total number of names would not affect the fee rates. ICANN will absorb, within reason, the variability of the process. In the case of multi-year subscriptions, the total per-transaction fee for all years would also be paid upon receipt, negating the effects of any changes to the rate structure. Since the fee is charged on a transaction-by-transaction basis, the charge can more readily be passed through directly to the registrant, either as a price increase or as a separate line item charge on the registrar's invoice to the registrant.

Initially, the per-transaction fee would be set at a rate slightly higher than that required by the ICANN expense budget. The excess will be applied to the creation of a suitable reserve fund and to address variability in the revenue stream due to seasonality, timing effects and multi-year subscriptions. Over a period of several years, ICANN will build a reserve fund equaling a full year's expense budget.

ICANN is working to increase revenues from other sources. Specifically, these sources include the ccTLDs, the RIRs, the formation of new gTLDs, and other interested parties.

- With the formation of the ccNSO, ICANN is in a better position to pursue agreements and negotiate with cc managers and governments to secure a more stable base of funding from these stakeholders. ICANN is staffing a ccNSO liaison and contract support function to facilitate the execution of agreements in order to accelerate funding from the ccTLDs.
- ICANN will shortly execute an MoU with the RIRs that will break loose funds held onto in escrow by the RIRs and also establish a platform for negotiation where ICANN will pursue larger contributions from these stakeholders.
- ICANN is presently engaged in a process establishing new sponsored TLDs and has undertaken a study to determine how best to create new gTLDs. Where new TLDs are established, ICANN will undertake separate technical and commercial negotiations with each one. Depending upon the business model of each, ICANN will realize some reasonable revenue stream from each TLD. Those revenue models may differ significantly than the ones presently locked in with existing registries.

- ICANN is engaged with several stakeholders who view a strong, vibrant ICANN as necessary for the stability of the Internet and therefore necessary for the stability of substantial business segments these stakeholders manage. Many of these stakeholders plan to make contributions to ensure ICANN's future.

While ICANN expects some impact from these sources during upcoming fiscal year, it will take a full year or more to realize significant benefits. Therefore, anticipated revenues from these sources cannot be applied to reduce the per-transaction fee, but ICANN commits that these funds will obviate the need for increases in the future.

- d. Review and augment its corporate compliance program, including its system for auditing material contracts for compliance by all parties to such agreements (implementation of any recommendations resulting from review to be completed by June 30, 2004);

ICANN's compliance program is currently performed in a reactive, rather than pro-active manner. Generally speaking, ICANN reviews complaints concerning registrars and registrant and monitors Whois Data Problem Reports. Determining that the complaint has or may have merit, ICANN forwards the information to the party who can take appropriate action. For example, in the case of a registrant who has falsified Whois data in order to send spam, ICANN will notify the host registrar that the Whois data is incorrect and to take appropriate action. That registrar will feed back to ICANN that the registrant has corrected the data or that the registrar is taking steps to delete the name.

Up until now, budget constraints have obviated the implementation of a proactive compliance program. In fiscal year 2004-05, through its annual budgeting process and in implementation of this program, ICANN has proposed the establishment of a pro-active compliance program. That program will test contracts for material compliance in several areas: domain dispute policy compliance (e.g., UDRP); compliance with Whois service and accuracy obligations; adherence to transfer rules; ICANN response to registrant complaints and inquiries; and registrar data escrow requirements compliance; and evaluation of operation legal inquiries regarding registrar and registry performance (ICANN receives many inquiries from law enforcement and attorneys questioning whether registrar/registries comply with regulations and laws). Full time or fractional staff would be required for each of these tasks.

The proactive function also calls for registrar audits by ICANN compliance staff. These staff members will visit registrars to actively monitor compliance with Whois, data escrow and other requirements.

Complete staffing plans and operational budgets are being prepared in conjunction with the ICANN budget for fiscal year 2004-05.

