UNKNOWN 1:	Okay. Welcome, everybody, to the 22nd Plenary Meeting of the CCTRT. Is there anyone that is on the phone but that is not in the Adobe Connect Room?
	Alright. And are there any updates to statements of interest?
	Alright, cool. I'm going to hand the microphone over to Jordyn to do the discussion on the Competition and Consumer Choice [inaudible].
JORDYN BUCHANAN:	Alright. Can we maybe get the [inaudible] presented? Hopefully, because I sent this out yesterday afternoon my time, or morning, I don't know. Yesterday, sometime – there have been a few suggestions in the Docs from Carlos and from Kaili, I think. You can – obviously, in addition to the discussion today, I would encourage folks to feel free to add comments to either the Google Doc, or you can send a redline of the Docx that was sent around. Staff is being very nice and importing that stuff back into the Doc, as with Kaili's recommendations.
	To summarize the changes from the last time we discussed this Doc two calls ago, a lot of the language is the same or very similar. There's been a little bit of additional information that I've added, mostly not in the form of summaries of additional papers, but you'll see in this Doc there is some information in italics. That is basically stuff coming out of my head that I believe to be factual, either based on reading some of the source material that we've been given from Nielsen, etcetera, or from third-party sources, but isn't currently reflected in one of our write-ups.

Whereas the plain text findings are just my attempt to summarize other people's write-ups in the discussion papers that we've been sending around. And then lastly, there's the statements in bold, which are probably the ones most likely to inspire discussion, and those are my attempts to make somewhat subjective conclusions about how to interpret the data. You'll see that in a couple of cases, I've now gone one step further and started to include recommendations – draft recommendations – as well. Although these are generally just some occasions where the recommendation is something like, "Oh, we didn't have enough data this time, so we probably need to gather more data if we're going to take a better look at this issue in the future."

So, that's the rough structure. The important thing that's changed is, I have re-structured the Doc quite a bit to focus a little bit more on narrative and how the various pieces tie together, as opposed to just – and the last time we took a look at this, the document was structured such that it basically just reflected the discussion papers that had been sent around and as a result of that, there were topics that I felt were pretty closely related, but they were often separated in the document, just because they were in separate papers. So, for example, you see in the subject – sorry, in the general heading here, "gTLD Market" – this includes both information about what I think Stan has called "market structure" in his document, and also the information from our write-up on concentration, just showing that the new gTLDs have been a significant part of the growth in the overall domain registration space over the past few years. And partly as a result of that, the concentration in the gTLD market, which used to be – well, it remains quite high but used to be even higher – has decreased, because these

new gTLDs are much – there are many more providers. And therefore, unlike the legacy gTLDs, which really tend to be strongly – I'm trying to think of a word that a competition attorney would not take issue with – where a small number of TLDs, particularly .COM, have a very large portion of the total market for the definition of where we could find gTLDs in general or domains in general, as being the market. .COM has historically been a very large part of that, and now we see in aggregate – not individually, but in aggregate – the new gTLDs are starting to provide some sort of counter-balance registrations in the legacy gTLDs and .COM in particular. Those thoughts are sort of combined in this "gTLD Market" section, even though that sort of spanned across a couple of papers.

That is the high-level introduction. Let's see how we want to run through this. Megan's already provided a comment in the chat about industry structure, and that's the very first of the sections. We can talk through what I've written here, and then we can talk through Megan's thought, as well.

So, in this industry structure topic, there's a couple of things going on that we pointed out. The first is an observation that Stan made, which is that the fact that registrars exist and back-end service providers exist means that if a registry wants to launch and go to market, it doesn't need to build out the entire infrastructure around providing a TLD service to the Internet. It just needs to provide a – set of business operations, I'll call it, because technical operations can be provided by the registry service provider, and the retail sales can be provided by the registrar; and so therefore, the registry operator might just need to provide things like marketing and internal sales to the registrars, and

things like that. So, a much smaller number of services required, and therefore, the amount of investment required in order to launch an operator registry is lower than it would be if the registry had to provide all those services, itself.

That's just a general observation about how the market works. That is coupled alongside of the fact that most of the new gTLDs have very – well, have small numbers of registrations. 90% of them have fewer than 10,000 registrations, and that's after we back out the .BRANDs, which we expect probably won't have very many gTLDs – I'm sorry, second-level domain registers – in them, and also the .BRANDs, I think, probably have their own economic motivations, and the expectation is, they're not going to be paid for it by second-level domain registrations, but by the brand, itself, the registry operator seeing some value in having the TLD for its own sake. So we've backed those out, but still most of them are under this 10,000 number.

On the other hand, so far, we've only seen one registry that has ceased operations. That was actually a .BRAND. We haven't seen any of the TLDs that are offered to the public cease operations. A small number of them have changed hands – have been assigned from one registry operator to another. That's actually not quite true. A large number – I think over 100 – have been assigned from one registry operator to another, but the vast majority of those assignments are actually internal assignments. It's like Amazon's Luxembourg affiliate assigning to Amazon's Ireland affiliate, or something like that, so those internal assignments are probably not very interesting for us to take a look at. But there's a small number of cases where it looks like there's been an arm's-length transaction that happened. And those may be the result of

the original – in many cases, those appear to be the standalone registry operator selling the domain to a portfolio operator, and that may be because you can get better economies of scale within the portfolio model. I think Waudo has volunteered to do a little bit more investigation into what those transactions look like.

In any case, most of the TLD operators and all of the open TLDs that have launched are still operating, despite the fact that they have very low numbers. So this gets to the last two sentences, which Stan has just asked whether they're sufficiently nuanced. The – which basically says that most gTLDs – the standard-level language is inserted here by Carlos – I don't 100% agree for reasons I'll talk about in a second – but it says that "most gTLDs have only modest numbers of registrations, raising the possibility that they may not have achieved minimum viable scale." So far, we've seen only one failure, so the structure of the industry, which we talked about earlier – lower costs of input – may make it possible such that many of these small gTLDs, for them to continue to operate, even with lower registration volumes. But it's obviously early, and we don't really know, so we should continue to take a look at this as a recommendation.

So that's a summary of this section. Carlos has a hand up, but I know Megan had previously put a concern in the chat; so Megan, maybe we can see if your mic actually works and have you express that out loud, and then we can jump to Carlos, and possibly Kaili, whose hand went up and down.

MEGAN RICHARDS: Hi. Thank you very much. Does it work? Can you hear me?

JORDYN BUCHANAN: Yes.

MEGAN RICHARDS: Wow!   Wonderful.   So, thank you very much.   Thanks for the explanation. My concern really is this last part in bold, and the whole series of [inaudible]. I understand why we have only modest numbers, and why one might jump to the conclusion that you have jumped to. I'm just a bit concerned that it extrapolates a bit beyond the data that we have. For one thing, you said "many standalone TLDs may continue to operate even with a low registration." I think that's very speculative; you don't know what will happen. Many new gTLDs have only recently come onto the market.   Even though the [inaudible] began in 2004, we've seen that effectively, the delegation only [inaudible] the exact one to the other, even very recently.   So if you want, and someone really thinks this is something important, to at least look at the average life on the market of all the new gTLDs to get an idea of how long they've really been in operation. I have no problem to say it's possible because of industry structure that standalone gTLDs may operate even with low registration volume [inaudible] that [inaudible] they have marketing reasons, etcetera. So I'm just very concerned about the way in which this sentence is structured at the moment. I think, with a bit of tweaking, it should be fine.

JORDYN BUCHANAN: Okay. [inaudible]

MEGAN RICHARDS: [inaudible] if you can't hear me.

JORDYN BUCHANAN: Yeah, it's a little – audio's not the best, but I understood all of that, at least. So, I think – to summarize for those that maybe couldn't understand as well – I think your concern is that it's early days; we may want to reflect how long the average or typical gTLD has been in operation to date, because in many cases it's been quite a short period of time, and that because it's early days, it's hard to draw conclusions. And then, you said that it might be okay to say it's possible that these conclusions might be true, but we don't really know.

