ICANN
Transcription
New gTLD Subsequent Procedures Working Group call
Tuesday, 02 October 2018 at 03:00 UTC

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Operator: Great. Looks like the recordings have started. Well, welcome, everyone. Good morning, good afternoon, and good evening, and welcome to the new gTLD Subsequent Procedures Working Group call on 2 October 2018. In the interest of time today, there will be no roll call. Attendance will be taken via the Adobe Connect room. So, if you're only on the audio bridge, would you please let yourself be known now?

Kristine: Hi, this is Kristine, Dorrain. I'm a new joiner, and I am only on the audio bridge. Thanks.

Operator: All right. Thanks, Kristine. We'll go ahead and note that. And as a reminder to all participants, if you would please state your name before speaking for transcription purposes, and please keep your phones and microphones on mute when not speaking to avoid any background noise. With this, I will hand the meeting back over to Cheryl Langdon-Orr and Jeff Neuman. Please begin.

Cheryl Langdon-Orr: Thank you. I'll jump in. (Inaudible) and just give you a few more minutes, Frank, on your (inaudible). My name's Cheryl Langdon-Orr, and welcome to today's meeting from Jeff and I. A quick review of our agenda for today, which was sent out recently, along with the supporting documents. It was (inaudible) the agenda review, and we'll ask for any of the updates to statements of interest. So, let's take that second matter first. Is there anyone who wishes to let us know about a change of employment circumstance or something that they would like to announce from their statements of interest? And my Adobe Connect has, of course, dropped off connection now. So, if anyone's typing, thank you very much, and I'll get back into the Adobe Connect room at some point.

With that, I'll also just mention to you all for the record that today's agenda will be looking at the supplemental report, and we're going to be reviewing sections 1.1 and 1.2, three, four, and five as we continue that work. The draft of the additional supplement report sections is the primary thing that we're going to be going through, and I know Jeff's got some edits and material he wants to take us through in some detail with. And we're also going to look at the initial assessment as (ph) the work required for the final CCT report, and so I don't speak in only letters, that's the Consumer Choice and Trust review team report,
and any other business. And if there is anybody who wishes to let us know about any other business now, please do so. I suggest you yell out, because I'm still not back in the Adobe Connect room, however.

And summing (ph) up that, Jeff, going to toss it over to you.

Jeff Neuman: Okay. Thanks, Cheryl. Welcome, everyone. Just -- Cheryl wouldn't have seen this because her Adobe Connect is not working, but under Any Other Business, we'll just go over a quick update on the initial report comments that we've been -- and the next steps. So, that will be in Any Other Business.

So, why don't we get started then with a review of sections 1.1 through 1.5 of the supplemental report? This is the third or fourth reading of sections 1.1 through 1.4, and I think probably just the third of 1.5. Just a reminder that the goal is to get the full supplemental initial report for these sections out by no later than a week from Friday, which means we'll have this call and one more call next Monday to discuss the -- to discuss any changes. And of course, we can always use e-mail to get comments in, and I'll note that we got some interesting good comments to talk about from Jon Nevitt that was just submitted just before the call, and then Anne Aikman-Scalese, who I don't see on the call at this point, submitted a suggestion on one of the paragraphs, as well.

So, if you look at Adobe right now, you will see, and it should be unlocked for everyone. I'm assuming I'm not the only one that can change the pages. You'll see the latest version upon the screen, which you all were sent on Friday, I believe. So, you'll see this is a cumulative document, or cumulative changes in this document, so these -- this will have all of the changes that were put in since we first distributed the document. If I'm wrong about that, Steve, correct me, but I'm pretty sure this is a cumulative -- this is the cumulative version.

So, really, the first set of changes that we have here are from section -- in section 1.1E. 1.1 is dealing with the mechanisms of last resort, meaning the ICANN auction. And so, in turning to that, and I do not have John -- John's on here, so might want to just see if John has any recommended changes. I think all John's changes were in 1.2, which is the next section dealing with the private auction/private resolution.

So, on this section here, 1.1E is really where the first set of changes. I think each of these changes were in the last version as well that we reviewed last week, but essentially we added there that auctions of last resort could allow a -- well, it seems like we have a type in there. "Allow" is in there twice, last bullet -- but a deep-pocketed applicant to secure all strings within a given market. One solution that was raised was to place a limit on the number of auctions an applicant could participate in, and so then we asked a question about that.

Other than that, that's pretty much the only change to 1.1E. There is actually -- we did add the concept, sorry, in the second-to-last bullet of that section. We added the concept in that Sarah had discussed on the last couple calls, which is the potential to -- or the option to do a drawing to determine the -- for the, in air quotes, the "winner" of contention set (ph), or some other mechanism. Does anyone have any other comments or changes to sections 1.1A through E? Sarah, please?

Sarah Langstone: Thank you, John, Sarah Langstone for the record, from Verisign. I've reviewed the comments to the initial report on the private auction piece from the ICANN Board where they state that they're uncomfortable with potential gaming and/or
abuse of private auctions, and -- but they've got concerns about how they align with ICANN's commitments and core values. And kind of building on what I said before about the draw being applicable potentially to both ICANN's auctions of last resort and private auctions, and building on what Greg Shatan said last week about an auction happening at the front of the application process instead of at the end of the application process, I was thinking that it could look something like a sealed price, sealed bid auction, sometimes known as a Vickrey auction. And again, it could kind of eliminate concerns that folks have got about private auctions, and it could also eliminate auctions of last resort at the same time.

So, at the time of an application, an applicant would put forward a maximum bid that they would be prepared to pay for a TLD if the TLDs contended. If the application isn't contended, then the applicant plays -- pays the standard application fee. But, if it is contended, then the highest bidder gets the first slot, the second highest gets the second slot, and the highest bidder pays the price bid by the second highest bidder, the second highest pays the price bid by the third highest, and so on. It probably sounds complicated just verbally, but it's got a number of things going for it. A lot of folks prefer it, folks that participate in auctions, because they say that it's in the best interest of each buyer to bid the exact value of the item to them. It also -- it's sold to the buyer that values it the most. I mean, we -- it would need to include some type of applicant support angle in there to mitigate some of the other concerns that have been brought out. But again, it avoids a beauty contest. I just wanted to throw it out there, John -- Jeff.