- e. Develop a collaborative program with private and intergovernmental parties to conduct outreach to governments and local Internet communities in targeted regions, including key constituencies (commence program operation by December 31, 2004);

The ALAC is conducting outreach in each geographic region and encouraging local and regional At-Large communities to organize and be involved in ICANN. At-Large Structures are forming/being certified in all five regions to help inform, organize, and involve in ICANN activities, individual Internet users at the local or issue level. As of 5 April 2004, ten groups have been certified as “At-Large Structures” in four regions and seven more certification applications are pending. These groups are discussing the creation of Regional At-Large Organizations (RALOs) (the At-Large Structures are to organize into five RALOs – one in each ICANN geographic region). The RALOs will manage outreach and public involvement and will be the main forum and coordination point in each region for public input to ICANN, working with ICANN in conducting the following activities:

- Keeping the community of individual Internet users in their region informed about significant news from ICANN;
- Distributing (through posting or otherwise), in languages appropriate for its region, news about ICANN and information about items in the ICANN policy-development process of interest to individual Internet users in its Geographic Region;
- Promoting outreach activities in the community of individual Internet users in its region;
- Developing and maintaining on-going information and education programs in its region, regarding ICANN and its work;
- Making public, and analyzing, ICANN's proposed policies and its decisions and their (potential) regional impact and (potential) effect on individuals in the region;
- Offering Internet-based mechanisms that enable discussions among members of ALS in its region; and
- Establishing mechanisms and processes that enable two-way communication between members of ALS in its region and those involved in ICANN decision-making, so interested individuals can share their views on pending ICANN issues.

ICANN’s collaborative program will work with the ALAC and At-Large Structures/RALOs to provide outreach to the At-Large community. ICANN will help support such activities as translating/posting key documents, distributing information about ICANN and At-Large via several conduits (press, bulletin boards, mail, etc.), contacting/meeting with groups that may want to be involved in ICANN At-Large, providing speakers to discuss ICANN and At-Large at local/regional meetings and events, organizing/facilitating meetings and briefings of groups involved/interested in

ICANN/At-Large, serving as a conduit for information about ICANN/At-Large (providing regional website support), and providing secretariat support for At-Large organizing/RALO formation efforts.

- f. Develop and implement an appropriate and effective strategy for multi-lingual communications (commence strategy implementation by December 31, 2004);

The Internet community has a great interest in being kept apprised of data related to the quality and level of service of various operational activities, and data related to functions performed by ICANN and its structures. Access to this data is a crucial element in the assessment by ICANN's Stakeholders of the security and stability of the Internet.

Therefore the communities require access to sophisticated, multilingual web based reporting mechanisms, and regular reports. Because ICANN is a global organization with stakeholders throughout the world, there is a need to provide multilingual communications and materials.

ICANN has taken several steps in the implementation of its multi-lingual communications strategy:

- At the ICANN meetings in Carthage, the ICANN tri-fold informational pamphlet was distributed in Arabic as well as English.
- Since then, the same document has been reproduced in simplified Chinese, French, German, Italian, Japanese, Portuguese, Russian and Spanish.
- The translations of the same documents are posted on the ICANN web site.
- In the fiscal year 2004-05 budget ICANN has planned for translation of key documents into (at least) the six United Nations languages: Arabic, Chinese, English, French, Russian and Spanish. Since Japan and Brazil have large stakeholder communities, ICANN will translate into Japanese and Portuguese whenever feasible and meaningful.
- ICANN "news-clips" posts daily press reports relating to ICANN. Given the international nature and multi-lingual capabilities of the staff and board, ICANN now publishes non-English articles on the site.

ICANN staff have taken to heart the comment of board member Mouhamet Diop, "You are not communicating, if people can not understand you." ICANN intends to lead, rather than follow in this category, developing a meaningful, effective multi-lingual strategy that enhances communication of ICANN's mission and goals.

- g. Conduct review of system-wide efforts to automate operational processes (implementation of any recommendations resulting from review to be completed by June 30, 2005).

ICANN's stakeholders and the global Internet community collectively depend on reliable access to IANA services, i.e., a single and authoritative source of services and information related to system of unique identifiers. These stakeholders require timely, reliable, and accurate responses to their operational requests, and responsiveness to their evolving needs.