I'll make two points. First is, I just want to remind everyone that this document is going to be the least nuanced form of our findings, because these are the very high Power-Point-level conclusions. Now, on the one hand, that means it's probably all the more important to wordsmith, to make sure that we're all comfortable with the language. On the other hand, there's necessarily going to be some detail elided from this that will be included in the actual report. So for example, Megan, your note that it's very early days, I imagine that's text that we would absolutely want to include in the report, itself. Whether or not we include it in the list of bullets on the Power Point, I think is something we could talk about that maybe would be more of an open question. Your second point about saying that this is possible, I guess I tried to write this in exactly the way that you just suggested, so obviously, I'm not

succeeding. But I realize we've seen only one failure, so the structure of the industry *may* make it possible for the standalone gTLDs to operate, even with low registration volumes. I agree that we don't know that that's actually what's going to happen, because we're trying to predict into the future, but I did try to use that sort of possibility-type language. And Stan's right that there's an extended discussion of this in his paper. What I'm trying to do here is distill out the one sentence and conclusory version of that. So we will have in the actual report much more detail. Megan, let's talk offline and see if we can tweak the language to get to the point where it's reflecting what you want it to, because I think what you said is what I meant to write, and so clearly, we just need to fix the language.

Alright, Kaili has his hand up. Carlos's hand went down; hopefully, that means that we addressed Carlos's point. Kaili's hand went up and down, and Carlos is back. Go ahead, Carlos. Then we have – oh, hands are going up and down like crazy.

CARLOS GUTIERREZ: Thank you.

JORDYN BUCHANAN: If anyone wants to say something, they [inaudible].

CARLOS GUTIERREZ: No, my – thank you, I want to say something. My Adobe Room is not working properly, I'm afraid. Can you hear me well?

JORDYN BUCHANAN: Yes.

CARLOS GUTIERREZ: Thank you very much. I agree with you that standalone might not be a good word; I just wanted to make a point, or two points. We should differentiate on the one extreme of the industry structure a single brand, people who have registered brands as Top-Level Domains, so they can survive forever without registering anything. They can survive with one website, because they are just protecting their brand. And on the other extreme, as you already mentioned, there are new business models – the portfolio model that a group has a lot of TLDs, like [inaudible] or Amazon that you mentioned, not to mention another one. So I just wanted to call your attention that when you talk about the feasibility of very small companies, we probably are talking about companies that have only very few TLDs – don't have a portfolio, don't have a brand behind them. So you are free to spell it out as elegant as you want, I just – "standalone." I just think it's very important to mention those different business models, when you talk about industry structure. That was the message I wanted to put.

I also suggest that when you talk about the industry structure, you put together all the sections of back-end operators and registry operators together, because that will be part of the industry structure, and now it's further down the document. From my point of view, it would make sense to put them all together. Otherwise, it's an excellent document. I like it a lot. You're doing very good work. Thank you.

JORDYN BUCHANAN: Thanks, Carlos. I haven't quite figured out the right sequence of the sections yet, so that's some great advice, there. And I appreciate the point on standalone. What I'm hoping is that, when we take a slightly closer look at the assignments, we'll also be able to see some trends about whether we see operations going from individual operators to portfolio operators, which would sort of help make the point that you are even more strongly.

But I see Kaili desperately trying to raise his hand, and then getting it lowered, and so on. Kaili, go ahead.

I can't hear you, Kaili, if you're speaking.

KAILI KAN: Hello? Can you hear me now?

JORDYN BUCHANAN: Yes.

KAILI KAN: Can you hear me? Okay. Okay, great. I had problems raising my hand [inaudible] it goes out, but anyway. Thank you for this. I would say that I agree with Megan about the statement. First of all, I would agree with the general idea of the [inaudible]. However, how to express that, especially considering that time is short? So I would fully agree with making the statement revised as in the chat box. Also, I have emailed a

[inaudible] of my own for your consideration. Anyway, the bottom line here is, the word "many." How many is "many"? We don't know. Also, with the "low registration," how low are we talking about? It's not specified here. So that is why I would prefer either my statement, or [inaudible] the economic effect of the existence of registrars and back-end service providers; or I think Megan's expression as in the chat box itself, is [inaudible]. That means that we have both recognized the economic effect of the registrars and the back-end service providers, but also we have [inaudible] is limited. I think we have general agreement about this point. But it is the sentence that [inaudible] accurately express this idea that is the problem. So in your version here, I [inaudible], and so that is why I would prefer Megan's expression. Thank you.

JORDYN BUCHANAN: Yeah, thanks, Kaili. We can – I think you're right. There's some wordsmithing we can do, and we'll take that into consideration as Megan and I try to hammer out the language here. We'll definitely take that into consideration and circulate something new prior to Hyderabad. I think Jonathan was trying to raise his hand.

KAILI KAN: Please [inaudible] just this [inaudible] you can [inaudible] that you mentioned [inaudible] email, also open, because I would like to see and participate, as well. Thank you.

JORDYN BUCHANAN: Yeah, sure. And obviously, just – I mean, I know it's a little harder for you, Kaili, so we'll have to keep sending out some Docx versions, but the Google Doc version should always be up-to-date with the latest edits. But yes, for sure. We'll keep circulating new versions as we work on them. Jonathan, go ahead.

JONATHAN ZUCK: Thanks, Jordyn. First of all, thanks for getting started on this document, because I think it starts to give some reality to the drafting process, which we'll get into shortly. I'm wondering – you said you hadn't figured out an order yet, and at this point, what you have written here seems a little bit driven by things for which we have gotten findings. So one of the things that's somewhere between industry structure and gTLD market, maybe, is this notion of the market definition or what the market is that we're talking about, because I think we're going to want to mention the fact that the [inaudible] landscape includes ccTLDs, or certain ccTLDs; maybe make reference back to the – and I know that Stan's working on a paper on this issue, so that might drive its insertion and this notion that came out of the Nielsen report that part of the market is actually these wider online identity mechanisms, etcetera So it feels like that might be something that we put in this part of the document.

My other comment is about the IP stuff and the trademark stuff, so I don't know whether to jump around, or if we're going section by section.

JORDYN BUCHANAN: Sure, I think we've hopefully covered all the stuff in industry structure, and I'm not beholden to working through this in the order that I wrote it down in, so why don't we jump to trademarks? It looks like we'll probably run out of time before we get through all of the topics, so we'll mostly rely on people submitting offline feedback between now and Hyderabad, at least.

JONATHAN ZUCK: Great. Thanks, Jordyn. What I'm going to do is two things. I suggest that we exercise some caution in areas where we are waiting on additional research, in terms of the kind of inclusionary language that we use, generally speaking. And then, now, since you're the Chair, or the temporary Chair, of the call, I'm going to put my IPC hat on temporarily, and say that we really don't have yet the means to assess the cost of the new gTLD program, because all we've looked at so far are defensive registrations, which are sort of the classic costs associated with the program. And I think that we're right to suggest that, if nothing else, defensive strategies have shifted away from that, because of the number of new gTLDs, and I think we just need to find a way to make our inclusions, particularly in this interim draft, as criticism-proof as we can, and without data about blocking, without the information from the interest survey – without that, I think we just need to – the bolded text, I think, will have a big bull's-eye painted on it. [inaudible] and caveats, if that makes sense.

JORDYN BUCHANAN: Yeah. Thanks, Jonathan. I think per your suggestion, I had tweaked the language a little bit in the trademarks section to say that the costs related to direct registrations – you know, we're talking about those. Actually, I put those in the wrong place. We should probably say, "The cost of the new gTLD program for direct registration has been relatively low."

JONATHAN ZUCK: Right.

JORDYN BUCHANAN: So I put that in the wrong place. But I think that at least caveats the claim a little bit. I agree that we don't have full information here. So another thing that we could do is just call out, potentially, the areas that we're still waiting for additional information to make it clear that this is a finding based on what we have so far. I guess the question will be – let's say [inaudible] doesn't get his act together and they never field their survey. Does that mean we just say that we have no idea what happened, or do we draw the best conclusions we can based on the data that we have right now? And do we represent the state of our research so far, or do we say that this is an area that we don't have enough information, and that therefore, we're going to withhold conclusions for feedback from the community at this point? So that's the balance that I think we're going to need to think through a little bit. I don't know if right now is the right time to have that discussion. I'm happy to have it now if you think that makes sense, if you put your Chair hat back on. Or just generally, what we're going to do both in

Hyderabad and generally, when we have important topics where we don't have quite as much data as we're hoping to.