Jeff Neuman: Okay. Thanks, Sarah. So, if you could submit -- I know we have a transcript of that, so maybe we don't -- but if you have something in writing that you're reading from, or something that you could submit in writing, that would be great. That is something that we could add a potential option. And definitely -- so -- just so I understand it, you submit your maximum, or the value of your bid, let's say, at the very beginning with your application. That part is kept confidential, obviously. And only in the event of a contention after everything -- all the evaluations and everything else is done would that come into play. So, that's a great alternative option in terms of something that we have not discussed before. So, I think that that would be good to put in as another option. So, let's -- we will work to -- get to work that in this week. But yes, if you have something in writing, as Jim says in the chat, that you could submit earlier than we can get our notes from the transcript, that would be fantastic. John, you're next in the queue, please.

John Nevitt: Thanks, Jeff, John Nevitt. Sarah, that sounds really interesting as an option, but I guess I don't understand it all that well when you talked about slots. So, the highest bidder in a contention set would get the slot, so the second highest bidder, but the second highest bidder would pay the third highest bidder, and that's where you lost me. So, maybe just wait until we see it in writing, unless you're talking about slots that transgress different contention sets, which is another idea that some folks have talked about in the past, where you actually buy a slot, and you could get whatever TLD you want for that slot. But, I'm not sure that's what you're getting at. So, either -- if you could fill us in orally here or in writing, that'd be really helpful. Thanks.

Jeff Neuman: Yes. Thanks, John. And Sarah, while you're thinking about that, let's just take Michael's comment, because that might be another question, as well for you, Sarah. And then, if you want back in the queue, we'll put you back in, Sarah. Michael, please?
Michael Casadevall: Michael Casadevall (ph) speaking. So, I'm actually rather -- my problem with the -- front-loading the auction is that the auction is meant as a last resort. And as contention and issues build up, it could definitely create a situation where a lot of the issues get raised. I mean, are we going to have -- applicants have to keep their maximum bid in escrow (ph) for the whole thing? I see a lot of issues if this were in practice from a high-level point of view, just given when you would have to front-load the bid and when it may resolve. And maybe once it's all in writing, it'll make more sense, but I have concerns about the practicality, and in some ways the fairness of this.

Jeff Neuman: Okay. Michael, just in terms of fairness, do you want to just elaborate a little bit more? So, practicalities I understood, but at the end you said fairness. Is there something you want to add on that?

Michael Casadevall: Well, basically, you're putting in a situation that the -- we're basically saying, if we're going to front-load, it goes into the initial application. If there is a case of contention, that information's going to be available to those who are reviewing, and it's going to influence people even on a subconscious level, depending on how the money gets used. I have considerable concerns, because if we're going to a last resort, we're still in the situation that whoever has the most money essentially wins, and a larger -- whoever has the most resources should win versus who values it the most. I mean, this point was brought up in the mailing list about 30 minutes before this call, so I apologize if I'm beating a dead horse at this point.

Jeff Neuman: Okay. Thanks, Michael. No, you're not beating a dead horse. There's certainly a number of people that still have an issue with auctions in general and those that pay the highest price as opposed to looking at it from public interest. So, I think, when we get feedback on this, we just need to make sure that the questions are eliciting those viewpoints, as well. And as John said in his e-mail at some point, we're not sure that there's going to be consensus on any of these solutions, but we still need to put out everything for public comment.

So, let's then go to Jamie, and then Sarah, to kind of wrap it up as far as questions that have been raised. Jamie, please?

Jamie Baxter: Yes, Jamie Baxter for the record. Sarah, thanks again for the offer and the suggestion there. I'm curious as to how you view the participation of community applicants in that process, if they would be subjected to the same approach where they -- even though they're a community application and would potentially go through community priority closer to the end of the contention resolution, if they're still required, expected to sort of think as a standard applicant and provide a bid number going into the process. And I do sort of elevate Michael's concern about the subconsciousness of the evaluation that would follow and potentially how community applicants may be subjected to additional gaming, I guess, knowing that they don't have a winning bid, and that if they don't win CPE, they've lost completely.

So, I'm curious if you had thought a little bit further about how you saw them participating in that process. Thanks.

Jeff Neuman: Yes, thanks, Jamie. Sarah, if you can address some of those comments? And it's perfectly fine to say you haven't thought of all these points and you can get back to us, or whatever it is. But, Sarah?
Sarah Langstone: Thank you so much, Jeff. So, actually, I haven't thought of it in a huge amount of detail, and really just building on something -- I think it was Greg that mentioned it during the last meeting, about it being an interesting idea, is contentions without -- with at the beginning of the process rather than the end. And so, I had a look to see how other auctions are managed, are held. And perhaps a similar model is, if you looked at a Vickery auction, then that is probably the closest thing here. It's also called a sealed price, sealed bid auction.

I just wanted to clarify that I do think that funds from this auction should go back to support the public interest, just to cover off the public interest concern that somebody had. But, I mean, to answer John's question, and I'm more than happy to pad (ph) this out and put it in writing, basically if a TLD is contended, then the highest bidder would kind of get the first option to be able to be, I guess, evaluated, and if that evaluated is successful, then they would pay the amount that the second highest bidder bid on. And if then they don't pass the evaluation, then it goes down the contention set chain. And I definitely think that applicant support would need to be factored in. I definitely -- to answer Jamie's question, think that communities would need to be dealt with potentially differently. I don't think that this answers all of the issues that we've had as we've been discussing all of this for the past -- for a very long time. I just thought it got us a bit closer. That was all. Thank you.

