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BRAD WHITE:	Ladies and gentlemen, welcome to the quarterly stakeholder call. We're trying to resolve a couple of minor technical issues; we'll be starting in just a couple of minutes.
CHERINE CHALABY:	[inaudible]. Hello?
BRAD WHITE:	Cherine?
CHERINE CHALABY:	Yes. Hello.
BRAD WHITE:	Alright, Cherine. We hear you fine.
CHERINE CHALABY:	Can you hear me fine? Okay. I can work on that. I also have the Adobe in front of me, so when you want me to speak, you can let me know.
BRAD WHITE:	Alright, Cherine. Thank you.
UNKNOWN 1:	That's great.

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BRAD WHITE: We're wide open right now, so I'd like to start the call, now that we've resolved that connection. We've got a good connection with you, Cherine. To everybody online, we've now got a connection with one of our presenters, which we've been waiting for. Hello, and welcome to our quarterly stakeholder call for the second quarter of Fiscal Year 2017. I'm Brad White, ICANN's Director of Communications for North America.

Now, before I lay out the agenda for this call, I'd like to make a couple of quick points. As most of you know, in order to better facilitate participation across all of ICANN's global regions, we try to vary the times of these calls. The reason this particular call is occurring at 1500 UTC is so we can hopefully increase participation from the regions of Africa and the Middle East. Later in the call, we will be hearing an update about activities in those two regions. It's worth noting at this point that we're trying something different in this call. In the past, we've taken questions toward the end of the call, but beginning today, we will take any questions you might have immediately after a presentation, while the information is still fresh in everyone's mind. So, if you have a question during a presentation and you are online, please type it into the box labeled "Submit Questions Here." If you're on the phone, press #3. The operator will put you into the queue. Let me also add at this point that, while this call is in English, it is being simultaneously translated into six additional languages: Spanish, French, Chinese, Russian, Arabic, and Portuguese. So, if you are on one of those lines, same thing – just hit #3, then you can ask your question, and we will then hear the interpretation.

So, with that, let me go through today's agenda. And as I do, you'll note that our presenters today are really scattered all across the globe. We'll begin today with an update from ICANN President and CEO, Göran Marby, who is with me here in Los Angeles. Then, we'll go to Vienna, Austria to get a Board update from Board member Cherine Chalaby, now that we've established a good phone connection with him. Following Cherine, we'll get a policy update from Marika Konings, who is in Costa Rica. Marika is the Senior Director of Policy Development and Support, and Team Leader for the Generic Names Supporting Organization, or GNSO. We're working to try and get Marika a longer title, there.   Marika will then introduce Adiel Akplogan, our Vice President for Technical Engagement.   Adiel will be joining us from Montreal, Canada, and he'll bring us up-to-date with what's going on in the Numbers Community. Then, we'll go to the United Kingdom for a Management update from Sally Costerton. Sally is a Senior Advisor to the President, and Senior Vice President of Global Stakeholder Engagement. Following Sally, we'll switch to Istanbul to hear a report focusing on developments in the Middle East and Africa. David Olive will be giving us that update. He is the Senior Vice President for Policy Development and Support, and the General Manager of ICANN's Regional Office in Istanbul. And finally, we'll get a financial update from Xavier Calvez, who is with us here in Los Angeles. Xavier is, of course, our Chief Financial Officer.

Now, let me again mention that between each of these presentations, we will take your questions as time permits. So, as you're listening, when a question comes to mind, again, type it into the question box. And if we get some questions that don't deal directly with the

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presentation that's just been given, we're going to hold those until the end of the call. Now, should we run out of time, or if you have additional questions after the session, please email them to engagement@icann.org; that email address, again, is engagement@icann.org. This session is being recorded, and links to the presentation materials will be posted to the ICANN website. You can also find the link in the Adobe Connect box titled "Notes."

Lastly, I'd like to remind you to mute your computer and phones. And with that, I'll introduce ICANN President and CEO, Göran Marby. Göran?

GÖRAN MARBY: Hello, everybody. We are starting this year very much focused on operation and execution. I [inaudible] organization [inaudible] we are better able to support your work and operate in an open and transparent way. My priority post-transition remains to ensure we are operating according to and within our new bylaws and revised mission, and to enact the priorities you, as the community, set forth. I will touch on some of these in today's call.

We've started the budget planning process for ICANN's Fiscal Year 18, which runs from July this year to June 2019. Each year, we publish the budget with figures down to the project level for your consideration and input, and I look forward to developing this budget together.

As you know, the IANA functions are now performed by PTI, for the processes and procedures created by the community. Last quarter, the IANA Functions Customer Satisfaction Survey results were published,

and I'm pleased to say that we are still delivering solid services, as demonstrated by the 94% overall satisfaction rate.

A few weeks ago, we had an Executive Team meeting prior to the Board workshop held in Los Angeles. We discussed many topics, and I know Cherine will share more on the Board workshop in the next section. I also prepared a CEO report for the Board that covered money and organizational updates, which you can find on our website under "President's Corner." I encourage you to read these materials if you are interested in what we are doing.

I also have been working on some more organization enhancements to improve accountability and transparency. For instance, we are working on clarifying many of ICANN's processes and procedures. We are creating manuals and flow charts for policy development and implementation advice from review processes. We know there are some [inaudible] around this, which result in an increased workload and an ability to deliver in an open and transparent way. We will create these flow charts and manuals by building on existing materials and historical experience of these processes. The objective here is to clarify the processes for everybody's understanding. By clarifying this, it helps you to have a better understanding of what ICANN Organization is doing facilitating these processes. It also helps to clarify the roles and responsibilities between the ICANN Organization Community and the Board. This will also allow us to better measure and track outcomes and impact. Additionally, these flow charts and manuals will help readily identify where and how to address situations when recommendations, advice, or policies cannot, for various reasons, be successfully implemented by the ICANN Organization. Example – where there is a

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disagreement among the community on the implementation of the recommendation, and ICANN Organization becomes the mediator; or it conflicts with other recommendations, advice, or policies not previously identified. This mapping exercise will also identify common – what we called "impasse areas" – where there is no defined path forward, if all the currently established mechanisms to address issues have been exhausted. And I look forward to work together with you, and soon we are going to publish those materials.