JONATHAN ZUCK: Well, I definitely think our strategy for this interim draft is going to be different than our strategy for the final drafts, to address your second question, if you will. In other words, if for some reason, we don't have a DNS abuse study, somehow we don't have an interest study, etcetera, we're going to need to revisit our strategy. But given our expectation of those research results, I think that the wise, most tomato-free strategy in the document is to include whatever caveats are necessary to act as prophylactic with respect to data we don't have. For example, we know that blocking is a new form of defensiveness – a new defensive strategy. And so, at this point, all we're saying about trademarks is that defensive registrations aren't what we thought that they would be. But we all know that blocking is one of the reasons that that's the case. And that's not here, and that's certainly not quantified. So when we make the subjective judgment that the cost of the program has been relatively low, we're not taking all this into hand, and I think we'll draw criticism as a result.

So I'm taking this example because I know the people to whom I answer will be on me about this. But I'm sure we'll be asking the same question elsewhere, so I'm trying to answer it in as generic a way as possible. But I do think that we need to be cautious about – particularly in areas that we know we have new research coming – of making our subjective conclusions too grandiose, based on what we know to be only a subset of the data that we expect to use, if that makes sense.

JORDYN BUCHANAN: Yeah, that does make sense, Jonathan. I guess where – on this particular topic, I agree that blocking is a phenomenon. In Stan's actual paper – once again, we're losing detail in the summary form – but Stan's paper does include some discussion of blocking, so I just want to make that clear that we're not ignoring that in the actual report. But secondly, I'm certainly under the impression – all the things I know would lead me to believe that blocking is not going to substantially change this conclusion. That we are not reflecting the entire cost of defensive behavior by trademark holders by just looking at defensive registrations. But blocking is actually a relatively – trademark holders actually like blocking, like the Donuts DPML in general, because it's an efficient and effective way of providing trademark defense across a large number of gTLDs. So the fact that we're not capturing it here is a fact, but it's also unlikely that if we were to capture it, that it's going to substantially change the conclusion.

Similarly, another thing that we've not yet included – another cost – would be the result of there being these new gTLDs where you don't register defensively, but you're then going to be caught up in a large number of either URS or UDRPs, some number of trademark disputes. That is also happening to some degree, but I also don't think it's to a large enough degree that it's also going to significantly change these findings. So, while I agree that there are areas that we don't yet have full data on, the impressions I have – and I would look to you as a member of IPC and David as an expert in this area, to contradict the early findings, at least – but if we don't believe that the data we're going to gather is going to significantly affect the statement, I'd rather

get the statement out there earlier, so people can throw tomatoes at it, and we can have that discussion; rather than withhold it and then at the last minute have it appear and then have people be upset without having the sort of public feedback cycle that we could get in Hyderabad.

JONATHAN ZUCK: Jordyn, that's a valid point, and I'm not even prepared by any means to contradict those statements. I don't – you may be right that we will end up including the same thing, so this may just boil down to how we talk about it and cover ourselves in the simple criticism of, "You didn't even discuss x," or "You didn't even discuss y," or "You haven't measured x or measured y." So, obviously, as you say, looking at these bullet points, I'm looking at one of what is probably four data points. And on the basis of looking at one of them and devoting three bullets to one of them, I'm now concluding that costs were low, and I'm just saying that that's subject to easy criticism, and let's do our best to subject ourselves to more nuanced criticism, if that makes sense. So maybe that's going to come down to a drafting issue. But it's probably worthy of bullets. Mention URS, UDRPs. I know that David at one point said that the primary value of the trademark clearinghouse is to quickly identify people to go after, more so than it's prevented them from registering. I think that maybe just including those in bullets here will help remind us that those are all things that make up that number that, as you say, may add up to something lower than expected. But again, I feel like we don't want to suggest that trademark owners are happy about the new gTLD program, because it's still a form of rent-seeking that they wouldn't have otherwise had to pay. So they're happier than maybe having to do the individual thing, but [CROSSTALK]

JAMIE HEDLUND: Saying that defending a trademark is rent-seeking ignores trademark law. If you have a mark, you have to defend it. So I would object strongly to a characterization of choosing or not choosing to register or file a URS or UDRP thing as rent-seeking.

JORDYN BUCHANAN: [inaudible] David [inaudible] he was saying, we don't need to conclude that trademark holders are happy, which I think is probably a fair statement.

JAMIE HEDLUND: Thanks.

JONATHAN ZUCK: So, nuance has been created. We're measuring the cost-benefit, Jamie. That's the issue. We're going to go throughout our paper discussing how difficult it is, in fact, for us to measure the benefit. And we need to make sure that we mention the cost, that we're engaged in this cost-benefit type of analysis that [inaudible] doing. I think that's really the issue.

JORDYN BUCHANAN: David has been patiently waiting; I want to get to him. I just want to make one caveat, which is – Jonathan, I've been thinking about this set of bullets as basically where we're heading for in terms of the report,

which is a little bit distinct from the bullets that we would put in a Power Point; largely because I totally agree that within the Power Point, we should say, "We're still waiting for this sort of information," or "These are other considerations that might not be reflected." How we would express it in the report, so maybe we just need to – I can come up with yet a new type of text in here, which is additional stuff that we want to include in the presentation in Hyderabad to clarify status, which presumably wouldn't be in the report, and possibly in the paper we draft, depending on whether these data sources hit before then.

David, you've been waiting very patiently.

DAVID TAYLOR: Thanks. Can you hear me okay?

JORDYN BUCHANAN: Yes.

DAVID TAYLOR: Good. Okay, super. I think – just to pick up on that point – I think that the problem I see there with the bullet point there in bold is just the sort of thing that will be picked up by the press and be plastered everywhere, and we'll end up with one of those internal discussions about the brand owners' completely not being happy, and just stirring the hornet's nest when we probably don't need to.

Having said that, I do think that the conclusion which you're coming to may well be valid. And for me, I don't think it's that surprising, to be

honest, because it's a very different thing, where we have the launch of .EU, and .ASIA, and trademark owners would react to those with a large number of sunrise registrations – 360,000 in .EU, for instance, 36,000 in .ASIA. It was one of the predictions that I made at the time, saying that we're going to see the same sort of thing across 500 TLDs when we thought there might be 500. So the fact that there are so many, I don't personally find that surprising whatsoever, because it's cost-prohibitive to do that across all TLDs. So I think really, that doesn't surprise me. The two points I'd just say to add to that is, I'd just ensure that we make sure this talks about or underlines that we're only talking about defensive registrations – that if you take that bullet point in isolation, that could be very easily misconstrued as a general conclusion of the whole thing. So just make sure that that caveat's in there. And also, I think perhaps we should be raising a question – maybe in the Power Point, or it may be something that we discuss in Hyderabad – that basically, this may well have just shifted the cost elsewhere; so it's not in the defensive, but it's shifted. And that's really my two cents.

JORDYN BUCHANAN: Thanks, David. I think that makes a lot of sense. I think definitely calling out the other areas of cost that we're aware of makes a lot of sense, because it may be that there are even costs that we're not thinking about, and that would be really helpful feedback to get from the trademark community, as represented in Hyderabad, or people paying attention to the presentation.

Alright. I think those are old hands from both Jonathan and David.

DAVID TAYLOR: Yeah, sorry.

JORDYN BUCHANAN: Okay. So, Jonathan, we're at time on the agenda. I don't know if we want to – if you want to spend more time, I could run through the rest of the sections, or if we want to move on and have people make suggestions offline.

JONATHAN ZUCK: I don't know whether it makes sense to have you run through them. Let's go ahead and just take the suggestions offline, have everyone focus on reading this document and giving some thought to it, and maybe just making comments, if not redlines, about areas that we're talking about where we're going to want to be nuanced in the way that we talked about some of the conclusions in this interim draft. Why don't I hand the microphone to Laureen to talk about the consumer trust safeguards? Thanks, Jordyn.

LAUREEN KAPIN: Sure. And Alice, maybe we could get up the draft document that I circulated. First of all, I doubt that folks have had a chance to look at this since I just circulated it this morning, so I'm just going to give a high-level overview, and it is very much a draft. Our Sub-Team hasn't had a chance to look at it yet, although it is based on the papers that people have submitted, and it's my efforts to distill that, although it could still use some further reduction.