Jeff Neuman: Yes, thanks, Sarah. And I -- this is Jeff again. I don't think we need all of the details thought out at this point. I think if there's a general policy statement with details to follow, I think, again, this is just going out for public comment, and so these are just the initial thoughts of some people upon first hearing it. So, I'm sure there's going to be a lot more -- once we put this out there for 40 days, there's going to be a lot more comments on it. And this is not the only option that's being put out there. I'm -- I think this is great stuff, and certainly we'll find a way to put all of this in there.

One thing I think -- there was one question on whether the -- knowing the value that someone's put on the application may (inaudible) more prejudiced but me (ph), but if -- yes, I guess that said that (ph) may prejudice kind of how an evaluator views the application. It was my understanding from what you said, Sarah, because it's a sealed bid, nobody would even know what that is until -- well, until after -- well, now I'm actually second-guessing it, because you did say that it's possible that only the top one is evaluated, which would mean that then the price would be known. Before you said that, I was thinking that it could be everyone's still evaluated, but only if multiple people pass all the evaluations and get to the end that the bid is actually -- the amount is actually opened up. So, in that way, it couldn't prejudice the evaluation, because nobody would know what the bids were until after everyone was evaluated. But, again, these are kind of the details, and I think more important is the concept of the sealed bid, sealed price that you brought up, which should go in there.

Not keeping on top of the comments as good as I should be, but this is -- it says - - Jim says yes, this is a small group on the call tonight, so putting it out to the community might yield some more answers. John is saying, as soon as it -- no glitches or data breaches. Yes, John, I'll just say a no-comment on that, but let's just assume for now that that will be the case, or hopefully that's what they're building towards.

Okay. Any other comments on -- there is some changes that we've made throughout on the deliberations section, which is section F, which again after this discussion, we'll make some additional changes covering the discussion on this
particular proposal -- or I shouldn't say proposal, option, I guess, from Sarah in thinking about the -- what Greg had brought up last week. Anne, please?

Anne Aikman-Scalese: Thanks, Jeff. I -- I'm sorry to say that I was late on the call, and I don't know if you've previously brought up the suggestion I had on the modifications for F that you asked me to bring up on the call.

Jeff Neuman: Yes, I had -- sorry, Anne, this is Jeff. I had mentioned that you submitted a comment, but we had not gotten to it yet, so this is the perfect time for you to introduce it.

Anne Aikman-Scalese: Okay. It was a comment in relation to the change that suggested -- and I -- let me see what page this is on, four, I think, and it's in a -- kind of an orange text. And it says one working group member suggested that a system of graduated fees could be established for each additional application submitted by an applicant, which could reduce the size of the pool of total applications and perhaps limit the number of applications that ultimately end up in an auction of last resort.

So, I had -- just wanted to add a comment here, which I drafted and sent to you, which was one working group member, in this case it would be me, suggested that there -- that that would favor larger entities that make a lot of applications, so that might not be -- meet goals of getting a lot of diversity in application process. And -- but it also might influence how applicants make -- what their strategy is in terms of making applications, whether they use the same entity or use different entities, like LLCs in some cases. So, in fact, I sent that language to the list, that it kind of comments on this idea that the more applications you make, the lower your fee for each successive application, what some possible implications are for that suggestion. Thank you.

Jeff Neuman: Okay. Thanks, Anne, we will incorporate that into the next version that comes out later this week.

Anne Aikman-Scalese: Thank you.

Jeff Neuman: Okay. If we jump then to -- I think everything else is self-explanatory in the deliberation section that's been added to the last several weeks. So, I think we can move on to 1.2, which I know John has got a bunch of comments on and the notion of just dealing with private resolutions in general and not just auctions, which is what section 1.2 now deals with mostly.

So, John, you want to kind of -- I know you sent it in a -- you don't have to go over each word change that you had mentioned, but just in general of a concept, if you want to just introduce that, that would be great.

John Nevitt: Sure. Thanks, Jeff, John Nevitt for the record. Essentially, I'm not sure why we're focused on private auctions versus any kind of other private resolutions. I think the issue that some folks want to protect against is buying in a way to speculate to get paid off, essentially, to leave a contention set. And that could be done from a private auction, a private sale, a private negotiation. The only thing that a private auction did is just a mechanism to effectuate that a winner would pay -- a buyer would pay a seller, or a winner would pay a loser. And that could be done, again -- in my example in the e-mail, if there are two parties to a contention set, they could negotiate just a plain sale, like I'll give you $100,000 for the -- if you withdraw, and they go back and forth. But, the only thing that a private auction does is make those bids binding, essentially.
So, I guess I was confused by folks are really focused only in -- focused in on private auctions versus other private resolutions, because there are a host of other ones. And if we get a consensus to say we don't want this kind of speculation, we don't want winners to pay losers, or buyers to pay sellers, that is an approach that the group could take. But, if you're going to do it, do it right. Don't just say that private auctions are problematic. It's all private resolutions that would be problematic. Otherwise, there's just going to be an end run around any rules that we come up with.

So, I think that we need to decide as a group whether we have consensus that we want to ban private resolution. And in the 2012 round, if we had that rule, ICANN wouldn't hold an auction of last resort. ICANN would just hold an auction, and that every contention set would have to go to an ICANN auction. And then, ICANN would have the money, or the ICANN community would dictate where the money would go in the guidebook. But, to say -- in 2012, ICANN says we want you guys to work it out. If you don't work it out, we'll hold an auction of last resort. It would be kind of odd to say we want you to work it out, but we don't want you to work it out in a private auction. We want you to work it out other private mechanisms, or we'll hold an auction of last resort. That just doesn't make a lot of sense, having gone through a large number of these private resolutions. Thanks.