Looking ahead to ICANN 57, which is not too far away now, we will be holding an open q & a session, where you can ask the Executive Team and me any ICANN Organization-related questions. This is something new that we're trying, to give you direct access to all of the ICANN Organization questions in addition to the public forums. In the ICANN Organization's Executive Team, Jamie Hedlund is now heading up the Consumer Safeguards and Contractual Compliance function – a very important area in ensuring that we act in line with our mission and core commitments.

I also want to point out that the Nominating Committee, which is an independent committee tasked to select ICANN community leadership positions, is seeking applications for several leadership roles in the ICANN community. It is very important to have a diverse representative and sustainable community. These leadership positions are a great way for you to become more involved and help to shape the [inaudible] technical coordination of policy development. The deadline to submit is March 21.

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Lastly, let me close on saying a few words about my fantastic trip to Africa in January, where I had the pleasure of visiting Addis Ababa in Ethiopia to visit the African Union, and visiting the Nairobi Engagement Office. We organized the Capacity-Building Workshop in partnership with the communication authority and the government in Kenya for the African GAC community. It is so important to have those discussions at the local level, to increase participation in the community and create a positive impact in Africa. I was very encouraged by the level of turnout and participation. I look forward to building on this momentum. I look forward to seeing many of you in Copenhagen at ICANN 58. With that, I'll hand it over to Brad.

BRAD WHITE: Thank you, Göran. We're seeing no questions, either in the queue or on the phone line, so with that, we're going to go to Vienna, Austria and Cherine Chalaby, a Board member, for an update on Board activities. Cherine?

CHERINE CHALABY: Hi, Brad. Can you hear me well?

BRAD WHITE: We can hear you just fine, Cherine.

CHERINE CHALABY: Thank you. So, hi, everyone. I'm pleased to be here today to speak to you on behalf of the Board and to share with you some of the activities

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the Board has been doing lately. I've chosen to cover two topics that relate directly to a couple of Board objectives. The first is an objective to increase our engagement and [inaudible], and the second is to be more transparent about our work.

I'll start with engagement with the community. The Board and some Board members in some cases have participated in three events in the last four weeks. The first event was a virtual town hall organized by the Doman Name Association, DNA. The event was moderated by Jon Nevett, the Director of DNA. The discussion was focused on reading an agenda chosen by DNA. There was an agreement ahead of time that Board members at that town hall would speak in their personal capacity. I found that the discussion was very, very lively and very interesting and engaging. The four topics we talked about were the next round of new gTLDs; the second one was market health index for gTLDs; the third was Board interaction with global governance and the GAC post-transition, and the last topic was "What's the most effective way to engage with the ICANN Board?" Obviously, no decisions were meant to take place in the town hall, but there was a good exchange of ideas and thoughts between the community and the Board members.

The second event was a webinar facilitated by Niels Ten Oever, the Head of Digital at ARTICLE 19 and the Rapporteur for the Cross-Community Working Party on ICANN's Corporate and Social Responsibility to Respect Human Rights – and also by Patrick Penninckx, the Head of Information Society at the Council of Europe. The purpose of that webinar was to create a dialogue and a discussion again between the community and the Board members, focusing on a recommendation report recently published by the Council of Europe.

The report provides in-depth analysis of ICANN policies and procedures with regards to community-based application from a human rights perspective. The dialogue was really interesting and lively.

The third event that took place was in Los Angeles, when we were there for the workshop between the Board and the two Co-Chairs of RSSAC: Tripti Sinha and Brad Verd. Tripti and Brad gave an excellent briefing, really excellent briefing, on the latest developments surrounding the security and stability of the Root Server System. And this was followed by a q & a. The discussion became very lively and very [inaudible], particularly when the subject of the Root Server System came into discussion and how it is continuing to increase its robustness through the expanded use of [inaudible] and the potential of highly distributed DNS [inaudible] of the Root Zone. After the meeting, we continued over lunch and Tripti and Brad joined us. So, those are really the three events that I wanted to talk to you about. In my view, they are a good example of how the Board wishes to engage more frequently with the community. I sincerely hope we do more of that moving forward.

Now, I'd like to give you insight into the workshop that the Board just held in Los Angeles from the 1 to the 3 of February, so that you get a view of what it is we do in these workshops. Just to recap for everyone's benefit, the Board holds six workshops a year. Three of those workshops are held at the beginning of each ICANN public meeting, so approximately March, June, and October. We will have a workshop at ICANN Copenhagen when we arrive in the beginning of March. The three other workshops are held in between these ICANN public meetings, approximately in February, May, and September. Each workshop lasts about three days.

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So, what did we do on each one of those three days in Los Angeles? The first day was reserved mainly for Board committee meetings. [inaudible] Board committee on the first day and get this out of the way and [inaudible]. And one possible – also, the Board has some Working Groups – they also meet on that day. For example, there is a Board Working Group focusing on improving trust between the Board and the community – they held a meeting in Los Angeles that day. So, having dispensed with committee meetings and Working Groups on the first day, we reserved day two and three for full Board discussion – topics that really required the full Board to be together, and discuss together. We started each day early, around 8:00-8:30, and finished in the evening around 6:30 or 7:00 – about ten to eleven hours a day. In Los Angeles, we organized these two days around five blocks of work. Each block represents a key responsibility that the Board has. So, I'm going to take you through a description of those five blocks – what it is we tried to achieve in each one of those five blocks, and what are the types of topics that we discussed in those five blocks.