To increase its effectiveness as this single and authoritative source, ICANN has initiated a work program to map its processes and activities. Systematizing these processes will enable faster, more efficient and more accurate performance of ICANN's operational functions.

The immediate priorities for development are to:

- streamline existing procedures and resource allocation, and
- commence the implementation of a professional request tracking and response management system to improve turnaround times across the operation

Regarding the first priority, ICANN staff are preparing process maps of each service so that value added tasks can be given priority and assigned resources, and non-value tasks can be eliminated. In the case of the second priority, the tracking system is in development and sub-systems are being tested.

On an ongoing basis, ICANN staff will refine the management system based on experience and feedback from ICANN's Stakeholders. Significant investment in technical resources and expertise is planned to be made in order to effectively meet these priorities.

APPENDICES

APPENDIX A (Ref II.C.2)

Text of letter of intent between ICANN and the NRO
to execute a memorandum of understanding:

30 March 2004
Montevideo

Letter of Intent by ICANN and the NRO

The undersigned representing the Internet Corporation for Assigned Names and Numbers (ICANN) and the Number Resource Organization (NRO) state the intent of both parties to sign the attached Memorandum of Understanding (MoU) detailing the conditions under which and the manner in which the NRO will act as the ICANN Address Supporting Organization (ASO).

Final approval of this MoU is contingent upon public comment periods administered by the Regional Internet Registries (RIRs) of the NRO and by ICANN. ICANN and the RIRs will publish on their respective web sites an announcement of the public comment period and a closing date for that comment period. These public comment periods will be conducted in the manner determined by each of these organizations.

Providing that there is no significant change to the MoU, it is the intent of ICANN and the NRO to sign the MoU at the earliest opportunity.

For the NRO

For ICANN

Paul Wilson
Chairman

Paul Twomey
President and CEO

APPENDIX B (Ref II.C.2)

Text of proposed memorandum of understanding between ICANN and the NRO:

ICANN Address Supporting Organization (ASO) MoU

1. Organization

Under this agreement between ICANN and the Number Resource Organization (NRO), the NRO shall fulfill the role, responsibilities and functions of the ASO as defined within the ICANN Bylaws as referenced at [ICANN-BYLAWS].

2. Purpose

This MoU is established for the purposes of:

- o defining roles and processes supporting global policy development, including the relationship between the Internet addressing community (represented by the NRO) and ICANN within the operation of this process;
- o defining mechanisms for the provision of recommendations to the Board of ICANN concerning the recognition of new RIRs; and
- o defining accessible, open, transparent and documented procedures for the selection of individuals to serve on other ICANN bodies, including selection of Directors of ICANN and selection of members of various standing committees and ad hoc ICANN bodies.

3. Address Council

a. Composition.

The ASO Address Council shall consist of the members of the NRO Number Council.

b. Responsibilities.

The ASO Address Council is responsible for the organizational roles of:

1. undertaking a role in the global policy development process as described in attachment A of this document.
2. providing recommendations to the Board of ICANN concerning the recognition of new RIRs, according to agreed requirements and policies as currently described in document [ICP-2].
3. defining procedures for selection of individuals to serve on other ICANN bodies, and implementing any roles assigned to the Address Council in such procedures.

4. providing advice to the Board of ICANN on number resource allocation policy, in conjunction with the RIRs.
5. developing procedures for conducting business in support of their responsibilities and submitting these procedures to the Executive Council of the NRO for approval.

c. Liaisons.

The ASO Address Council shall admit liaisons from emerging Regional Internet Registries and liaisons from other ICANN entities.

All liaison positions shall be determined by liaison agreements as shall be made in writing with the NRO, based on the recognition of mutual benefit.

d. Removal of Address Council Members

An ASO Address Council member may resign at any time by giving written notice to the ASO Address Council, the NRO Secretariat, and the ICANN Secretary. An ASO Address Council member originating from a particular RIR region may be removed by that region according to its published procedures. A vacancy on the ASO Address Council shall be deemed to exist in the case of the death, resignation, or removal of any member. Vacancies shall be filled for the unexpired term by the RIR region from which the vacancy occurred, and shall fill the unexpired term by giving the NRO Secretariat and the ICANN Secretary written notice of the selected replacement.