Jeff Neuman: Yes, thanks, John. There were some -- and the group has kind of put a statement in the chat. There were a few discussion that have taken place in the last month or two that there are, in theory, some forms of private resolution that were not seen as -- I guess lack of a better term -- as offensive as a private auction and paying off someone, so things like a joint venture, or people want to do combined bids to form an even better solution, or if there were two -- remember, some of this is coupled with changes to applications. So, if there were two bids, or two applications for one string, both, let's say, were trademark owners, and so they negotiated something where one of them would get one string that was similar to their trademark. So, in the case of SAS, Karen had brought up a month or two ago, if both the airline and the analytics company had negotiated with each other to basically say, well, why don't you take SAS analytics and the other one take SAS Air, that might be a beneficial type of private resolution that could be in the public interest. So, this is something we'd have to think about, is there a line? Are there acceptable forms of private resolution with your proposal, John, or is it too easily gamed, and therefore only kind of you either take one option or the other, but there's no real kind of in-between? So, John, your hand's raised, please.

John Nevitt: Yes, thanks, John Nevitt. Just to clarify, Jeff, my proposal is to put it out for public comment and see what people think. I don't have a view at this point. But, to your point, if you think joint ventures are okay, and I know Rubens put it in the chat, that you could sell shares in a JV to the highest bidder. You could do essentially a private auction for a JV that -- depending on the percentage of ownership of a JV. So, I will give you $1 million and 1% of the JV, and I will get 99% of the JV. And then, they would just work it out privately.

So, again, there's -- if there's a will, there's a way, and it'll be, quote-unquote, "gamed," if you consider that gaming. So, it seems like you've got to go clean. You've got to go either no private resolution or private resolution. And it's going to be hard to say -- set rules that try to go in between.
Jeff Neuman: Okay. Thanks, John. Absolutely we need to put that out for public comment. And who knows, maybe there are things that we just -- either you or I or anyone on this call haven't thought of, that there may be ways to do it. But certainly, that gaming aspect is something that we would absolutely need to think about if certain forms of private resolution are allowed and other forms are not. Does anyone else have any other questions for John about his proposal or his other things that we discussed in the last several weeks?

John Nevitt: Yes. One note, Jeff, that I forgot to mention, if -- again, it's John Nevitt again -- it looked like there was actually a recommendation in this document of an implementation guidance that said ban private auctions. And I'm not sure, I apologize, because I haven't been on some of the previous calls, but I'm not sure if we got there, so I suggest to take that out and putting it out for more comment and understanding, again both for just banning private auctions is not good enough, I don't think, and having that recommendation out there before the working group really sinks its teeth into it probably didn't make sense to me either. Thanks.

Jeff Neuman: Yes. Thanks, John. So, before your intervention in e-mail, it was the general sense of the group that it was not a good idea to have private auctions. Putting aside the gaming aspect and the enforceability of that, it did seem that this group was heading towards that recommendations. I don't have an issue with keeping it in the recommendations since it's all out for public comment anyway, but if there are others that have other thoughts on whether to keep it as a recommendation or just put it as an option, I guess it's really kind of the same. Putting in that there's a general sense with -- there's other ways we could state it, saying if there's a general sense within the group that private auctions are not a desirable outcome, and therefore discussed an option of banning private auctions as opposed to just having it as a straight recommendation, that might be another way to state the same thing without putting it as a full-fledged recommendation to ban them. But, John, your objection is noted, but I do want to hear from others on this call. So, Michael, your hand's raised, please.

Michael Casadevall: Michael Casadevall. I think one thing we should note here is we've got the topic of private auctions, and then the more broader topic of private resolutions. And the thing that we need to remember is that private resolutions is kind of the larger issue, because if we say private resolutions is something we don't want, is not allowed, then private auctions is moot. So, I'm starting to think this entire section could use a rework to talk about private resolutions more specifically, because as John -- it's been brought up over and over, it's pretty much all or nothing, because it's way too easy to game otherwise.

Jeff Neuman: Yes. Thanks, Michael. Yes, let us work on that. Let us take that offline and see how we can rework this as kind of a private resolution section, one part of it being dealing with private auction and the other part dealing with private -- other forms of private resolution, because I'm not quite yet convinced, especially given the many conversations we've all had, that some forms of private resolution were not viewed as problematic as the private auctions were. So, I think reworking the section but still making it clear that there may be forms of private resolution, assuming we can actually implement it and enforce it, that may be more desirable than something like a private auction. So, leave that as an action item for us, see if we can rework this section. And if that just means that we take out all the kind of recommendations, we can certainly do that and put them all into the options section, which would be not section C, but section D, options under consideration, which that's fine, too.
Ultimately, at the end of the day, whether it's a recommendation now or options, they're all going out for public comment, so I'm not sure it matters from my viewpoint, which -- whether we put that into the options section or keep it in the recommendations. But, unless I hear otherwise, I do think that I want -- I would like to indicate in the report, at least from the working group, that there were -- and I haven't heard any yet, but there haven't been too many expressions of support for the notions of private auctions as being a desirable thing. If I'm wrong, please let me know. Sorry, my dog's playing in the background there. Jim, please?

Jim Prendergast: Yes, thanks, Jeff, Jim Prendergast. Yes, I would agree with that statement you just said about sort of the sense of the group, at least previous to this evening. Sarah raised something, and I'm trying to find it, but if the ICANN Board raised an issue with private auctions, it probably behooves us to go back and get some more clarification or detail on what exactly their concern is. It sounded, from how Sarah was reading it, it was typical ICANN Board-speak, where sort of roundabout. And I think we -- it would benefit this group greatly if we could get a little more clarity, and frankly, some more direct feedback from the Board on what their specific concerns are as we think about this and we try to construct it. Thanks.

Jeff Neuman: Okay, yes. Thanks, Jim. And when we get to the next part and talking about the supplemental section, I did add a couple sentences that you'll -- that'll review, which says that we haven't had -- we know that there have been comments on some of these subjects, but we haven't really had enough time to flesh out those comments. And therefore, we haven't really considered those comments as part of this supplemental initial report, but we'll talk about that, again, when we get to that added language that I wanted to put in there, which goes to your last point.