The first block we called Oversight, Policy Development, and Cross-Community Initiatives. This block was led by Becky Burr, and our key objective here is to make sure that the Board is well-informed of the content, the priorities, the timing of all policies being developed by the community, so that the Board is ready to approve these policies when submitted to the Board. An example of those topics would be an update on Work Stream 2 Accountability, and the other example would be Thick WHOIS and Data [inaudible]. So, that's block one.

Block two is Oversight of ICANN Org. The ICANN Board, as you know, has an oversight responsibility over ICANN Org. This block was led by

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Ron da Silva, and our objective here is to ensure that ICANN Org is delivering operational excellence and service to our community. An example of topics would be review of ICANN Org's CPI, and another example would be a deep dive into a major initiative undertaken by ICANN Org.

The third block we called Strategic and Forward Thinking. This is another responsibility for the Board. This block was led by [inaudible], and our objective here is to monitor, on a regular basis, the implementation of the strategic plan, as well as monitor external forces and [inaudible] whether technical, political, and market – and how they are at work and how they assess and what they [inaudible] ICANN. An example of topics would be issues that happen in the Domain Name Space from a particular point of view – what's their impact on ICANN? Another topic would be ICANN's internationalization of its strategy, and what do we do as regional offices, what do we do with [inaudible], etcetera, etctera – how do we serve the demands of our community? These are typical types of topics in this section.

The fourth block is what we call the Governance and [inaudible] Responsibility. This was led by [inaudible]. Our objective here is to discharge the Board's [inaudible], legal, and financial responsibilities. So, a typical example of that would be the review and approval of the ICANN budget, because we do have a [inaudible] responsibility towards – including, of course, the IANA budget and the PTI budget [inaudible].

The next – fifth – block, and the last block, is what we called Community Engagement and External Relationships. This block was led by Lito Ibarra, and our objective here is really to support ICANN Org's two

groups: the first group is the Global Stakeholder Engagement Group, and the second, the government and IGO's Engagement Group. Our aim is to support them and meet their strategic objectives. So, an example of a topic we discussed in Los Angeles was ICANN's level of participation and support in the National and Global Internet Governance Forums, or IGF. These remain very important forums for ICANN, and you probably will hear later on on this call about our recent participation in the IGF in Guadalajara.

So, those were the five blocks, and I mentioned the words "block leader" for each one of them, so let me just touch briefly on the responsibilities of each block leader. The responsibility of each block leader is to identify the topics to be discussed under each block, then introduce these topics at the Board workshops and summarize the actions resulting from the Board discussions on each one of these blocks. And this is our way to give responsibilities to many Board members in addition to Board members that are Chairs of committees, to then engage other Board members in the work we do. And our intent is to every year appoint new block leaders, so that we share the the workload and experience among [inaudible].

Now, in addition to these blocks of work, the Board very importantly interacts with the CEO during the workshop in two ways. First, there's an hour-long session entitled "CEO Dialogue with the Board." During that session, the Board meets with Göran Marby without any of his executives. It is a free format session, during which Göran shares openly with the Board any issues he has on his mind. This type of informal dialogue is very beneficial for building trust and understanding between the Board and the CEO. The second way of interacting with

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the CEO was through another hour-long session, where the CEO and the Executive Team answered questions from Board members on the CEO's formal report that Göran mentioned to you earlier. He circulated this report about ten days before the workshop, and the report, as you probably will read through the summary of activities and issues for each department under Göran. So, the Board members receive that ten days earlier, all the Board members read this report before the workshop, hence no presentation is needed in the session, [inaudible] session without wasting time. And if you haven't read this report, I really recommend that you read it; it's very excellent and it's very comprehensive. So, that's what we do in a normal workshop, and we are going to do exactly the same in Copenhagen. [inaudible] Friday with subcommittee meetings [inaudible] in Copenhagen, then the ICANN Board workshop will take place on the Saturday and Sunday [inaudible] topics for full Board discussion during those days. So, that concludes the update. I hope you find it useful, and thank you for listening. Brad, back to you.

BRAD WHITE: Thank you, Cherine. Appreciate the information, particularly on the Board workshops. We're now going to go to Costa Rica to Marika Konings, who is going to give us a policy update. When Marika finishes, she is going to introduce Adiel Akplogan, our Vice President of Technical Engagement, who will give us a run-down and tell us what's going on in the numbers community. Marika?

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MARIKA KONINGS: Thank you very much, Brad. As you may know, ICANN's policy development work relating to the technical coordination functions are formed and refined by the ICANN community. Specifically, it is done by the three Supporting Organizations and influenced by four Advisory Committees. It's very much in tune with our organization's bottom-up, multi-stakeholder, open and transparent process. Other Internet policy and technical organizations are also involved in policy development – groups such as the Internet Engineering Task Force and the Regional Internet Registry. To paint a more complete picture of policy development activities, today's policy update will cover the work of several ICANN groups – specifically, the Generic Names Supporting Organization, the Country Code Names Supporting Organization, the Numbers Resource Organization, and the Address Supporting Organization. I'm going to speak about the first two – the GNSO and the CCNSO – and in a few minutes, my colleague Adiel Akplogan will talk about the NRO and the ASO.

To go to the next slide, this shows the highlights of the Generic Names Supporting Organization, or GNSO. Those include, for this quarter, the approval of the final framework for future Cross-Community Working Groups. These were developed by a Cross-Community Working Group charter jointly by the GNSO and the CCNSO. And so, the appointment of Carlos Raúl Gutiérrez as GNSO liaison to the Governmental Advisory Committee, or GAC.