Basically, there are two main topics. One is the issue of consumer trust – and this is the more subjective issue, based on the Nielsen Consumer and Registrant Survey – and then there's the issue of the safeguards, and that is based on a lot of different data sources, really looking at the contracts themselves and the GAC advice that was given on safeguards, compliance information that's available, and also the correspondence that indicates how ICANN actually implemented the safeguards.

So structurally, we start with the question of whether the new gTLD program has put mechanisms in place to improve trustworthiness. And there are at a high level, the answer is yes. There were many additional safeguards that were incorporated into primarily the registry agreements, but also the downstream agreements – those are the agreements between registries and registrars, and registrars and registrants. Many of the safeguards operated at all three levels, and they're contract obligations and they're subject to oversight via ICANN Compliance and that complaint and review process. So to the extent that the new gTLD program put an array of new mechanisms in place, where those mechanisms had not existed before, there were certainly additional mechanisms put in place to improve trustworthiness. Our Sub-Team has done a variety of papers that focused on several different batches of safeguards. The technical safeguards – Calvin from our team has been the main point person on that. And in terms of the technical safeguards, those have all been implemented, except for one, which was designated as voluntary for high-security [inaudible]. That initiative has not gotten off the ground. But all the others, and there's a list here, those have been implemented, they are in the contracts, and they're subject to monitoring and compliance procedures.

Then we move into a different category of safeguards, and these arose from the GAC [inaudible] advice and then were implemented by ICANN [inaudible] implementation really matched the advice that's given; others, there were differences. These fell into three categories: safeguards applicable to all new gTLDs, safeguards applicable to gTLDs that raised certain concerns like consumer protection concerns or unregulated markets that are subject to different requirements; and then there's the highest level of sensitivity. We've raised the same consumer – we've raised also consumer protection concerns, or sensitivities – but the [inaudible] are a highly regulated market. And that actually was all mapped out in a certain way by the GAC and then re-categorized somewhat and refined somewhat by ICANN.

So, those are the three different batches of safeguards. And again, almost all of the safeguards were implemented, and the discussion papers really focused on whether any of the implementation raised certain issues with the ability of the safeguard as implemented to be subject to effective enforcement. Some of those issues that bear mentioning are the WHOIS verification documentation checks – there are actually very, very detailed WHOIS requirements, which is a positive thing. There is also an ICANN initiative that sought to measure WHOIS accuracy as it related to syntax and operability. The one place where there hasn't been action is trying to gather information on identities allocation. That's not a contract requirement, and the ICANN Accuracy Reporting System initiative hasn't committed to doing that, as well. And the whole goal of WHOIS is to try and mitigate abusive activities. That might be an area for further inquiry.

Another area regarding an issue of perhaps whether the safeguard as implemented would lead to effective enforcement is security checks. There is a contract obligation for registries to engage in security checks, but there isn't an obligation to then have the registry notify the registrar of the results of that, or how to respond. Now that is subject currently to an ICANN community discussion on how to develop a framework for registry operators to conduct security checks and respond to identity security threats. That's underway and is something that we probably would want to recommend our future Review Teams take a close look at, to make sure that this obligation for security checks is not just an obligation to engage in security checks, but then to take action once those checks yield results.

Making and handling complaints was another topic of safeguards, and they are now an absolute duty to investigate and respond to complaints, especially from law enforcement. But the language, as implemented, isn't so clear on whether there is an obligation to respond to complaints from members of the public. So that's a question. And also, the GAC had raised concerns about what constitutes reasonable steps to investigate and respond to complaints. And again, here I'm highlighting where there are questions about whether the implemented safeguards are subject to effective enforcement. But the big picture is, most of them do have clear language; they are subject to ICANN compliance and enforcement procedures; and indeed, there are complaints on them, and I can respond to those complaints.

In the more regulated and highly regulated areas, that is difficult. The first category of safeguard advice for regulated strings – there's an obligation basically to – I'm hearing someone sigh; I hope I'm not boring

the sighing person, who may want to put their phone on mute – there's an obligation to comply with applicable laws, especially those that relate to privacy and data protection. And then more specifically, there's an obligation to implement reasonable and appropriate security measures for collection of sensitive financial and health information. And there, it's difficult to assess whether that safeguard is subject to effective enforcement, because ICANN compliance doesn't track its complaints with sufficient public information. They may have the information, but for the public information, we don't know if there's been a complaint that specifically says that "They didn't protect my sensitive health information, or financial information." So this might indicate a call for more transparency on the types of complaints that ICANN collects, so the public can actually figure out whether there are complaints that go to this issue.

For the safeguards applicable to highly regulated markets, the issue that has garnered the most concern by the GAC and other stakeholder groups really deals with the issue of verification and validation of credentials in highly regulated areas. So, the banks and the pharmacies, the charities, the GAC has asked for verification and validation of credentials; ICANN has come back and said that actually, that might be very difficult for registries and registrars to implement, and so the advice that's implemented and requires a representation that whoever's applying for a string of these highly regulated categories would represent that they possess the right credentials, and then if there were complaints, that would create a duty to investigate. And the GAC came back and said they didn't believe that that really met the increased potential of consumer fraud and harm, because bad actors

wouldn't hesitate to lie and say they had the appropriate credentials. That's one of the issues about whether the advice that's implement is subject to effective enforcement. And again, recommendations there may be to try and figure out what exactly is going on. Are people who don't have the right credentials able to actually get a domain in these areas? What's the level of complaint? Probably, we'd want to make a recommendation for collecting more data in this area.

The voluntary Public Interest Commitment, we're hoping to engage in some interviews about the goals that registries were trying to meet, including voluntary Public Interest Commitment in their contract, and then also speaking with members of the industry about that. But as far as complaints, as of mid-October, ICANN has not received any complaints alleging breach of a voluntary Public Interest Commitment.

Rights protection mechanisms, we're still awaiting data there. The impact of the safeguards on DNS abuse, which is the crucial topic, we're also still waiting on data there. We're hoping that study is going to come off the launching pad soon. But I did query – because one of our team members, Carlton, has actually gathered and pointed to some data here – on whether we want to include data from other sources, because there are statistics available from [inaudible] and the Anti-Phishing Working Group on abusive activities going on in domains, including new gTLDs. So that may be a place we want to consider looking at, in terms of our preliminary findings.

The safeguards issues are really a mixture of qualitative and quantitative data. There is certainly quantitative data regarding numbers of complaints and that sort of thing. And then, it's more of a qualitative

assessment of the language used, and a look at some of the reactions and communications between the ICANN Board and the Government Advisory Committee on the implementation issues.

So, moving along to the place where we have a lot more data: public perception of the DNS. There, we have information from the Nielsen Registrant Study and the Consumer Studies over two years on the issue of consumer trust and consumer awareness and trust in the DNS overall, and also expectations about restrictions on new gTLDs, and the issues of why people avoid unfamiliar gTLDs and what makes gTLDs more trustworthy. So there, we have a lot more quantitative data. And in terms of consumer trust, the surveys tell us that trust relates to familiarity, i.e. the more familiar you are with the gTLD, the more apt you are to trust it and its reputation. The familiarity often depends on visitation. We also know from the survey that consumers visit gTLDs based upon the relevance of the gTLDs to the information they seek.

In terms of trust more specifically, consumers don't trust the new gTLDs as much as legacy gTLDs, and there we see for 2015-2016, actually, the numbers are fairly consistent. They find about 90% of legacy gTLDs very or somewhat trustworthy, and a little under half as much – 49% and 45% – for new gTLDs. Registrants have slightly higher numbers, so they perceive the new gTLDs as trustworthy, but still not as trustworthy as legacy gTLDs. I don't think that's actually a surprising finding, and we have some small increases that are probably not statistically significant from 2015 to 2016 for registrants. Registrants do associate the term "trustworthy" more with legacy gTLDs than new gTLDs.

In terms of behavior, which I think is an important issue, again, in terms of what information consumers feel comfortable providing, they feel more comfortable providing sensitive information to the legacy gTLDs – to the .COMs – rather than the new gTLDs. And again, we see numbers that are about half as much for new gTLDs. The specific numbers are there on the paper.