So, are there any other comments? And Rubens, I know you put some stats in the chat. Did you also put in where -- okay, you did, so you put the site in as to where you got those statistics. Thank you. So, Anne has asked a question, "If the award goes to a certain entity and if the entity changes, ICANN approval is needed. Does that reduce gaming in the suggested solutions?" So, if an award goes to a certain entity in a mechanism of last resort -- Anne, is that a question for in general how does it work today, or in the 2012 round, or is that a question on someone's proposal that they had mentioned, or the notion of private resolution? I'm just trying to follow. Anne is typing. I mean, I'll start with in today's world, or the 2012 world, if someone was given the right to enter into the contract so that they prevailed, either they were the only applicant or there was a contention set, if they got to the point of, before a contract was signed, they would have to then have that entity go through the -- file a change request and then go through the required diligence, and it was after the contract was signed, then there is a mechanism that ICANN has to review changes to the entity. So, there are processes in either case.

Michael says -- or Rubens says, "Private auctions are an undesirable side effect, but we need to compare with the badness of what we do to kill them." Rubens, that's true. Obviously, we've got to weigh the pros and cons, then whether our solution is going to help the situation or not. Michael is saying, "Maybe it's just me, but I haven't heard much support for auctions in general, even as a public last resort." And Anne says, "The question was whether any system we devise could be easily gamed (ph)." So, Michael -- on Michael's point, support for auctions in general, I think there was -- if you look at section 1.1, it does talk about some that viewed auctions as the most fair way, at the end of the day. Obviously, there are some that do not support it, but there is that discussion in
there, and we'll definitely get comments. John is saying, "Perhaps we should refer to private sales versus private auctions." I think that's helpful, as well. And Jim has posted the comment from the Board in their response to the initial report.

Okay. In the interest of time, this is all great discussion, certainly can keep it up on the e-mail. We have an action item, meaning the leadership and ICANN staff, to go about and restructure this section to make sure that we incorporate both the concepts of private resolution as well as private auction. I know John has submitted some text. I don't know if we'll do it that way or we'll separate them completely but cover both subjects, and certainly cover all of John's points on the potential gaming if you ban private auctions versus private resolution in general.

Okay, some good conversations going on, but I think if we can, let's just move to section 1.3, which is the section that starts on page 11. There have not been too many changes. This is the role of application comment. And I think there was not -- there was a discussion. I think this was Jamie's comment in section E, which we talked about on the last call and revised accordingly. And I believe that was all that was done on that section. And then, not seeing any hands, in 1.4 was the notion of change requests. And John, this is where some of the concepts that we talked about, which could be thought of as some forms of private resolution, are addressed, but this also does talk about other types of changes. ICANN issued some guidance in 2012 on what the change request process would look like. And so, there's some questions on whether that should be revised or memorialized in the applicant guidebook.

And then, in section E, under the first bullet, subheading A, which is on page 17, there is some text in there about -- well, really a -- questions on what types of changes do we need to go back and do reevaluation as opposed to other types of -- other -- well, which types of change requests would require reevaluation as opposed to a change request that would just require potentially a public comment period. Sarah, please?

Sarah Langstone: Thank you, Jeff. And regarding the ability for folks to be able to change their string, forgive me for -- because I haven't had a chance to read this most up-to-date version. But, if an applicant wants to change their string once they realize they're in a contention set, can I just check, is there something in there that says that's -- some folks think that's okay, but they shouldn't be able to jump into a brand-new contention set. I just wondered if that clarification was in there, and if it isn't, if it should be.

Jeff Neuman: Thanks, Sarah. I'm not sure that's -- I'll have to double-check to see if that's in there. I know -- I think that's in the deliberation section, but I'm not sure that that's in section D, which is the section that talks about options under consideration. So, let us take that as an action item and make sure it is in there. I seem to recall it being in there somewhere, but I may be mistaken. So, let's -- we'll jot that down as one of our action items to make sure that that is covered.

Okay. Any other questions on this, change requests? All right. And then, jumping then to the 1.5, probably the hardest topic to deal with and no real recommendations at this point other than different options, is the notion of registrar support for new gTLDs, where we go into a bunch of options on potential things that ICANN could do in the case of registries that are not able to necessarily attract registrars to distribute their top-level domain. None of these are recommendations of the work track -- or sorry, the working group, but they are options that we would like comment on. And the changes really are in the
deliberation section on page 23, where we start getting into just some of the comments from the last call. Jim, please?

Jim Prendergast: Yes, Jeff. Jim Prendergast. So, one of the things that -- I don't know if it was accurately captured or not, and I'd be happy to put some pen to paper at a saner hour, is I think that there was talk about what we're essentially doing here is trying to subsidize registries that are failing and not succeeding in the marketplace by manufacturing retail space for them that otherwise would not exist. And I think we touch on it, but I think it's sort of -- it's -- that position I think has softened a little bit, and I don't think it should be. I think what we're essentially doing is interfering in the marketplace here by using ICANN to designate a registrar, or force registrars to carry TLDs that, in a business sense, they otherwise wouldn't. So, I do think that section might need to be strengthened a little bit.

The other thing that came into my mind as I was thinking about this is this could really create an interesting dynamic from a compliance standpoint, where I know ICANN says they're not a regulator, but they act as a regulator, and they certainly are an accreditation body for registrars, whereby they're overseeing a registrar, and then also dictating or directing business to that registrar, as well, as a lifeline to registries and has that impact the compliance oversight of that particular registrar. I think that could create some problems, as well. So, I think this -- when this was first surfaced months ago, this concerned me, and it still concerns me, because I think this is a -- just a manipulation of the marketplace. So, I can take a pen to edit the section I think that needs to be strengthened and circulate on the list at a later -- next day or so.