The GNSO also adopted the GAC-GNSO Consultation Group final report, which contained a number of recommendations aimed at facilitating GAC early engagement in GNSO policy developments. The GNSO Review Working Group Implementation Plan was also adopted and sent

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to the ICANN Board for its consideration during [inaudible]. The GNSO also adopted and sent to the Board its review of the GAC communique from Hyderabad, and the GNSO Names Supporting Organization accepted the final report of the GNSO Bylaws Drafting Team. This group was tasked to identify all the new or additional rights and responsibilities that the GNSO has under the revised bylaws. It included, but was not limited to, participation of the GNSO within the Empowered Community. It was also tasked with developing new or modified structures that might be necessary to fully implement these new or additional rights and responsibilities. The GNSO is currently working to translate these recommendations into proposed changes to the ICANN Bylaws and/or GNSO Operating Procedures.

The GNSO also confirmed its conditional participation as a chartering organization for the Cross-Community Working Group on Internet Governance. Its participation is predicated on a comprehensive review of the Working Group's charter, in accordance with the CW framework, as I referenced before. The expectation is that this review will be completed and presented by the time ICANN 58 begins. The GNSO Council also adopted the charter for a Cross-Community Working Group on New gTLD Auction Proceeds. It also appointed five members to this CCWG, including Jonathan Robinson, who is a GNSO-appointed Co-Chair to the CCWG. At ICANN 57, James Bladel was reconfirmed as the GNSO Chair for another year, and Donna Austin and Heather Forrest were reelected to serve as Vice Chairs for the GNSO Council.

The GNSO currently has nine policy development processes in progress, which will continue to be a focus for the next quarter. Naturally, these are at various stages of the policy development process, or PDP life

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cycle. Issues that are currently being addressed in Working Group stage of the PDP include new gTLD subsequent procedures; the review of all rights protection mechanisms, or RPMs, in all Generic Top-Level Domains, or gTLDs; the Next Generation Registration Directory Services to replace WHOIS; and finally, the use of curative rights mechanisms to protect the names of IGOs and INGOs.

The CCNSO is continuing its work on the implementation of the IANA Stewardship Transition and IANA ICANN Accountability proposals. This work in the last quarter resulted in the adoption of new internal guidelines on the selection and nomination of members on specific Review Teams, such as for the Security, Stability, and Resiliency, and the Registration Directory Services. The Working Group responsible for developing these guidelines is now focusing on the specific aspects of the Empowered Community mechanisms that relate to the CCNSO.

Let me also mention a few items relating to the CCNSO policy-related work. The CCNSO Working Group on the Extended Process Similarity Review Panel finalized its report after the closure of the public comment period. The draft was presented to the community during the Hyderabad meeting. As a result of what it heard, this group has continued to work on the report, and the final update has now been considered by the CCNSO Council.

As was mentioned in the last overview summary, the CCNSO has launched a combined policy effort on the retirement of ccTLDs. This is a key process for which no policy currently exists. Work is also progressing on development of policy recommendations for a review mechanism that will deal with decisions relating to the delegation,

revocation, transfer, and retirement of ccTLDs. This review mechanism was explicitly excluded from the Accountability and Stewardship proposals, so the development of a policy is considered a high priority. The community has been invited to define the scope of the processes and issues that need to be resolved. This will be done by drafting the charters of the Working Group needed to address the two efforts. The charters and definitions of scope will be included in the issue report. This issue report is expected to be available and presented to the community by the Copenhagen meeting, ICANN 58.

Now, I want to introduce Adiel Akplogan, VP of Technical Engagement. Adiel will give an update on behalf of the ASO and NRO.

ADIEL AKPLOGAN: Thank you, Marika. As you all know, a significant part of the policy work of the ASO members takes place at the original level through the [inaudible] and their community. So, in this part of the update, we will give you all a review of what has happened since the last call.

In terms of structure, the SO/AC has recently selected Filiz Yilmaz from [inaudible] region as its new Chair. Louis Li, from [inaudible] region, and Ricardo Patara, from [inaudible], will continue to serve as Vice Chairs of the SO/AC. We want to extend our congratulations to the new Chair and the Vice Chairs.

Since January 1, the NRO Executive [inaudible] has, as usual, [inaudible] its offices, with now, John [inaudible], the CEO of [inaudible], now serving as its Chair, while Paul Wilson, the Director General of [inaudible], as Secretariat, and Alan [inaudible], CEO of [inaudible], as

the new Treasurer. We look forward to continue working with this new leadership team.

On the activities side, the ASO is planning its annual meeting during ICANN 58 in Copenhagen. Further details of the agenda of this meeting will be published soon online, so we encourage you to check the ICANN 58 meeting agenda regularly.

When we were preparing this presentation, the NRO was reviewing the proposal it has received for conducting an independent review of the ASO. This review is now complete, and items [inaudible] have been selected from the review.

The Number Service Review Committee has welcomed two new members: [inaudible] from [inaudible], and [inaudible] from [inaudible] have joined the group. As you may recall, this committee is one of the key elements of the Number Community Proposal for the IANA Functions Stewardship Transition. It has mainly the responsibility to monitor the good execution of the [inaudible] agreement that is signed between ICANN and the [inaudible].

The NRO and the ASO have continued to participate and be represented in the CCWG Accountability Team Work Stream 2 discussion by a few representatives, who [inaudible], Jorge Villa, [inaudible], and Michael [inaudible].

The [inaudible] are going to have a series of public policy meetings coming up. APNIC 43 is happening in Ho Chi Minh, in Vietnam, 20 February to 2 March. ARIN 39 for the North American region – New Orleans, in the USA, 2 to 5 April. RIPE 74 in Budapest, Hungary, 8 to 12

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May. LACNIC 28 in Foz de Iguaçu in Brazil, 22 to 26 May. And AFRINIC 26 in Nairobi, Kenya, 29 May to 2 June 2017. As most of the policy development work related to number resources management happens at the regional level, interested community members who want to contribute and participate are welcome to attend those meetings, which are usually open for anyone to join. You can read more about these updates on the NRO website, www.nro.net. Thank you for your attention. I will hand it back to Brad for any additional portion. Thanks.

