

UNKNOWN SPEAKER: Okay. Alright, so, I just wanted to explain how this call is going to go, and then we can go ahead and get started. Cherine is on the line, you probably heard us talking, and basically I will, we're going to start the recording now, for the cue of the interpreters, so we all know we're hitting record. Then, Göran, you'll pretty much kick off the call, start reading your script. As usual, I'll move the slides for you from my end, and then you will hand over to Cherine, he'll read his update, and he will segue into the closing of the call, then I'm going to come back on for one final, just, closing of the call, just to make sure we shut down all the lines by giving another cue for the interpreters, so.

That's pretty much it. Does anybody have any questions?

GÖRAN MARBY: Hi, Cherine.

CHERINE CHALABY: Hi, Göran. I have one question. I'm in my office in London, and there's a bit of building work taking place - I can hear someone with a drill. If this happened during my reading the note, what shall I do? Keep going, or stop and we'll record again?

UNKNOWN SPEAKER: I think keep going. If the noise is really bad, like, if it's inaudible, then we'll tell you, then we can stop the recording and do it again.

Note: The following is the output resulting from transcribing an audio file into a word/text document. Although the transcription is largely accurate, in some cases may be incomplete or inaccurate due to inaudible passages and grammatical corrections. It is posted as an aid to the original audio file, but should not be treated as an authoritative record.

CHERINE CHALABY: Okay.

UNKNOWN SPEAKER: But I think a little bit of background noise is okay, as long as we can hear you.

GÖRAN MARBY: I think you should stand up and shout something in Arabic. That's what I think you should do.

CHERINE CHALABY: [LAUGHTER] Alright!

GÖRAN MARBY: Okay. And how many minutes did you want me to talk?

UNKNOWN SPEAKER: Yes, that's a good question, actually, because it reminds me to tell both of you to speak slowly and articulately, for the sake of the interpreters, because we are putting these recordings out in all of the languages. So, just speak at a good, low pace. Göran, yours maybe seven to ten minutes?

GÖRAN MARBY: Okay. I always do what you say.

UNKNOWN SPEAKER: Okay, great. Alright, with that, let's go ahead and start the recording. We'll give it a couple of seconds, then Göran can take over.

GÖRAN MARBY: Just tell me when to start - and I, Cherine, if I humbly, maybe it's a good idea if you mute while I'm talking?

UNKNOWN SPEAKER: Yeah, please do.

GÖRAN MARBY: Then we're going to do the same. So, should I start?

UNKNOWN SPEAKER: Yes.

GÖRAN MARBY: Welcome to today's Quarterly Stakeholder Update. This is the second time, shorter format, because I know maybe of you listen to these recordings in your own time. There will also be a Q&A webinar, on December 7th, where you can ask questions on this report. These updates are part of our broad, ongoing effort to continue to be transparent, accountable, accessible, and engaging. These efforts include executive team Q&A sessions at public meetings, the [UNKNOWN] report to the Board, and, of course, the accountability indicators.

In this update, you'll learn about a few highlights from the quarter ending September 30th, which is ICANN's first quarter of the 2018 financial year. Our Chairman, Cherine Chalaby, will talk on behalf of the ICANN Board, and I will cover an executive summary on the rest of the report. Let's get started.

First, Organisation Operations and Finances. We saw slower funding in our first quarter, with lower domain name registrations unplanned for, by about \$1 million. We believe that FY18 funding could remain flat compared to last year, instead of a small growth budgeted, however, the good thing is there's plenty of time to mitigate this.

At the same time, we're currently planning for the next two years out, FY19 and FY20. This not only, of course, is good management, but it's also good for you. I know many of you want to see the bigger picture of ICANN's budget and planned work. This means you'll get two years of projections and planned work to review when these documents go out for public comments in January.

Another reason we're taking a longer term view is that you may be aware what's in our current expenses is a result of previous decisions from the ICANN community, and therefore, they can't be changed on a short notice. We are working on making it easier for the community to review our longer term plans.

In terms of our financial position for the first quarter of the financial year - so, so far in the year, we've spent \$6 million less than budget. The reason for this is that we have not yet done some of the planned projects for this quarter which are still expected to happen later in this

year. But, we also, as I have previously said, have \$1 million less in funding, which is a net result in the effect of \$5 million under-budget. You can see the full financial report starting on slide 30.

Internally, I'm also working on improving the organisation's efficiency. One thing we did was to understand who is working on what within the organisation to avoid any overlaps, so we can better support the community. We also posted our FY17 Annual Report, in accordance with the post-transition by-laws, this report is now required to be from the Board. The audited financial statements were also posted.

Lastly, I invite you to review the latest data on the accountability indicators, which shows in more detail how the organisation is making progress against ICANN's strategic objectives that you set.