Jeff Neuman: Yes. Thanks, Jim. This is Jeff. I -- we appreciate that, if you could mark it up. I think that -- I do think that any of these options would, in a way, manipulate the marketplace. But then, when -- I guess the counterpoint that others have brought up in discussions is ICANN is also not just regulating the types of things that are allowed in the root, but also regulating the exact mechanism of how it's being distributed, which is in itself a manipulation of the marketplace. In other words, ICANN could, in theory -- if we were starting from scratch, ICANN could just say, look, anyone that wants to distribute second-level names, you would just need to make sure you have these types of protections in place and go forth however you want to do that, as long as you have these protections in, whether you have a distribution model like the one we have today, or a different one.

So, I think they're all kind of forms of manipulation, and I think it's up to the communities to decide which forms of manipulation are appropriate and which ones are not. So, if you could mark up the section, and then ask -- see if we can create a question based on your comment, so recognizing that, if any of these options did get support, this would be considered some sort of manipulation of the market, and then raise your questions on compliance, which I think is perfectly -- it's a great point, and certainly questions that we should ask.

So -- and also, keep in mind that not every TLD that's being introduced has a business model, or a model that relies on third-party distribution of names. And so, I think that that's also, when people were making comments about this, I guess that was more towards the registry/registrar separation. So actually, strike what I just said. So, Jim, if you could create the comments, we'd all like to see that.

Just looking at Jim and John's comments and others in there -- well, Christopher has said that he has posted some comments, so we just need to make sure that
those are reflected. John's question or comment is, if a registry isn't getting sufficient registrar support, it could start its own. I think that certainly came up in discussions, John. I think some people, if I'm remembering correctly, thought that there was definitely a high cost of entering that registrar marketplace, but also some of the code of conduct restrictions made it difficult, in theory, to start your own registrar, not just the separate books and records, but also the notion of ensuring that certain information is not shared amongst common employees, preserving some -- the confidentiality of some information (inaudible).

So, for small organizations, it was brought up that the code of conduct rules made it very difficult to start your own registrar because it would be the same people that would be manning both the registry and the registrar, which was not necessarily in line with the code of conduct, at least that's what some of the comments were. I'm not supporting one view or the other, just trying to refresh and recall some of the discussions.

Sarah says, "These things need to be captured," and as Rubens says -- okay, Rubens is bringing up some new (ph) points that were -- that I had recalled. And Michael said, "I see Jim's point, but I have concerns that a registrar may receive carrier (ph) gTLD for non-technical, non-financial reasons. Want to see Jim's comment." So, Jim, all of this is hinging on you. No pressure, but if you could get us those in the next day or two, that would be great. And John's saying, "In 2005, 2008, policy debate on the use of registrars, the key was that the protections required in the RAA are required for all registrations." And on that, John, there was a proposal that basically said, well, if you stripped out all of the, quote, "protections" from the RAA, why couldn't you just create a specification, attach it to a registry agreement, and as long as the registry has those protections in there, then why do you necessarily need the separation between the registry and registrar? So, that was brought up; again, just trying to recall some of the discussions that took place.

Okay, lots of people typing. Jim asks the question, "Do you envision a scenario where ICANN should force a registrar to carry a TLD?" That was also a discussion that took place. And John's saying, "Yes, that's the same as a registry starting its own registrar." True, John. Well, it's similar except without the code of conduct or the registry/registrar separation and code of conduct requirement. So, I think that was here the rub was, on the difference between just putting it into specification to the registry agreement and allowing exemptions to the code of conduct. I think it was kind of a combined thing.

All right. So, good conversation. Please, everyone review the text and make sure that we've captured. I mean, we're obviously going to go back and make sure that all these concepts are covered, but also if you all can make sure that, as Jim is doing, make sure that this draft reflects your thoughts. But also just as important is to make sure that we're asking the right questions to get the types of comments that we want to get in.

Okay. With that, I do want to, with the last half-hour that we have remaining, want to touch on some other things. So, if we can pull up the draft of additional supplemental report section, so what you're going to see is my redlines. I had not had the chance to review it prior (inaudible) to distribute it to the full group, so I just want to go over what I kind of think might be some helpful changes to some of these sections. You can certainly disagree, and if you do, let's discuss that. But, I wanted to put in some more context as to why we're having this supplemental initial report.
And so, basically, if you look at the preamble, which starts on page one -- sorry, Steve, is this the version I had, or is this -- because I don't see the redlines here. Yes, can you -- sorry, Steve, can you put the redline in so that people can see the changes I put in? Sorry about that, Steve, my fault. So, if we can just give one second for Steve to upload the redline. This -- the non-redline version, or the original version, was sent on Friday by Steve. So, what we're going to see in just a second is some redlines I added today, again, just to give a little bit more context as to why we're doing a supplemental initial report in general as opposed to, like, why did we include this in the original version.

So, the redline, basically I'll describe it as Steve is uploading it, basically says that these subjects, these five subjects are ones that came up towards the end of reviewing the initial report. And rather than trying to shove it into the initial report, we decided to hold those topics and discuss them more comprehensively after the initial report came out. So, in the preamble, you'll see I added that concept in here basically to explain why there are these five issues. And at the end of that section on page two and three, added in a paragraph that says, "Finally, we note that some comments to the initial report contain input related to one or more topics contained within this supplemental report due to the proximity in which this supplemental report is being released. We have not been able to include that input into the supplemental report. However, we'll use our best efforts to ensure that input already received will be considered with all of the other public comments to the supplemental report.

If you've already submitted comments that are relevant to these materials, you don't have to resubmit the comments in full, but we encourage you to submit a comment to this supplemental report citing where in your previous comment you have included the applicable (inaudible)." So, that's all I added to what Steve had provided on Friday. And then, you'll see there's an executive summary, which I have not made any changes to what Steve has submitted. And that executive summary looks very similar to the executive summary we have in the initial report. Starting on page seven will be where all of the materials that we are -- we've just been discussing would be put in, and then conclusions and next steps are pretty self-evident.