BRAD WHITE: Thank you, Adiel. I'm seeing no questions for either Marika or Adiel, so in that context, we're now going to go to the United Kingdom for a Management update from Sally Costerton. Sally?

SALLY COSTERTON: Thanks, Brad. Can you hear me?

BRAD WHITE: Very clearly.

SALLY COSTERTON: Good afternoon, good morning, or good evening, everybody. As Göran mentioned earlier, the ICANN Organization has been focused on enhancing processes and procedures, so that we're better equipped to support the community's work. I'll give a brief update on many of the services the ICANN Organization provides to the community.

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Since the transition of the IANA functions to the multi-stakeholder community, these services are now provided by an entity called Public Technical Identifiers, or PTI. I am pleased to report that results from the 2016 IANA Department's Customer Satisfaction Survey shows a 94% overall customer satisfaction rating. This lines up with previous years, but that said, we're still looking for ways to improve. The group that is now responsible for monitoring PTI performance is the Customer [inaudible] Committee, and I'm pleased to report that during the previous quarter, the Committee determined that PTI met the IANA Naming Functions Service Level Agreement.

The core services provided by PTI are the requests for names, numbers, and protocol parameters, so I'd like to take a minute to talk about those requests. PTI processed 501 domain-related requests, 994 requests were related to protocol parameter registries, and 404 were general inquiries. There were no requests involving number allocations, and only one dealing with a key signing ceremony in Calcutta, Virginia. The key signing ceremonies are always public. They are rigid and tightly controlled procedures that involve signing the root DNS zone's public keying information. Basically, this assures that Internet users can trust the integrity and authenticity of information. It will soon be time to roll, or update, the root key signing key, marking the first time the KSK has been changed since it was initially generated in 2010. This effort to change the DNS [inaudible] keys is critically important to help secure the DNS and to mark good security protocols in much the same way that we regularly change any password. The Office of the CTO is heading up this major initiative. Currently, we're focused on raising awareness amongst stakeholders and the general public. At the same time, we're trying to

make certain there will be no disruption or noticeable impact to users of the Internet.

The Open Data Initiative Pilot, which kicked off in Hyderabad, aims to make some of ICANN's data available to the public. This may include things like gTLD Zone [inaudible], the service-level monitoring data for registries and registrars, amongst other information. Our intention is to be as transparent as possible with our data for the community [inaudible].

We're also looking at how to measure the health of the Internet's unique identifiers. Our public comment period closed in late January, and we're currently reviewing [inaudible]. ICANN continues to work closely with law enforcement agencies around the world. In October, a botnet attack against GNS infrastructure caused major disruptions across the U.S. and Europe. ICANN worked closely with Europol to provide expertise on the DNS infrastructure and ICANN's policies and processes. Such relationships with law enforcement agencies are key to clarifying ICANN's scope and remit, whilst working together to protect the stability, security, and resiliency of the Internet.

We also started collecting data for an IPV 6 readiness assessment of ICANN's infrastructure application. On the technology side, we also have some new and exciting IT infrastructure to better support the community and organization. In November, the organization rolled out its first Enterprise Resource Planning System. It is aimed at streamlining back-office functions, including HR, procurement, and finance. This is a sign of a mature organization, and it will help us to simplify and standardize our global operation.

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For our contracted parties, we continue to work hard on the new Global Domains Division Portal. Initially, the Portal will be used to manage Registry Services. In the future, we also intend to support Registrar and Compliance Services, and we'll share more about this in the coming months.

For the community, a new Governmental Advisory Committee website, leveraging .CMS, ICANN's newly acquired content management system, was demonstrated during ICANN 57. It was well-received by the community and the beta release is currently available to the GAC. The full release is currently being scheduled with the GAC.

Now, let me give you an update on reviews. These are mandated by ICANN's Bylaws to assess how well ICANN and its Supporting Organizations and Advisory Committees are operating effectively, achieving their purpose, and remaining accountable to the multi-stakeholder community. Three specific reviews – the second Security, Stability and Resiliency review, the Registration Directory Service review, formerly WHOIS review, and the third Accountability and Transparency review – all initiated their calls for volunteers. Review Team members are then selected by the Supporting Organization and Advisory Committee leadership, as part of the new post-transition process.

The specific review of Competition, Consumer Trust, and Consumer Choice is now in its final stages and is currently developing a draft to be published for public comment in February. The draft reports that the second At-Large organizational review is currently out for public comment until the 28 of March. The GNSO organizational review, GNSO

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2, is now in its implementation stage. The GNSO Council approved the GNSO review recommendations implementation plan, developed by the GNSO Review Working Group for thirty-four out of thirty-six recommendations, containing a realistic timeline for the implementation and definition of desired outcomes. It is pending the Board's acceptance of the implementation plan before work begins.

Now, allow me to update you on the Global Domains Division. This is where policy is set by the community and approval by the Board gets implemented. And it's where many of our core services of community support are performed. At the end of 2016, there were a total of 1,229 registry agreements signed, and a total of 1,215 new gTLDs delegated. Net auction proceeds currently total approximately $233 million. These monies are reserved and separated from ICANN's operational fund, in accordance with the new gTLD Applicant Guidebook. A Cross-Community Working Group has been formed to develop proposals for allocating these auction proceeds.

Our Global Support Center provides support to contracted parties, new gTLD applicants, and the broader Internet community. This team met its service targets for responding to and resolving cases. Here is the breakdown: about 90% of cases received got responses, and 97% were resolved within the 7-day window target. In the last quarter, there was a slight increase in its caseload. Approximately 2,800 cases were opened, and about 2,700 were resolved.