4. Secretariat

The NRO will provide all Secretariat services to support functions described by this agreement.

5. Global Policy Development Process

Global policies are defined as policies that have the consensus of all RIRs and ICANN, and require specific actions or outcomes on the part of IANA or any other external ICANN-related body in order to be implemented.

Global policies will be developed in the context of this agreement, according to the processes defined by attachment A to this MoU.

Under this agreement the ICANN Board will ratify proposed global policies, using review procedures as determined by ICANN.

6. Service Regions

The regions serviced by each RIR shall be defined by the RIRs in a manner of their choosing. The RIRs shall ensure that all possible service areas are encompassed.

7. Arbitration

In the event that the NRO is in dispute with ICANN relating to activities described in this MoU, the NRO shall arrange arbitration via ICC rules in the jurisdiction of Bermuda or such other location as is agreed between the NRO and ICANN. The location of the arbitration shall not decide the laws to be applied in evaluating this agreement or such dispute.

8. Periodic Review of the ASO

With reference to the provisions of Article IV, Section 4 of the ICANN Bylaws [ICANN-BYLAWS], the NRO shall provide its own review mechanisms.

9. Periodic Review of the MoU

The MOU signatories will periodically review the results and consequences of their cooperation under the MOU. When appropriate, the signatories will consider the need for improvements in the MOU and make suitable proposals for modifying and updating the arrangements and scope of the MOU. This MOU may only be amended or supplemented in writing, signed by the parties.

10. Other provisions

From the date of signature this agreement supercedes and replaces the MoU signed between ICANN, APNIC, ARIN and RIPE NCC in October 1999 with the subsequent inclusion of LACNIC in October 2002.

11. General

Nothing in this MOU shall be construed to create between or among any of the parties a partnership, joint venture, or impose any trust or partnership or similar duty on any party, including as an agent, principal or franchisee of any other party.

Other than as provided for in this MOU, the parties shall not be bound by or be liable for, any statement, representation, promise, agreement or other binding commitment of any kind on behalf of any other party, without that parties prior written consent.

The non-exercise of or delay in exercising any power or right of a party does not operate as a waiver of that power or right, nor does any single exercise of a power or right to preclude any other or further exercise of it or the exercise of any other power or right. A power or right may only be waived in writing, signed by the party to be bound by the waiver.

No party may transfer or assign any or all of its interest, rights or obligation arising under this MOU without the prior written consent of each other party to this MOU.

12. Referenced Documents

[ICP-2]

ICP-2: Criteria for Establishment of New Regional Internet Registries Published by ICANN 7 July 2001.

<http://www.icann.org/icp/icp-2.htm>

[ICANN-BYLAWS]
BYLAWS FOR INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS A
California Nonprofit Public-Benefit Corporation As amended effective 26 June
2003
<http://www.icann.org/general/bylaws.htm>

Attachment A

Global Policy Development Process

Definitions:

"Global policy" is described in Section 5 of the ASO MoU.

"ASO Address Council" is described in Section 3 of the ASO MoU.

1. A proposed global policy can be submitted either to one of the RIR policy fora (via mail lists or public policy meeting) or to the ASO Address Council directly. If it is presented to one of the RIR policy fora a member of the ASO Address Council from that region will notify the Chair of the ASO Address Council within ten days of the introduction of the proposal. If it is presented to the ASO Address Council the members of the Address Council will notify their respective RIRs within ten days of the introduction of the policy proposal to the Address Council.

The Chair of the Address Council will place the global policy proposal on agenda of the next Address Council meeting as an information item.

2. The proposer has the duty to assist relevant communities within each regional policy forum to make them aware of the deliberations of their peers in the other regional policy forums.

The members of the Address Council will request that the global policy proposal be placed on the agenda for next open policy meeting in each region, in accordance with the applicable policy process.

In those cases where the advocate of the proposed policy cannot travel to a particular RIR public policy meeting, then the RIR shall appoint a person to present the proposal at the meeting.