The background is just the background on this group, and that's pretty much it. The working -- the approach, section five on page 11, is the same methodology as for the initial report that was released. So, if you could look at that this week as well, I don't think that there should be too much controversy on these boilerplate sections that have to go in with the report, but please do take a look. Anne, please.

Anne Aikman-Scalese: Yes, thanks, that's Anne Aikman-Scalese for the recording. And I'm wondering, since we asked people to identify where they may have commented on these issues in the initial report that was issued, should we be ourselves identifying the work track that was involved in each of these supplemental issues just to make it easier for people to correlate the two?

Jeff Neuman: So, we indicate -- thanks, Anne -- we do indicate where there may be other materials related, so we'll say, if you look back at sections 1.1 through 1.5, we will say please look at the initial report this section. So, we do have those citations in there, not the work track that worked on it, but the sections in the initial report. So, we do have that in there for some of the sections.

Anne Aikman-Scalese: Oh. Okay, thank you.
Jeff Neuman: Sure. Well, we'll go back and make sure that there's -- that's in there, as well, in all of the sections that there are references (ph). Again, it's not a requirement. If someone already submitted comments that's related, and we can -- we're going to do our best to make sure that, when we do get these comments and when ICANN's reviewing the comments, and then when we review the comments in these sub-groups, that we'll make sure that we take notice of these -- those comments, but would help us if these -- if groups can just say -- can point us in the right place just as a belt-and-suspenders, to make sure that we actually do cover it.

Okay. So, please do look at those sections. I know that they're kind of boilerplate-like, but I want to make sure that everyone finds those sections are suitable and can go out.

All right. If I could switch around the order a little bit, I know under Any Other Business we have an update on the initial report public comment review. Since that's related to what we were just talking about, Steve, if you are prepared, if we can just talk a little bit about the update of the initial report before we jump into this CCT review team stuff? Sorry to put you on the spot, Steve, but thanks, Steve, go ahead.

Steve Chan: Sure, no problem. This is Steve Chan from staff, and I (inaudible) notes. Thanks for that.

So, yes, the intention of this update is just to provide an overview of -- I don't know if there's a lot of feedback on just my line, or other people are hearing that. Let me pause and -- how about now? Seems it's gone away. Okay, good.

Just to start over, and just wanted to provide a brief overview of the application -- or sorry, the public comment received to the initial report. So, the comment period closed last Wednesday, and there's approximately -- or actually almost 70 comments received. A number of ccTLDs replied. Most of the stakeholder groups and constituencies submitted comment of the GNSO, that is. The global domains division staff submitted comment, and -- which is not usually the case. The ICANN Board also submitted comment, as I think Anne and Jim alluded to.

So, from what I understand, there's actually a handful of comments expected still, so they're, of course, past the deadline, but we'll do our best to still consider them. I won't name who they are, but we do expect a handful of additional comments to still come in past the deadline.

So, as noted, there's close to 70 comments, so it's -- if you've been paying attention to the public (inaudible), that's actually a pretty high number. So, I think we're fortunate in receiving a lot of comments, and it'll be great to be able to take those into consideration as we look at the recommendations and options and all those things and begin our journey towards final recommendations.

So, accordingly, though, with that many comments, it just means that there's a lot of busywork for staff in this case. So, what we're working on now is trying to organize and tabulate the comments to support the subgroups in their review of the public comments. So, towards that, what we've done is created three Google documents, one for each of the three subgroups. So, within each of these Google documents, what we've done is -- and it should be familiar to those that have worked on community comment, too -- so for each of the topics, there's a tab in the Google document, and then with each -- within each of those tabs,
there is a section for each of the preliminary recommendations, the options, and questions that were posed to the community.

And so, within that structure, what we're doing is grabbing the comments from each of the groups and putting them into the relevant section. And so, to that extent, thanks to all those that were helpful in applying your comments against the relevant section, so that makes it really easiest for us to put in the right section. But, to that extent, though, for those that did not necessarily do that, we apologize ahead of time. We're doing our best, the best we can to try to put it in the relevant section, but we're reading and interpreting the comments and putting them in what we think is the appropriate section, and there's a possibility that we may have put those in the wrong place. So, again apologies if that does happen, and we'll be looking to you all to keep us honest and make sure that we put them in the right spot.

So, one other thing we're trying to do in this sorting coalition exercise is to also try to add a very, very brief summary about what the comment is about, and for a couple reasons. One is I think -- we think it'll benefit the review by the subgroups, but also one of the things that we also are trying to do, time permitting, is to try to organize the comments and sort them so that they're grouped in themes, potentially. And again, that's to try to facilitate the review by the subgroups so you can get a sense of how many comments, and from what groups to the extent they're supporting recommendations or providing new options, whatever the case may be.

So, I don't know exactly how far we are through it, but I'd say we're probably at least halfway through most of that exercise. And so, our goal I think is to try to get that out I think by the end of next week, but for sure prior to ICANN 63. So, I think that's all I had, Jeff. Back to you.

Jeff Neuman: Yes. Thanks, Steve. I just also want to say that, in addition to the high quantity of comments, I mean, I think the quality of the comments, at least the ones that have come through so far, has just been top-notch, that there's certainly a lot of groups that -- and ended up spending a lot of time on this. So, I was very impressed at the quality, as well as the quantity. So, does anyone have any questions for Steve at this point? Okay. Then let's move on to the CCT review team stuff. And Cheryl, if I could turn it over to you for a few minutes, and then I'll jump back in in a little bit. Cheryl, thanks.

Cheryl Langdon-Orr: Thanks very much, Jeff, and I don't know why every time I go to speak I lose connection from the Adobe Connect room, but by the time I get back in (inaudible) with you, the document will be on screen for everybody. So, pardon me while I try and get my sluggish (ph) Internet to stabilize long enough for me to return in.