On the internationalized Domain Names front, we continue to advance our efforts to make the Internet more global and accessible in all languages and scripts. In October, the Greek script community formed

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a panel to develop label generation rules, which will be used to govern the way the Root Zone is operated. Additionally, the Lao and Thai script communities finalized their Root Zone label generation rules proposal, bringing the total to six, after Arabic, Armenian, Georgian, and [inaudible].

Let us touch on a few other key highlights from the last quarter. In December, the ICANN Organization implemented a framework to help Internet users to avoid confusion in between Country Code Domain Names and [inaudible] Domain Names. As a result, ICANN authorized the release of over 280,000 additional labels at the second level for registries subject to these measures. In late December, we published the staff report from the public comment process on the proposed amendment that [inaudible] new gTLD registry agreement. It includes an analysis section, which basically details discussions between ICANN and the Working Group after public comments received. Several new reports were also published during the quarter, including an update WHOIS accuracy reporting system. It shows that nearly all WHOIS records contain information that could be used to establish immediate contact by email or telephone. We also published the first update to the gTLD marketplace health index. It presents statistics and trends related to gTLDs and tracks progress against ICANN's goal of supporting the evolution of the Domain Name marketplace.

Additional activities included opening public comments and publishing a summary report for the [inaudible] assessment of the [inaudible] effects associated with the new gTLD program. Public comment also opened on the draft report on the continuous data-driven analysis of Root Server System stability. It also deals with policy surrounding the revised

registry-registration data directory service consistent labeling and display. A summary report on this was published in early January. The public comment process is essential to obtaining input from global stakeholders. I want to take this opportunity to encourage participants in this call to visit the public comments section on icann.org regularly and participate in this important process.

Another important process is that of contractual compliance. It is aimed at proactively monitoring and working with our contracted parties to ensure compliance with policies in our agreements. Allow me to drill into this a little bit more. The contractual compliance audit program is ongoing. Last quarter, we launched another round of the 2013 Registrar Accreditation Agreement Audit. This is the contract that governs ICANN and its accredited registrars. In this audit, a total of 55 registrars was selected to be audited. Of this, 46 were full audit, and 9 were follow-up audit to confirm previous issues had been resolved. The preliminary audit reports were issued to those selected at the end of January. Last quarter, the overall volume of complaints we received increased slightly, compared to the previous quarter. The closure rate decreased, but still remains above the target [inaudible] due to increased volume of complaints received over the holiday shutdown. For more information on reports, please visit the Contractual Compliance page on our website.

Now, moving to the engagement update. We have several programs to support a growing, diverse, and sustainable community at ICANN meetings. ICANN 57 set a record for the largest number of participants ever, with over 3,100 checks in, of which over 1,900 were newcomers, and 1,300 of those newcomers from India. This large turnout was

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mostly due to strong engagement on the ground with the local community. The Fellowship Program had 47 Fellows at ICANN 57, and the Nextgen program, which focuses on building a sustainable community, had 15 participants. Let's look at the broader stakeholder engagement activity.

During the last quarter, there were over 200 events in 56 countries with outreach to more than 8,000 people. We also facilitated more than 15 training events, the DNS-SAC, the [inaudible], and Internet governance issues in the different regions, one of which was the first Eastern European DNS forum in Kiev, Ukraine. We also continue our efforts to raise awareness of ICANN's role in the Internet ecosystem through our government engagement function. What you see here on the slide is just a sample of activity. We attended several events in an effort to explain the implementation process and Work Stream 2 on enhancing ICANN's accountability to encourage participation. One main achievement last quarter was the successful engagement in this 2016 Global Internet Governance Forum in Guadalajara. This was the first global forum since the UN renewed the IGF mandate for another ten years.

Finally, [inaudible] standard delegation process, I can announce that as of today, .AFRICA has been delegated to the Root Zone. And with that, I will hand it back to Brad.

BRAD WHITE: Thank you, Sally. Thank you for that late-breaking news on the delegation of .AFRICA. We're now going to go to – there are no

questions, I might add, for Sally, either online or on the phone – so we're going to go to David Olive, who is in Istanbul. We had [AUDIO ECHO] with David earlier; we think we have those resolved. If we lose David, I'll pick up his presentation; but hopefully, we won't. David?

DAVID OLIVE: Thank you, Brad. And I thank everyone for being on the call. I am, again, speaking from Istanbul and at our third Domain Name Systems forum, where we have – this is part of our program – and in the audience we have our Turkish stakeholders listening in to our reports.

Our hub for this sprawling region opened in Istanbul in May 2013, covering our operations across Europe, the Middle East, Eastern Europe, Central Asia, and Africa. To date, our staff strength consists of 53 members, about 20 of whom are based in the Istanbul hub. We cover 11 key functions, including policy development support, contractual compliance, registry and registrar services, stakeholder engagement, communications, ICANN meetings, global contact services, human resources, information technology, administration, and Board operations. Over the past few years, our activities and engagement have increased significantly across this big region; and I should note that much of our work involves collaborative efforts with our regional stakeholders, and participation in many Internet-related events that help promote ICANN and the multi-stakeholder model. In this quarterly stakeholder call, we will provide a focus and an update on two of our four regions: the Middle East and Africa. I'd like to recognize my colleagues, Baher Esmat, who heads our activities in the Middle East,

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and Pierre Dandjinou, who heads our activities in Africa, for their contributions.

In the next slide, we have some examples of our stakeholders in this region. As you can see, we provide assistance to 398 registries that are spread across 30 countries. As regards the two regions we're talking about today, you'll note 13 of those are from South Africa, and 15 are from the United Arab Emirates. In our next slide, we look at registrars, and we also work with 192 registrars spread across 40 countries. As you can see, 5 are based in the United Arab Emirates.