Last quarter, we also decided to postpone the Root Zone Key Signing Key Rollover, as we found out that a significant number of resolvers used by the Internet Service Providers, ISPs, and Network Operators, were not yet ready for the Key Rollover. In short, we didn't want to risk a significant number of internet users being negatively impacted by this. Since this decision, we've shared several updates on our website - in October we published a paper detailing our assessment, which I encourage you to read. We've been working to contact with (solo) operators to determine exact readiness, which isn't always an easy or straightforward thing to do. We will continue to keep the community updated on our efforts and progress.

I would now like to cover a few highlights from the Global Domains Division update. We launched our new Naming Services portal for the

new TLD applicants, to streamline the way business is conducted with ICANN registry operators. This was a huge effort, and I'm pleased to see it launched.

We also developed and reintroduced content for Domain Name Registrants, providing one easy location for registrants to learn more about their rights and responsibilities as domain name owners.

Lastly, we also publicised the statistical report from the Domain Name System Abuse in generic Top-Level Domains, as requested by the Competition, Consumer Trust and Consumer Choice Review Team. The study measured common forms of abuse activities in Domain Name Systems, such as spam, phishing, and malware distribution. You can learn more about the findings by viewing the study. Please see slides 21 to 25 for the full details of the GDD report.

Next, I want to touch on a very important topic for ICANN. The four letter acronym that I'm sure you've heard a lot is GDPR, which, of course, stands for General Data Protection Regulation. This is a very high priority for ICANN to work for the community, and for the Board. There was a lot of productive community discussions during ICANN60 on GDPR, and I wanted to take a moment to share where we are now. We also posted a recent blog where you can find more details about what was discussed at ICANN60, and there's a lot, so I encourage you to review it.

At ICANN60, we listened to discussions and captured questions that were posed by the community. We will provide those questions, along with questions based on our own understanding of the issues, to the

Hamilton Law Firm, to help them inform the next iteration of their legal assessment. As a part of this, we will ask Hamilton to tailor a supplement to the questions, to help us understand to scope of the assessment. I encourage you to review a list of those questions here.

The next phase for Hamilton is to clarify possible models for compliance for all parties. As noted in our contractual compliance statement on November 2nd, we strongly encouraged contracted parties to submit their models, so we can also share them for Hamilton to incorporate them in the follow-up legal analysis. Other stakeholders in the community may also propose models to be considered as part of this discussion. This feedback is essential in helping to inform next steps and helping to move forward, including finding a model, or models, that would fulfil obligations for both [UNKNOWN] and ICANN compliance. We will provide additional information, including detailed guidance regarding the process and the [UNKNOWN] as it evolves. To submit a model, email globalsupport@icann.org.

On a related note, I'm encouraged to note that various contracted parties are discussing the possibility of aligning models prior to submission. We commend this effort - fewer models would ease the impact on end users and operational processes for all of us, including the contracted parties themselves.

We will continue to engage with the multi-stakeholder community, including Data Protection and [UNKNOWN] parties, including law enforcement and the intellectual property community. This is an ongoing and complex issue, as we prepare for the regulation to take effect next May. We understand there is more work to be done,

including the precise impact of the GDPR on ICANN's contract. Let's keep the lines of communication open, and work together towards a solution.

Let's switch gears now, and review the policy update. In a policy world, there's always a lot going on. Here's a highlight by the numbers to give you a sense of the immense work and hours spent developing ICANN policies, which is a testament to the multi-stakeholder community doing it's work. The Generic Name Supporting Organisation, or GNSO, adopted eight resolutions and currently has nine policy development processes underway. The Country Code Names Supporting Organisation, or ccNSO, adopted 27 resolutions, and have 3 policy activities underway. You can view the full policy update from slide 15 in the report.

Now, let's take a look at the regional spotlight for the quarter. We held our second Eastern European DNS Forum in Minsk, Belarus, in October, which was focused on technical and security issues, due to the high demand in the region. We had about 160 participants, from 5 countries in the region, which was encouraging to see.

We also did GAC Capacity Building. In the Middle East, ICANN60 marked our first public meeting in the Gulf region. We also held a parallel event, a Government Advisory Capacity Building Workshop, during ICANN60, and had 57 participants - mostly Middle East GAC representatives and newcomers.

Speaking of ICANN60, we had over 1900 attendees, and about 325 sessions. I can understand, with the amount of sessions we had, the amount of pressure on the community, and the amount of competing

sessions, which is why we also record all the sessions. It's hard work for all of you. I was also very encouraged to see 63 Fellowship alumni, 15 participants in the Next Gen program, and 704 newcomers. That's quite remarkable, and I'm always impressed by how many newcomers we have at ICANN meetings. We have to continue our work, so not only people come to public meetings for the first time, but also stay engaged. This is important for the stability of the multi-stakeholder community. There was also our annual general meeting, which meant many Board members and community leaders ended their terms, and we welcomed in new members and leaders. We all bid farewell to Steve Crocker, an honour his service to the Board and to the Internet overall, and welcome Cherine Chalaby as the new Chair.