3. It is recognized that the outcomes of consideration of a proposed global policy may differ in terms of specific language and detail from region to region. The staff of the RIRs will work with each other, and with the policy proposer to document the common elements of such outcomes.
4. This common text will be ratified by the Boards of the RIRs as a consensus position of the RIRs.
5. This ratified common text is the proposed global policy proposal that is forwarded to the ASO Address Council.

6. The ASO Address Council shall review the process followed by the RIRs in terms of reaching a consensus position and a common text to describe the proposed global policy, and undertake measures in accordance with an adopted procedure to assure itself that the significant viewpoints of interested parties were adequately considered.
 - a. Within sixty days after the NRO Executive Council has advised the Address Council that global policy proposal has been adopted by all of the regions the Address Council shall either:
 1. pass it to ICANN for ratification as a global policy, or
 2. advise the NRO Executive Council that the Address Council has concerns as an outcome of its review and that the proposal requires further review within the public policy development process, or
 3. request the NRO Executive Council for an extension of time to complete the review of the proposal.
7. The ASO Address Council shall forward the proposed policy to the ICANN Board
8. The ICANN Board may review the policy proposal and may ask questions and otherwise consult with the ASO Address Council and/or the RIRs acting collectively through the NRO. The ICANN Board may also consult with other parties as the Board considers appropriate.
9. Within 60 days of receipt of the proposed policy, including such consultation as may occur in Step (8), the ICANN Board may either:
 - a. accept the proposal by a simple majority vote; or
 - b. reject the proposed policy by a supermajority (2/3) vote; or
 - c. by a simple majority vote request changes to the proposed policy; or take no action.
10. If the ICANN Board takes no action (that is, fails to take actions (a), (b) or (c)) within the 60-day window, the proposed policy is deemed to be accepted by the ICANN Board and it becomes global policy. In case (c), should at least one of the RIRs agree that changes need to be made, the status of the proposed policy reverts to Step 1. If none of the RIRs accept the case for changes, then the proposed policy continues to Step 10.
11. If the ICANN Board rejects the proposed policy following Step 9(b), it must deliver to the ASO Address Council a statement of its concerns with the proposed policy, including in particular an explanation of the significant viewpoints that were not adequately considered during the regular RIR process, within 60 days of the Board action.
12. The ASO Address Council, in conjunction with the RIRs and working through agreed procedures, shall consider the concerns raised by the ICANN Board, and engage in a dialogue as appropriate with the ICANN Board.

13. If the NRO Executive Council indicates that there is RIR consensus, the ASO Address Council may forward a new proposed policy (either reaffirming the previous proposal or a modified proposal) to the ICANN Board. Alternatively, the NRO Executive Council may indicate that the policy proposal shall be reconsidered by the RIRs, and the proposed policy reverts to Step 1.
14. The resubmitted proposed policy then becomes a global address policy unless, by a supermajority (2/3) vote, the ICANN Board rejects this resubmitted proposal within 60 days of receipt of the new proposed policy, in which case it does not become a global addressing policy.
15. If the resubmitted proposed policy is rejected for a second time by ICANN, then the RIRs or ICANN shall refer the matter to mediation using an agreed procedure to resolve the matter.

Considerations:

16. Through the provisions of an agreement to be executed between the RIRs and ICANN, it is recognized that the ICANN Board has the ability to request that the ASO Address Council initiate a policy development process through the RIRs, using the policy development procedure described above. Any such request must include an explanation of the significant viewpoints that call for policy development. This provision, and the similar provision in Step 10. of the policy development procedure described above, are intended to ensure that the ICANN Board acts in these circumstances only with substantial, credible, and defensible support from the community.
17. In bringing a policy proposal to the regional policy forums it is expected that the ICANN Board will nominate a presenter of the ICANN proposal.
18. All global policies in full force and effect on the day this agreement is executed shall continue in full force and effect until specifically superceded by global policy outcomes from the process described here.
19. All global policies adopted will be published in the NRO and the ICANN web sites.
20. Global policies adopted previous to this MOU will also be published in these sites, with a clear indication that they were adopted prior to the current policy procedure.