Now, let's move to the strategy framing of the Middle East and adjoining countries. There has been a concerted community-led effort to determine the strategy that will guide our engagement in the Middle East and adjoining countries. It is built on the previous strategy from 2013-2016, and now I'd like to run through a brief chronology that helps detail the strategy and how it was created.

In June 2016, a Working Group composed of 48 community members and 2 observers started their work following a three-month consultation process. The group spent four months in developing its regional strategy, extending it from 2016 to 2019. The draft strategy was posted for public comments, public comments were received, and the final document was published on December 7, 2016. The Strategy Working Group finalized the Year 1 Implementation Plan and published that on the 29 of December of 2016.

The next slide talks about the Mission Statement for which the strategy is built, noting [inaudible] attract more active and engaged participants

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from the Middle East and adjoining country regions to contribute to ICANN's policy development processes and to acquire leading roles within the ICANN community. Now, in fulfilling its objectives, the strategy identified three areas of focus: support secure, stable, and resilient infrastructure in that region, promote a healthy and competitive domain name marketplace, and clarify ICANN's role in an evolving Internet ecosystem through engagement with the Middle East and adjoining countries community.

Our priorities for Year 1 of the Implementation Plan are to develop a tailored and customized program, engaging the stakeholders from academia, civil society, government, among others; supporting the DNS Entrepreneurship Center in developing local expertise to help grow the domain name market in this region; and developing local capacities through train-the-trainer-type programs to support capacity-building. In that regard in the next slide, the last quarter, several capacity-building workshops were held, aimed at deepening community engagement with ICANN. One was a Domain Name Security workshop at Ankara, Turkey, that we conducted in partnership with the Network Information Center, and that drew about 30 participants, talking about the importance of DNS security. We also held three workshops for law enforcement agencies in the United Arab Emirates, Qatar, and Lebanon. These sessions focused on how to investigate DNS abuse and misuse. We launched a youth education initiative in partnership with the Tunisian Research and Education Network, and this initiative consists of two very well-received workshops. There were about 235 university students in attendance, and topics included ICANN's role and structure, how the domain name system works, and how to run a stable and

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secure domain name system operation. Thanks should also be noted to ICANN community members, Tijani Ben Jemaa and [inaudible] from the At-Large community, for helping us organize this event. And then, the Domain Name Entrepreneurship Center held its first workshop in Africa, in [inaudible], Benin in December. The Center is a two-year partnership between ICANN and the NTRA of Egypt, and focused on domain name business and marketing plans.

In the next slide, we talk about the task force that is actively involved with the Arabic script internationalized domain names. This is a key project of the Middle East region, because of the importance of these international domain names for the Arabic script community. It was formed in October 2013 and stemmed from the regional strategy of 2013. ICANN helped facilitate the task force's holistic approach to addressing the needs of the Arabic script community. It consists of 35 members from more than 10 countries, covering more than 10 languages that use the Arabic script. Membership is open to anyone who wishes to join and participate. It was the first linguistic group to tackle the label generation rule at the root level, and made their final submissions at ICANN 55 in Marrakech. We conduct teleconferences on a bi-weekly basis and have had five face-to-face meetings so far, and one took place in Istanbul in September of 2016.

Looking ahead at the next slide, we see the deepening ICANN work in the Middle East. We will continue to engage our stakeholders and to encourage participation in the ICANN processes while we provide the capacity-building, training, and overall support to our stakeholders there.

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Now, let me give an update on the African region. In the slide looking at the overarching objectives of the African strategy 2016-2020, our strategy was divided into two objectives that we have pursued over the last four years: one, transform the domain name system and Internet industry in Africa; and two, promote awareness and increase Africa's participation in ICANN. I'd like to highlight a few key activities from the quarter, and the next slide talks about – the next few slides talk about the sample of our regional events where we participated. In total, there were over 18 events engaging a variety of stakeholders. We also initiated important relationships with the African government and regulatory entities to promote ICANN's work and multi-stakeholder model.

Next, I would like to highlight two significant meetings – two premier events so far – one, which was noted by our CEO, Göran Marby, and that was the African stakeholders holding a briefing in October. This marked the launch of our new Nairobi Engagement Office. This was the first ever gathering on ICANN and its multi-stakeholder model which saw an active participation from government entities, the business center, academia, and user communities, at large. Additionally, in January of this year, we organized a capacity-building event in partnership with the communications authority and the government of Kenya for the African Government Advisor Committee community. It was, again, the first event of its kind and drew more than 60 people from 18 countries. It focused on awareness and assisted in building the capacity of the African Governmental Advisory Committee representatives and their respective governments. There was a focus on ICANN's policymaking, as well as critical and relevant policy topics of

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the day. Discussions involved Working Groups, including relevant Governmental Advisory Committee and Cross-Community Working Groups that required the immediate attention and participation of Government Advisory Committee members.

The next slide looks at deepening ICANN's work in Africa. Going forward, we'll continue focusing on outreach. Using the successful capacity-building workshop in Nairobi, we want to further consolidate our engagements with Africa's Government Advisory Committee representatives. We are also asking our community to support our efforts in spreading the word about ICANN, and we are specifically asking the Domain Name System community to help finalize our Domain Name System Market Study Report so it can be formally presented during ICANN 58 in Copenhagen.

With that, I complete the report, and I will hand it back to you, Brad. Thank you so much.

BRAD WHITE: Thank you, David. Appreciate that. There are no questions for David, so we're going to go to my colleague, our CFO, Xavier Calvez, in Los Angeles, for our financial update. Xavier?

XAVIER CALVEZ: Thank you, Brad. Xavier Calvez, ICANN's Chief Financial Officer. I will present our financials for the first half of Fiscal Year 17, running from July 2016 to December 2016. I will start with an overview of ICANN's financial reporting structure, to help understand the information that

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follows. Then, we will review ICANN's financial performance for the period.