In terms of restrictions, both registrants and consumers expect restrictions on who can buy gTLDs, and they trust that the restrictions are going to be enforced. In terms of trustworthiness, both groups look to reputation and familiarity, and in terms of lack of trustworthiness – why do they avoid certain domains – security concerns and lack of familiarity are the two issues we've seen flagged.

In terms of awareness – and awareness relates to familiarity – consumer awareness of new gTLDs is increasing. I had a question about one of the numbers in the Nielsen study, because it seemed to differ in two places, and I'm going to get some clarification about whether it's a 52% increase from 46% between 2015 and 2016, or 62%. It's still a significant increase, that consumer awareness of new gTLDs is increasing.   Registrant awareness of new gTLDs showed a small decrease; but again, I'm not sure if this is statistically significant. And then, when we look at the big picture – which is not comparing new gTLDs to legacy gTLDs, but just trust in the DNS overall – basically, the numbers don't show any deterioration, i.e. there hasn't been a lessening of trust in the DNS overall since the introduction of new gTLDs. In 2015, half of consumers trusted the Domain Name industry just as much as other tech industries, and in 2016, the trust level

remained about the same. There was a slight increase, but again, we're not sure that it was statistically significant.

In terms of the Domain Name System overall, the domain name industry as compared to others – like ISPs or web-based marketing services – reputation is the big factor, in terms of why consumers trust the DNS more than other tech industries, and it's the same for the converse. If you have a bad reputation, that would be why consumers trust the DNS less. Registrants showed similar results to consumers. For registrants, these issues of reputation and self-interest are really important. Registrants expect the industry to follow practices that protect their interests as businesses, like security protocols. And for those registrants who report trusting the DNS less, they are citing to security issues and a lack of transparency. So, overall, we don't see that trust has decreased.

If we're going to look at a very big picture regarding safeguards issues and consumer trust, I think the data thus far tells us that there were a lot of safeguards put into place to try and mitigate risks involved with the expansion of the new gTLD program. There may be particular issues regarding some of the safeguards, in that perhaps they could be implemented in a way that provides more effective enforcement, but overall there were a lot of safeguards that didn't exist before that are aimed at curbing abusive activity and trying to provide more information for the entities involved in responding to complaints of abusive activity – whether that's ICANN or other law enforcement investigate groups. So there would be a net positive there. In terms of consumer trust, it looks like the new gTLD program has not deteriorated trust, and it looks like there is a real expectation about registration restrictions and trust that the industry is going to do the right thing in

terms of imposing those restrictions and enforcing them, and also being mindful of security issues. So it'll be very interesting to see when we get our DNS abuse information about what the reality is, in terms of abusive activities in the DNS after the introduction of the new gTLD program. Hopefully, we'll see that information soon.

So that's sort of a broad overview, and if people have questions or input, please feel free to get that to me and my team members, either via the list and email, or questions now.

So I'm going to look and see whether there are hands. I thought I just saw a hand, and then it disappeared.

Okay. Carlton?

JORDYN BUCHANAN: Carlton, go ahead.

CARLTON SAMUELS: Thank you, Laureen. I hope you can hear me.

LAUREEN KAPIN: Yes, I can.

CARLTON SAMUELS: Okay. Very good write-up. I followed it well, and it is a good narrative that we can [inaudible]. The issue that you raise about the mechanisms, or the mechanisms and the various procedures that were introduced to

improve the safeguards. I think we probably should put something there [inaudible]. Here's why. The new procedures added another level of compliance engagement for against DNS abuse, and they put it in the contracts, second-level contracts, and this time at the registry level. And you spoke about all the downstream contracts that have rights and responsibilities associated with ensuring DNS abuse is reduced. The intent, if you look at all of those, they are intended to address violations not just in the letter, but also in spirit. And in the first place, start looking at what has come of it. And if you look at – it's interesting to note that where ICANN compliance comes in in reporting, there's a distance between what the official compliance report says and what other respectable anti-abuse organizations are showing. And I think that is interesting. The big gap between [inaudible] volume of abuse, and what I can see the big one. There's the question of the local portion of complaints that are turning into recognized disputes from the compliance side, and even when the punishment is strict [inaudible]. Because if you look at what the outside organizations are showing, they're showing that domain abuse is still pervasive and it goes unabated. This is between legacy and new gTLDs now. And you can see where, for example, if you relate it back to trust, you see where a lot of trust is placed by consumers in a string that's related to a function and so on – so those you would want to look at what the PICs are doing, and how much information of domain abuse is coming from those areas.

So there's a whole set of issues surrounding what the procedures are showing, what comes out of the new procedures in the official ICANN Compliance Review, and what has alternate – outside organizations are showing. I think that that is something that we should look at and

mention in the report, and I think for good reason. If you don't have PIC enforcement, it actually undermines confidence in the DNS, and it undermines the expectation from consumers and registrants that domain abuse is being looked at in the first place. That's how I would connect it.

If you look at what they're using online – for PICs reporting – let's look at the online form. It is interesting that Carlos sent around an actual record of complaint to get that feedback. The complainant went through and listed the several areas. He actually does it almost as if he was looking at Spec 11 clause by clause, and lists all the violations. Now, all of that could never be that detailed that is supposed to be in the PIC form that ICANN compliance will use to determine if there is standing to register a PICs complaint. Now, without the ability to transfer all of that detail and all of the evidence, it raises the question of whether or not you could ever get an ICANN Compliance – whether or not ICANN Compliance could reasonably make a ruling that a complaint from somebody had sufficient evidence to move forward. Because as it is right now, you have to convince ICANN Compliance that there is an actionable complaint.

So these kinds of disconnects – they're structural and they seem to provide a very narrow view of what is really happening in the space, if you look at what alternate – outside organizations are supporting. So I think it's important for us to drill down a little bit and look at that, because if you don't have measurements, you don't have enforcement. As they say, what gets measured gets managed. And in this case, the measurement seems to be out of whack.

LAUREEN KAPIN: Thank you, Carlton. I think you raise a host of important issues, one of which, I think, reinforces the need for us to get the DNS abuse data so we have some outside sources. And of course, as I mentioned, your paper points to some existing sources. We can look to the [inaudible] and the Anti-Phishing Working Group, to name just two. Regarding the PIC complaints, it sounded to me like you were suggesting that the complaint form that ICANN uses for Public Interest Commitment complaints perhaps doesn't allow the complainant to provide the level of detail they would need to actually demonstrate that they have standing to make the PIC complaint. Did I understand you correctly there?

CARLTON SAMUELS: Yes, Laureen. That's exactly what I'm saying. I thought [CROSSTALK] looking at the –

LAUREEN KAPIN: Okay. I wanted to make sure I asked the right –

CARLTON SAMUELS: I thought that from looking at the – and if you noticed in my paper, I put a link to the form.

LAUREEN KAPIN: Yes.

CARLTON SAMUELS: Because I was always concerned, how do you collect sufficient evidence that a complaint had standing to then become officially a PIC, so you could go to the PIC procedure for assessment and solution?   And it seems to me that if you limit the amount of evidence you can provide, then you limit the possibility of you ever making a determination of standing. And that was something that I saw – not surprising to me, because in the pleading that was sent by this set of complainants – and if you look at the set of complainants, they are quite an interesting crowd. But they're recognized brands and very powerful. And they clearly see that as one limitation, so they couldn't add it – they went forward and wrote a complaint almost as if it were a legal [inaudible] that they used. But it confirmed what I had thought when I looked at the paper. I just didn't think there was sufficient space for you to put the evidence to enable them to make a determination. And if you start off limiting yourself with the ability to collect evidence, then to me, what you're doing is actually limiting how many of those complaints get into the PIC process.

LAUREEN KAPIN: Thanks, Carlton. I know that we're over time, so I'll ask folks to get us feedback in writing. I'm not seeing any other hands right now, so I'll thank Carlton for his feedback and welcome feedback from others. And then I'll turn the mic over back to Jonathan, I believe.

JONATHAN ZUCK: Thanks, Laureen.   Anyone else have any other questions or issues to raise on this paper?   Please read through it carefully and provide comments and redlines online, as we're moving forward.

