

27 November 2017

ICANN Reserve Fund Target Level

Xavier Calvez
ICANN Chief Financial Officer

Dear Xavier -

Following the publication of ICANN's Reserve Fund Target Level and Rationale, the GNSO Council welcomes the opportunity to provide comments and feedback through ICANN's Public Comment Forum.

This statement was adopted by the GNSO Council without objection via the GNSO Council's mailing list and confirmed at its meeting of 30 November 2017. These comments are intended to complement any input that may be provided on the Reserve Fund by GNSO Stakeholder Groups (SGs) and Constituencies (Cs).

At the request of the GNSO Council, a standing committee of Councilors reviewed the draft Reserve Fund Target Level and examined the rationale, focusing especially on how this may impact the GNSO Council and operations of ICANN Org especially when unplanned events may require ICANN to access funds from its reserve.

Based on this review, the GNSO Council would like to provide the following feedback:

General Comments:

- The GNSO Council supports the concept of a Reserve Fund based on comparisons with other not-for-profit organizations as a critical mechanism to support ICANN's financial stability; especially when unplanned or unforeseen events can impact its annual operating budget and/or strategic plan as it delivers global technical coordination functions with respect to the Internet's unique identifiers.
- The GNSO Council further supports ICANN's conclusion that the Reserve Fund Target Level should be a minimum of 12 months with a maximum of 17 months of annual operating expenses. The scenarios provided are sensible to match the higher range of possible consequential events.
- The GNSO Council is concerned that the stated conclusion at 12 to 17 months of annual operating expenses under-estimates unforeseen risks. Based on deliberations at the GNSO Council, it recommends that the target level of the Reserve Fund should be set at the highest scenario of 24 months or approximately \$255M given legal and regulatory risks that may arise in the near future (ex. GDPR).
- Also, as noted in the scenario planning (highlighted in **RED**, p.7), the GNSO Council has concerns about the current level of the Reserve Fund and acknowledges the distance of current levels to the high mark of 17 months at \$198M. The GNSO Council looks forward to future activities and public comments in how the Reserve Fund can be replenished.

The GNSO Council looks forward to submitting future comments as they relate to ICANN's finances and budget related proceedings.

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Best Regards,

*Heather Forrest
GNSO Chair*