Cherine, would give today's Board update? Over to you, Cherine.

CHERINE CHALABY:

Thank you, for that update. In the past few weeks, I've posted 3 blogs. The first was about the Board activities and priorities for the fiscal year 2018, the second was about the integrity screening for all Board members, and the third blog was about my thoughts on the latest Board workshop that took place in Abu Dhabi, and some aspects of ICANN60. If you have not already, I encourage you to read them - you can find them on ICANN.org.

Shortly after ICANN 60, some Board members flew to Singapore to attend the 100th meeting of the Internet Engineering Task Force, IETF. One of the Board's objectives is to increase its engagement with ICANN's global technical community, and with its sister [UNKNOWN]

organisations. The Board is keen to reach out, listen to key issues of concerns, and communicate openly and transparently. In this regard, last year we had - individually and collectively - stepped-up our engagement with these communities, and the response from them has been positive.

In November, also, other Board members joined an ICANN Org delegation, and flew to New Delhi in India to participate in the Global Conference on Cyberspace - GCCS2017. ICANN's participation in such events has two objectives. The first objective is to follow up on global (fanatic) issues relating to Internet Governance, such as cyber-security, privacy, and data protection and jurisdiction. The second objective is to have an opportunity to address any misconceptions that might exist or arise about ICANN's role in connection with these global issues.

In spite of several commitments, Board activities continued unabated in the month of November. Today, therefore, I wish to update you on some of those activities. As you can imagine, compliance with General Data Protection Regulations, GDPR, continues to be a major priority. The Board's Caucus on GDPR met to discuss progress since ICANN60, as Göran briefed you earlier in his quarterly update. The community discussions at ICANN60 were very productive, and I'd like to encourage continued exchanges as we address near-term GDPR compliance issues, recognising that this does not replace the communities policy development work.

Another topic on which we have recently focused our attention, is the community's work on the new Independent Review Process - IRP. The Board considered the completion of supplementary rules, and the

operative engagement process, as well as the establishment of an IRP standing panel, to be a priority, and look forward to continued developments from the community on these. With regards to the Security, Stability, and Resilience second review, SSR2, the Board whilst in Abu Dhabi sent a note to leaders of the supporting organisations and advisory committees, confirming that it stands ready to assess in any way to assess the SSR2 review. This is why the Board's Caucus on SSR2 review met in the past 10 days, and agreed to send a follow-up note to the SO and AC leaders, reiterating its offer of assistance.

The Board's Compensation Committee also met in November, and worked on the assessment of the [UNKNOWN] performance in the first quarter of the fiscal year 2018. The Board will vote at its 13th December meeting on a resolution on the payment of the at-risk component of the [UNKNOWN] compensation, based on that assessment.

I am sure you'll not be surprised to hear that planning is already underway for the next Board workshop, which will take place in Los Angeles, in early 2018. The planning team met a couple of times, and developed a first draft of the list of topics that we intend to cover at that workshop. These topics include updates on GDPR, updates on the Policy Development Process, PDP, for curative rights protective mechanisms, updates on the PDP for the use of geographical names as Top-Level Domains, and an update on the progress of the community's second work stream, WS2, for enhancing ICANN's accountability. Furthermore, we intend to review the Board's draft response to the advice received from the Governmental Advisory Committee, in its Abu Dhabi communique, and, we will take an in-depth look at ICANN financials, in

particular this year's performance to date against budget, and next year's, FY19, draft budget.

Finally, the planning team recommends that in Los Angeles, the Board resume its discussion on long-term financial planning, and on the strategy for strengthening the resilience and stability of the L Root, operated by ICANN Org.

I hope I was able to give you an additional insight into the Board's work during November, Next month, several Board members, jointly with ICANN Org, will be attending the Internet Governance Forum in Geneva, Switzerland, from the 18th to 21st December.

In closing, I want to say a few words in support of registrants in areas hit by natural disasters. I hope you have seen ICANN's recent announcement that approved hurricane Maria, and other similar natural disasters, as extenuating circumstances. Registrars now have the flexibility to extend the registration renewal period for registrants in affected areas. We hope that registries will support this action, and that registrars will consider this option when reviewing renewal [UNKNOWN] from these regions. There is undoubtedly a need to protect registrants when they are unable to renew their domains as a result of natural disasters, or other extenuating circumstances - the Board, therefore, encourages the community to consider this topic during policy development discussions.

On behalf of the Board, I want to particularly extend our wishes to Puerto Rico, it's neighbouring countries, and other areas devastated by recent natural disasters, and hope they continue to recover. We look

forward to seeing many of our friends and colleagues at ICANN61, in the Puerto Rican capital of San Juan next March.

Please note that you can find the full report that went with today's update on the ICANN website at [ICANN.org/quarterlyreports](https://icann.org/quarterlyreports). Thank you.

UNKNOWN SPEAKER:

And that concludes today's recording. Please end all recordings now. Thank you.

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