I wanted next to potentially put Carlos, Carlton, and Waudo on the spot because of hopefully giving a sense of what was contained in the AM Global report that was circulated.   Is one of you able to give a brief discussion about what the findings were in that document?

UNKNOWN 2:   Which document, please, Jonathan?

JONATHAN ZUCK: The AM Global document. The survey of potential – the Andrew Mack thing.

UNKNOWN 2:   Ah, okay. Okay.

JONATHAN ZUCK: So I had reached out to you guys in email and I didn't hear back, but I was hoping the three of you could be the champions of that document and the portions of the application evaluation questions related to that. You had all sort of tentatively raised your hand on that. I'm just putting you on the spot now, and if nobody's ready to discuss it, then it's not the end of the world; but I wanted to get your agreement that the three of you would look at it closely.

CARLTON SAMUELS: Jonathan, this is Carlton. Can I tell you that I have looked [inaudible] through the document very quickly; I have not had a chance to look at it in detail, principally because the conclusions – some of them are what we have known for some while, but I wanted to be very sure that any comment that I make on it is supported by the evidence. So yes, I am still committed to working it; I just have not had a chance to do a proper analysis.

JONATHAN ZUCK: Okay. So I'm going to reach out to the three of you to contextualize that document to remind you of the high-level questions that we're addressing, so that you're not just reporting on the document, but using the document as a tool to answer the questions that we laid out ourselves on the application evaluation process. And then, let's just go back and forth. And as Eleeza said, Andrew is going to be in Hyderabad – I think, if he's able to get a visa in Hyderabad – to present the document, as well. But I just wanted to get the three of you on record here, as the champions of those high-level questions.

And then, I guess, Megan, you – are there further revisions to the documents that you provided? Have you gotten further feedback or are they ready to be thrown into the prose-drafting process as they are now?

MEGAN RICHARDS: No one has given me any comments. So I'm [inaudible]. But for the Evaluation Application section, one of the papers is officially co-authored by David, and David was going to get some additional [inaudible] I haven't heard from David; David, I don't know if you have any additional comments. But I haven't heard anything from anyone. So for me –

JONATHAN ZUCK: Okay.

MEGAN RICHARDS: – silence is consent. There is one aspect that I wanted to add to one of them, and that relates to the use of [inaudible]. But that's just a minor thing, [inaudible]. But I'm happy to have any [inaudible] statements to [inaudible], etcetera. And also, I should add that so far as I understood from our timeline, the Application and Evaluation aspects were not at the beginning of our work, but closer towards the end. So I'm [inaudible] bit more time to get some more revisions. But I'm happy to [inaudible]. But if necessary, I will [inaudible].

JONATHAN ZUCK: Thanks, Megan. David, are you unable to speak?

DAVID TAYLOR: I can speak.

JONATHAN ZUCK: Okay. Megan was talking about a document that [CROSSTALK] you were working on together for the application evaluation.

DAVID TAYLOR: I didn't want to interrupt Megan; that's why I put that. And I couldn't hear exactly what it was, but I did hear my name.

JONATHAN ZUCK: There's a document on which you're a co-author along with Megan for the Application Evaluation high-level questions. I guess we'll take this conversation offline.

DAVID TAYLOR: Yeah.

JONATHAN ZUCK: This doesn't need to be something that we –

DAVID TAYLOR: Yeah, [inaudible] Megan. I'll have a look [CROSSTALK]

JONATHAN ZUCK: Let's pow-wow on that. Okay.

Alright. Our next topic of discussion is the Road to Hyderabad. Alice, do you want to put up the document, there? We're going to have a very

busy time, indeed, in Hyderabad; so cancel all social engagements that you made while you're in India.

So, have folks had a chance to take a look at this agenda and feel comfortable with it? Alice, are there things that you want to draw people's attention to?

ALICE JANSEN: Hi, Jonathan. Day One, you will have a Competition and Consumer Choice Findings and PIC [inaudible] Interest Findings conversation. And then you'll receive reports from Nielsen on the interim results on the applicant survey, and then presentations from AM Global on the Global South demand, and so on. And then, to finish off Day One, you will have a conversation on building findings for the Application Evaluation process.

Day Two will be more discussion on Evaluation Application and then Safeguard and Competition and Consumer Choice, and you will also review the Engagement session slides that were put together in preparation for these meetings. You will conclude your Day Two of face-to-face meetings with a meeting with the ICANN Board; and on November 4th, you will be seeking input from the wire community on your findings, and you will conclude your week with the Wrap-Up meeting on the 5th, which essentially is about setting the Work Plan for next steps, and so on.

In addition to that, Jonathan will also be giving some Chair updates during the week to a number of SO/ACs, and we'll be seeking the SO/AC

representatives' guidance on topics of interest that should be addressed in these meetings. Thanks, Jonathan.

JONATHAN ZUCK: Thanks, Alice. So one of the things that we're going to want to do is probably reach consensus on two different Power Points. One is the presentation for the feedback session, and also whatever the abbreviated discussion is that I'm going to be giving for different SO/ACs, as well as the Board. So I certainly want to make sure that I'm representing a consistent view in those abbreviated presentations, as well; and I expect that Laureen and Jordyn will be participating in the presentations at the feedback session, but would like for people to be there, as well, if you can fit it into your calendars, because you have areas in which you have specific expertise, that it'll be worth engaging you in Q&A and things like that. So take a look at that on your calendar, and try to be there if possible for the feedback sessions.

Are there questions about this agenda, or plan of attack? Because what we're really going to need to do is come out of Hyderabad with all of the templated findings, some thoughts on recommendations that we came up with and that came as a result of the feedback sessions, so that we can go immediately into a drafting frenzy for the next six weeks, in order to deliver an interim draft of the paper by the end of the year, for public comment. Okay? Any questions? Laureen, you have your hand up. I'm sorry; I didn't see it.

LAUREEN KAPIN: Yeah. I'm just – actually, my question is on the recommendations, because it still feels to me like we're trying to refine even the preliminary findings to tee up our discussions with the community, and I'm wondering if we're really going to be in a position to get to the recommendations, at least in this meeting, when my sense in terms of urgency and priorities is to make sure that we agree on the findings we're going to present to the community. That's just my observation.

JONATHAN ZUCK: Laureen, that's a perfectly valid observation, and I think that I'm going to just say that the caveat of what we're able to do on recommendations, we'll do. I think what we're going to try to do is use the feedback session as a way to collect recommendations based on the findings that we present. We know about some recommendations that we're going to make in relation to collection of data and other things. We won't just willy-nilly reach into people's wish lists and make recommendations that aren't supported by the data. That, we will not do, and certainly not in this interim report. But I think that we will have some, both for the discussion and the feedback session, and we'll get some as part of the feedback session, hopefully, so that we can at least begin to go down that path in an interim report.

Any other questions?

Okay. Any other business people want to raise?

LAUREEN KAPIN: You know, I have a quick question.

JONATHAN ZUCK: [inaudible]. Oh. Go ahead.

LAUREEN KAPIN: I just had a quick question about logistics. I know that Pam was collecting information about people's travel schedules, but I was hoping to find out if anyone's going to be arriving at a similar time to the time that I am, just for transportation purposes. Is that something that is going to be distributed, or are we able to collect that information?

PAMELA SMITH: [inaudible] issued a travel document, I think the day before yesterday, and I just haven't been able to get to it. But I plan on sending you the shuttle schedule and your schedule as much as possible so you can make mutual arrangements – today, actually. It's on my list for today. So that's my goal. And that should help you.

LAUREEN KAPIN: Okay. That's terrific. Because I know that, personally, I'm arriving at like 2:15 AM on November 1, so it's in the wee hours of the morning, and I'm curious if anyone else is going to be arriving at that same time.

DAVID TAYLOR: Hey, Laureen. David here. I get in at 5:20, so if you want to hang around for three hours, we can go together.

CARLTON SAMUELS: Hey, Laureen. It's Carlton. I get there at 2:00 AM, so I'm supposed to [CROSSTALK] fifteen minutes before you, so we can ride together.

LAUREEN KAPIN: That's perfect. That's perfect. Good.

JONATHAN ZUCK: [CROSSTALK] Okay –

PAMELA SMITH: [CROSSTALK] Yes, actually, I believe you're all in the same hotel.