ICANN's organizations' financial reporting structure includes two main areas: the ICANN operations in blue, and the new gTLD program in orange. Each area is supported by dedicated funds under management, appearing in grey at the bottom of the slide. ICANN operations includes our funding – mainly from contracted parties – the baseline expenses, and the IANA Stewardship Transition project expenses. Baseline expenses include the ongoing costs of the ICANN operations, and the costs of the IANA functions mainly performed by the newly formed legal entity Public Technical Identifiers, or PTI. The new gTLD program is a $360 million multi-year program launched in 2012 to create new Top Level Domains. The funds under management include ICANN operations funds, new gTLD program funds, and new gTLD auction proceeds.

Now, let's review ICANN's financial performance for the first half of the year, beginning with an overview of the ICANN operations. Overall, ICANN operations financial position reflect an excess of $4 million compared to a budgeted deficit of $2 million. This favorable position compared to the plan is resulting from funding slightly above budget by $1 million and baseline expenses below budget by $5 million, partially offset by slightly higher costs for the IANA Stewardship Transition expenses. We will review this financial position further in detail on the next slide, starting with ICANN operations funding.

ICANN operations funding results mainly from two drivers: first, the annual Domain Name registrations, resulting in transaction fees; and

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second, the number of parties under contract with ICANN, driving annual [inaudible] fees collected from registries and registrars. Funding is slightly ahead of target, primarily due to the following drivers: first, registrars [inaudible] fees are above budget as a result of the applications for new registrars' accreditation that occurred during the first six months of Fiscal Year 2017. ICANN budgets conservatively the number of new accreditations, due to the unpredictable nature of this event. Then, Domain Name registrations for both registries and registrars, which drive the transaction fees, were below budget due to lower growth in transactions in the first [inaudible]. The other income, which consists of sponsorship and contributions, were slightly ahead of budget. And lastly, registry [inaudible] fees are on-budget as the number of Top Level Domains in operation is consistent with expectations.

We will now focus on our baseline expenses, compared to the budget [inaudible] last year, the Fiscal Year 2016. Our main category of expenses is personnel costs, on the left of this graph. Representing about half of our total expenses. Personnel costs are below budget by 9%, mainly driven by an average head count of 340 versus 364, and lower average compensation than planned. Travel and administrations costs are relatively [inaudible] to budget, while the stand-in professional services in capital reflect various timing differences [inaudible] plan, resulting in net favorability to budget.

Let's now look at the costs of the IANA Stewardship Transition Project. Expenses for the IANA Stewardship Transition Project are relatively flat to budget for the first half of the fiscal year in total. The expenses for this project primarily consist of personnel support and legal fees in

support of the intensive implementation preparation, including the creation of the PTI entity and the drafting of bylaws and of several contracts that occurred earlier in the fiscal year.

We will now review the financials of the new gTLD program. The new gTLD expenses are slightly higher than budget, mainly driven by the defense costs incurred and auction fees incurred, which are not budgeted for. These unbudgeted costs are partially offset by favorable variants of refunds resulting from a lower number of withdrawn applications than anticipated during the period.

Let's now look at the status of the funds under our management. ICANN operations funds on the left represent the cash on hand used to fund ICANN's day-to-day operations, as well as reserves to face unexpected events or economic uncertainties. The ICANN operating fund reflects an increase, mainly due to collections from the previous quarter's funding, and reimbursements for the IANA Stewardship Transition costs incurred from January to June 2016. This is partially offset by payments to employees, and then there is during the first half of the fiscal year. The reduction of the reserve fund corresponds to the reimbursement of the IANA Stewardship Transition expenses. On the right, the new gTLD program-related funds include the new gTLD [inaudible] and the auction proceeds. The new gTLD funds are the unspent portion of application fees collected in 2012 that are used exclusively to pay for expenses of the new gTLD program, and refunds to withdrawing applicants. The auction proceeds, as Sally indicated earlier during this call, result from the net proceeds collected from the auctions. The new gTLD auction is a process that ICANN offers as a last-resort mechanism to resolve contended sets of similar strings. The new

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gTLD funds decreased as a result of the evaluation expenses incurred, and the application fees refunded as a result of withdrawals. The auction proceeds increased as a result of the .WEB and .WEBS auction proceeds collected in August 2016.

This concludes the financial overview for the first half of the fiscal year. More financial information is available in the appendix of this presentation and on our website. I will now hand it back to Brad, who will moderate the session of Q&A.

BRAD WHITE: Thank you, Xavier. Xavier, we've got one question from Donna Austin from New Star: "What's the split between travel and meetings?"

XAVIER CALVEZ: Thank you, Brad; and thank you, Donna. The approximate split between travel and meetings for this specific period is driven by the fact that we had one ICANN meeting during the six-month period – this is the ICANN 57 meeting in Hyderabad – and the costs incurred for that large ICANN meeting were approximately $4 million, and the rest of the travel and meetings costs represent travel of staff or possibly Board members, as well as possibly constituent travelers during the period to attend various events. Thank you.

BRAD WHITE: Thank you, Xavier. We have no other questions, either online or on the phone line, so with that, we're going to shut this down. I should note, however, that we have many people view a recording of this

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presentation – again, this recording of the presentation is posted on the website – so if anyone either on the line currently or in the future has any questions, please email them to engagement@icann.org.   Again, that email address – engagement@icann.org - and we'll be happy to answer your questions.   So, with that, we would like to thank all participants and wish everybody a good day or a good night.

You surely got not only an introduction to ICANN for newcomers; you got an introduction in detail from the CEO and other senior members of our Executive Team.   So, as a reward, please join me upstairs on the top floor for our reception, and I thank you very much for your time and effort today.   We'll see you at the reception.   Thank you.

[END OF TRANSCRIPTION]