JONATHAN ZUCK: Let's take this conversation offline, maybe. So Pamela, if you can try to collect people's arrival times and publish that.

PAMELA SMITH: Yes, sir. Will do.

JONATHAN ZUCK: – coordinate.

PAMELA SMITH: Happy to do it.

JONATHAN ZUCK: Thanks a lot. [CROSSTALK]

CARLTON SAMUELS: Sorry, Jonathan. Please go. The program that I see up on the screen here, was that circulated? I don't see it in my list here.

ALICE JANSEN: So Jean-Baptiste sent a version of the agenda yesterday, but we'll be sending a revised version of this document, as we've incorporated new information. So we'll get that new version to you shortly.

CARLTON SAMUELS: Okay, thank you very much. Very kind.

JONATHAN ZUCK: Thanks, Alice. Jordyn, do you want to go back and hit the highlights in your document, since you ran out of time for your presentation?

JORDYN BUCHANAN: Sure, I can run through the real high-level bullets again and see if there's any high-level discussion. We talked through – let's return to the Doc that's now being presented – we talked through the industry structure already. The next section is the gTLD market section, and I think I alluded to this already in my high-level overview, but this basically makes the point that we previously talked about on the last call, which is that in aggregate, the entire body of the new gTLDs represents about the same amount of growth since the start of the program as in

aggregate, the legacy gTLDs. Obviously, there are many fewer legacy gTLDs than new gTLDs, so the amount of growth per new gTLD has been much lower. But you can look at it as roughly, new gTLDs, legacy gTLDs, and ccTLDs all basically representing the same amount of growth over the past few years. The fact that that's true I don't think means anything in particular, other than that the numbers just happened to divide out that way. But it does show that, in aggregate, the new gTLDs represent a large portion of the growth. And the result of that – because the legacy gTLDs are so concentrated in .COM and to a lesser extent .NET – the result of having this broad base of new gTLDs driving growth is that concentration in the overall gTLD marketplace has been decreasing, although because there was a very large existing base of gTLD registrations, the effect has been fairly modest, overall, because the growth over the past few years doesn't represent enough of the overall marketplace at this point.

So, I think those are general trends we've been talking about for quite a while, so I won't dwell on them unless anyone has any other thoughts or observations. The one other thing I'll note is that while concentration has overall been decreasing, so far we haven't seen any effect on wholesale prices. By "we haven't seen any effect," I mean mostly that we don't have the data to observe an effect. And that is because of two things. Number one is that the legacy gTLDs have price caps, and it is possible that the sort of natural price for the legacy gTLDs is just higher than the price caps, and it may have been the amount that the registry operators want to charge has gone down, but it's still a number higher than the price caps, and so the price cap's still controlling the price. And it's also because we actually don't, in many

cases, have both the combination of the legacy gTLD wholesale price and the price cap data in order to understand what the effects of the price cap and the actual wholesale price of the legacy gTLDs is. So we just don't have quite enough data to draw conclusions around price and therefore be able to observe whether or not this decrease in concentration has had the expected effect on prices.

I'll pause there briefly on this section and see if anyone has comments. Otherwise, I'll move on.

JONATHAN ZUCK: Jordyn, it's Jonathan.

JORDYN BUCHANAN: Yeah.

JONATHAN ZUCK: Two things – sorry.

JORDYN BUCHANAN: Go ahead.

JONATHAN ZUCK: Two things come to mind. One is, is it worthwhile to do a concentration analysis of new sales? We looked at percentage of new sales. Is it worth just to get us talking about the same vocabulary for each of these things to look at what the concentration looks like among the new

sales? I know that's more of a transient number and it's only a subset, but is that a worthwhile – and maybe that's for Stan, as well – is that a worthwhile calculation to do?

JORDYN BUCHANAN: Yeah, I would prefer to stand on that question, I guess.

STAN BESEN: I'm not sure I understand the question.

JONATHAN ZUCK: If we pretended that the market began with the new gTLD program, and just looked at sales since its inception, and assumed that that was the whole market, is it worth doing a market concentration calculation on just those new sales?

STAN BESEN: You're talking about new gTLDs?

JONATHAN ZUCK: I guess I'm talking about all gTLDs post- the new gTLD program. In other words, it's a time box for a concentration. We're using concentration quite a bit. But then we get to this notion of, well, it's 50% of new sales in just the straight sales figures. Is it worth applying the concentration calculation to new sales, as if that was its own market, if that makes sense?

STAN BESEN: Okay, I think I understand. We obviously already have that for the new gTLDs, because they're all new sales.

JONATHAN ZUCK: Right.

STAN BESEN: I don't know that actually we can do that for the legacy gTLDs, given the kind of data that are available. I think the data simply tell us, in aggregate, how many domains have been registered in total. But I don't know that we can, in fact, divide those into how many sales were made to .COM or .NET or whatever, of the increment. And by the way, of course the increment, remember is a net increment. So there are both cancellations and additions. So all we're observing is the new change, which again, makes the calculation you're describing more complicated.

JORDYN BUCHANAN: Stan, this is Jordyn. I do think that I can actually have the data. They have both the net number, and they actually have the sales number, as well. So they would be able to –

STAN BESEN: Okay. If that's right, that will be bigger than the increment we observed, because presumably it doesn't take into account cancellations.

JORDYN BUCHANAN: That's correct. The current number we observed is just the net number. But ICANN will have the gross number [CROSSTALK] total number of new, and then they could tell us the number of non-renewals, essentially.

STAN BESEN: Well, if we can do it, then – I'll think about it some more, but if we can do it – we could certainly could ask AG to do it for us, or the staff.

JONATHAN ZUCK: Do you think it'll tell us anything useful, Stan? I guess that's where I started my question.

STAN BESEN: Let me think about it a little bit more. I just heard – this is the first time that this has been raised, and I'll have to give it some thought.

JONATHAN ZUCK: That's the first time I thought of it; I apologize. It just feels like a way to normalize the vocabulary, that's all.

JORDYN BUCHANAN: [inaudible]

JONATHAN ZUCK: Thanks, Jordyn.

JORDYN BUCHANAN: Any other questions or comments on the gTLD market section?

Alright. So there's a new section in this document which has been the following one, which is parking. And here, I'm trying to capture the general discussion around parking and how it somewhat confounds – or has the potential to confound – some of our analysis. There are a few things we do know. This is where I started to input some information that's not from any of the existing papers, but where we do have some data – for example, from nTLDStats. And we know for example, that the majority of the new gTLDs are either parked or not used, and maybe "not used" is just a form of parking. But they just return some sort of error when you attempt to access them, mostly "DNS not found" errors. So this is a very large portion – well, 54% or something like that, according to the nTLDStats. I found another paper yesterday that puts the number even higher than that. What we don't know is what the rate of parking is in the legacy gTLDs. So it could be that 54% of legacy gTLDs are parked, as well, and then we would say, "Aha! This is quite a high number, but it seems to be consistent with the general behavior that consumers engage in with the legacy gTLDs, so maybe we don't need to worry too much about it." Or it could be this number is much higher, and to the point Kaili's been making, maybe that indicates that the registrations and new gTLDs tend to be more speculative. Stan has suggested that we try to normalize for the parking rate in some of our calculations to see how they affect the numbers. But since we don't

have the legacy gTLD numbers, parking rates, we don't actually have a way to do this math at this point.

Right now, there is a conclusion, which is roughly that the prevalence of parking in new gTLDs and the lack of the ability to compare to the gTLDs makes it harder to understand the role of new gTLDs in the marketplace. It's a little bit of a wishy-washy statement. I'm hoping we'll be able to improve on that. But right now, we don't have a solid source of parking data, so it's mostly just an observation that many of these new gTLD registrations are currently either parked or unused.

STAN BESEN: Jordyn, I looked at the nTLDStats data yesterday, and one observation – I think it's not a great surprise – is that there's a wide variation of parking rates across new gTLDs. Very wide.

JORDYN BUCHANAN: Yeah, so that's a good point, as well, Stan. I noted this, as well. I think at the low end, we see something in the 20s percent; at the high end, we see above 90%. And so, that's probably worth some analysis of its own. I think with this parking section, we need to think a little bit more about how to take a look at it. I think the fact that I've started to try to type something up has just revealed that there's a bunch of questions that we haven't answered. You're pointing at one. There's a separate question, which is how do we define parking? Do we think that a domain that's been registered that isn't actually used for anything counts? Is that parking? It just returns an error? Or is that just the registrant hasn't figured out anything to do with it? Or do we want to

treat the ones that are listed as "for sale" or have ads on them as separate from the ones that return errors? I don't –

STAN BESEN: Exactly what other sort of [inaudible] – the paper that you circulated the other day, which I must admit, I don't understand very well – which at least by some measure, compared parking rates somehow defined as between new gTLDs and legacy gTLDs. And I must admit, I don't understand the measure, but as you pointed out, that measure – by some measure, at least, the parking rates are very different.

JORDYN BUCHANAN: Yeah, that's correct. I [inaudible] circulated that paper very widely, but several people have come across previously, as well. That paper, I think if you – I would say the following two things about that paper. If you look at parking the same way the nTLDStats does, I think you would actually conclude the parking rate is very similar between legacy and new gTLDs. However, that paper proposes a slightly different methodology in which there's new buckets of parking that the nTLDStats doesn't consider to be parking. And so, by the methodology that that paper uses, there's actually quite a big difference in parking rate between the two. What that paper concludes is that only about 1 in 10 sites in new gTLDs actually has unique standalone content, but – which seems very low, and that is a very low number, 10% – but on the other hand, even in the legacy gTLDs, that number is only about 25%. If we were to use that methodology, it would basically say the vast majority of domain registrations in both legacy and new gTLDs serve

some purpose other than providing standalone content on that domain. So once again, I think this requires a discussion that we probably need to have in Hyderabad, as opposed to trying to resolve it here on the call, as to what we think we mean by parking and how we think that affects our analysis, because the numbers are quite significant, obviously.

Any other questions or comments in this section?

Okay. So the next section is very much a work in progress. Stan has already pointed out that I need to reform some of the language in this first bullet. This is just the section to talk about the back-end providers and basically to point out that the market for registry back-end services is probably not very concentrated. This HHI of 1284 that Stan pointed out to me represents a market that the U.S. Department of Justice, at least, considers to be not concentrated – and more important, significantly, significantly lower than what we observe in the legacy gTLD markets or the overall gTLD marketplace. This is very similar to what we see in the registry space in general. Because .COM and .NET, which are the two biggest gTLDs have the same back-end provider, which is the company that runs them, Verisign – because those represent such a large portion of the overall gTLD market, the fact that there is a number of new providers – Stan identifies them in the papers, I think, the "Big Six New Providers" – because these new providers exist, and because new gTLDs are growing and representing a bigger share of the market over time, that is causing the overall concentration in the market to decrease; although just like is the case with the gTLD market in general, looking at wholesale registrations, the effect is relatively modest, just because the time that's passed and the existing installed basis is very large. Once again, as per Jonathan's previous suggestion,

maybe we could look at new registrations and see how that differs, as part of the analysis here. But this section needs a lot more work, and it's just intended to provide context around this other facet of the marketplace, which is the back-end market.

STAN BESEN: Jordyn, this is Stan. This reminds me now. The staff did a very interesting piece of analysis for us, which is actually in the document, in the module – about the geographic locations of back-end providers. The message I took away from that was that gTLDs, at least sometimes, use back-end providers located in regions other than their own. I thought that was actually pretty interesting, and maybe that's an additional bullet that you might want to add, here.

JORDYN BUCHANAN: Sure. Thanks, Stan. That's helpful. I think in some regions, there are very few back-ends. I don't think there's any region that has none, although those tend to be the regions that tend to have very few gTLD operators. But I think your general point is well taken.

Any other questions or comments about the back-end section?

Drew says, "Is it worth mentioning Google's new open-source back-end registry software?" I'm not going to comment on that. If other people think it's worth including, I would take that suggestion, but I probably wouldn't do it myself, for conflict of interest reasons. But Drew, if you want to propose some language, feel free, and I'll let others react to it.

Jamie says, "What about ccTLD back-end providers?" Jamie, do you mean what about back-end providers to the ccTLD marketplace who are not back-end providers to the gTLD marketplace? Or, let's not say "marketplace." Back-end providers to ccTLD operators who are not providers to gTLD operators.

JAMIE HEDLUND: So, just when we looked at market concentration among registry providers, we looked at g's and new g's, all g's, and all TLDs. I wonder if the analysis would change if you looked at – if you included the ccTLDs and looked at who was doing the back-end for them. My understanding is that a number of the – at least a handful of the providers listed for new gTLDs or gTLDs are also doing the same for cc's. Not all of them are doing it themselves.

JORDYN BUCHANAN: Yeah, so in theory, I think you're correct; in practice, I don't think we have any of that data. I know it would probably be hard to obtain. It was very hard for us to get the ccTLD registrations number, and with the back-end providers, someone would, I think, have to manually dig through and categorize who the back-ends were, and I don't know who that someone would be.

JAMIE HEDLUND: So I think it would be worthwhile explaining that this is – pointing out that this really is just gTLDs, and that there are x number of ccTLDs that

also require back-end operations, and that there are independent providers of those, as well.

STAN BESEN: Jordyn, the report on Latin America I know had material on the extent to which ccTLDs in Latin America used registrars, and that's actually in the draft. I just did not look, at the time, for the question of back-end providers, but it's possible that document might have something specific for that region.

JORDYN BUCHANAN: Sure, yeah, that may be useful to look at. There's some amount of entanglement between these. There are definitely not distinct markets for back-end services. I know, for example, that the .BR registry provides back-end services for some number of gTLDs, and I think I just saw that CIRA, which runs .CA, is now providing back-end services for one of the gTLDs. And I know that Nominet, which runs .UK, is providing back-end services for a number of them. So there's definitely some overlap. I don't know if there – and I believe that for example, [inaudible], which runs a number of gTLDs, also provides back-end services for ccTLDs. So there is quite – it is probably the case, Jamie, that the back-end services provider market ought to be treated as a market across all types of TLDs; it'll be hard to get at the data for the ccTLDs.

STAN BESEN: Jordyn, I happen to be looking at the Latin American Caribbean report. Page 44, at least, has something called "Outsourced and Partial Back-End Registry Operations," so they obviously have some information here about it. I think it would be worth looking here to see whether there's more detail.

JORDYN BUCHANAN: Okay, thanks, Stan.

JAMIE HEDLUND: I would imagine that there's a lot of that in the [inaudible] region, as well.

JORDYN BUCHANAN: Yeah, I imagine – like I said, Jamie, I think this is probably a worthy area of study; I just don't know if we'll be able to get to it, so maybe we'll call it anecdotal points and say that this might be an area for further study.

And I see that we're basically – oh, sorry, go ahead.

JAMIE HEDLUND: No, I was just agreeing. That makes sense.

JORDYN BUCHANAN: Okay. I see we're basically at time. I'll just briefly summarize – I'll take the risk of briefly summarizing the next section on registrars, which is roughly the same.   Competition amongst registrars really hasn't

changed as a result of the new gTLD program. There was a pretty competitive marketplace for registrars before, as it seems to be now. A small number – some of the gTLDs have relatively high concentration numbers if you look within that gTLD for registrars; but even in those, there are generally dozens or fifty-plus registrars offering services for that gTLD. So in general, it looks like the new gTLD program hasn't had a significant effect on competition amongst registrars. But there's a surprising result that Stan's pointed to in the past, which is, despite the fact that the registrar market looks competitive and unconcentrated, there's very, very high variation in pricing for the same TLD between registrars, and we don't really understand why.

JONATHAN ZUCK: Thanks, Jordyn.

JORDYN BUCHANAN: And we're at and over time, so I'll turn it back to Jonathan.

JONATHAN ZUCK: Alright, folks. Please continue to go through this document offline and pose questions in the comments of the document, or redlines if it's just language changes. And the same is true of Laureen's document, as well. But for now, thanks, everyone, for being on the call.

UNKNOWN 2:   Thank you, Mr. Zuck.

LAUREEN KAPIN: Thanks, [inaudible].

[END OF TRANSCRIPTION]