So, Steve, we're loading up that document, are we? Thank you. And hopefully we'll be able to see very briefly what's going on. Okay.

Steve Chan: Yes, Cheryl, (inaudible).

Cheryl Langdon-Orr: Thank you. Talk about having to filibust (ph). There we go. So, as you saw with the document with this very similar design style when we reviewed the SAC090 review documentation and whether or not we'd done justice to looking at the points that SSAC had raised, you have in front of you for your -- and I am assuming it's un-synced and we can all do your own scrolling across, otherwise I will be making you dizzy as I scroll across, you've got a spreadsheet system here
which trust will be relatively (inaudible), having gone through that other work with us, where you've got the recommendation number, a sort of language which is cut and paste, although obviously only a portion of text can go in at any one time, lots (ph) of background and other materials, whether or not the target of the recommendation is to us or to the Board or other parts of ICANN. We're also having a mishear (ph) as to whether it is a prerequisite or priority level. And remember, this is something we're about to start discussing. And the parts that we're most interested in, of course, is where we get to the last three columns -- I almost said cells -- it's the last three columns on the document, and that is SubPro currently address these action -- recommendations or not; if it does, then how; and then the all-important what else needs to be done.

Now, again, working through this type of -- (inaudible), okay -- working towards this type of document, it's probably a good idea if you can view it in full screen mode or separately, because it is extremely small print otherwise. So, let's go with the first of the recommendations, which I'm looking at the (inaudible) smallest screen here, so it's recommendation number nine. And if we scoot across to the topic would -- have we addressed it, the answer there is no, we haven't. So, therefore, there is no "how," because we haven't. But, the "what else needs to be done," I think we may as well take a few moments to go through to see whether there's any comments that any of you would like to make on that.

So, with that, you'll see in the "what else needs to be done" pile, we'll take a cue out of each one of these cells, if you like, that the recommendation -- just trying to zoom in a little bit larger. It is taxing my vision, I can tell you -- that the recommendation appears to direct more at the PMs (ph) working group than us. That's just a statement of our opinion. If anyone disagrees, then let us know, but we think this is perfectly reasonable. And it's also (inaudible) beyond our remit, in our opinion. If you disagree with that, again, let us know. And we do note that our working group (inaudible) want to coordinate with our PM CDP (ph) to determine if -- whether either of us is going to be responsible for considering the recommendation. And if you're unhappy with that approach, then again, let us know.

So, I'll pause briefly and see if there's any comment on that. And I'll wait till I see what Anne's typing. Anne, did you wish to speak?

Anne Aikman-Scalese: Sure, Cheryl. It's Anne. I didn't want to interrupt you because I thought you were just going to do a general overview. I sent some comments to the list with questions about this document. With respect to recommendation nine, I was noting that I think the RPM process is not the PDP. It's a review, I believe. And it was really a kind of more general question about the relationship between the recommendations coming out of reviews that are mandated and how the working group is to consider those. But, I mean, this is a topic we could easily discuss next week as well. I don't want to continue to interrupt you in your overview.

Cheryl Langdon-Orr: That's all right, Anne. Cheryl for the record. Well, I haven't seen that, and maybe it's (inaudible) I'm busy (inaudible) doing non-ICANN things, so I haven't responded -- I haven't read through what you've raised. But, what you've raised doesn't seem to be counter to what we said in that last cell, either, that it is -- that's something with -- it is beyond our current remit, and that should other RPMs or us be deemed appropriate to look at it, that recommendation nine work would need to be coordinated so that it doesn't fall through the net. Could a review team, however, have its recommendations sent elsewhere, or indeed dealt with in a way that it has not specifically prescribed, that's a very good
question, and not one that I think is necessarily for us to answer. But, it's one that we can certainly follow up on. So--.

Anne Aikman-Scalese: --Okay. Thanks very much, Cheryl. Thank you.

Cheryl Langdon-Orr: Yes. It's less to do with what we've been asked to do from the beginning and more to do with the somewhat over-arching actual pace in both charters, which says we're going to become the centers of recommendations and pick up where things can be integrated into our work. Of course, if they can't be, then they can't be. And the same may be -- hold true for the next recommendation, then, recommendation 12, and I'm not going to read through it all again, but I will take you to the last. So, this is another one where we have not, in our view, done anything to address it at all, but what we've said (ph) in terms of what else needs to be done is that we have not looked at the (inaudible) surveys work. The (inaudible) survey, of course, in itself, there's a couple of quotes here to the public believes that websites and different extensions to properly identify the purposes (inaudible) is to give an indication of content or function. And again, this is something we have not considered, nor have we considered whether or not they (ph) should create -- creating any incentives to remove any potential barriers here. And here we've listed the application fee. I will say it's (inaudible), et cetera, is in the best interests of the program. It would be work, of course, that would be beyond our current time (inaudible), but hopefully what we've got here is a true and accurate record of, dare I say, what we haven't done again (ph). Is it -- just coming out of full screen to see if anyone's got their hand up. So, and I'm assuming you're referring to the RPM review is going back to recommendation nine, not to 12, though. Is that the case? I shouldn't (inaudible)--.

Anne Aikman-Scalese: --Hi, Cheryl, it's Anne. I don't think I've actually had time to look at each specific recommendation. I didn't really -- it was -- I noticed it first with respect to recommendation nine. Again, I think maybe we could have a fuller discussion next week. But, I did want to note that there may be public comment on how the -- this PDP working group should consider recommendations from the reviews. And I believe someone asked that question previously, whether it was Alan -- I don't want to attribute to Alan Greenberg anything he didn't really say, but somebody asked whether -- how we as a working group would be considering the results of the reviews.

Cheryl Langdon-Orr: Okay. Well, Alan, like many of us, is quite passionate about review teams and how the recommendations are implemented, enshrined, or otherwise in the world ICANN, so it would not surprise me if it was the sort of thing he would ask. He's not on today's call, however, so we can't get him to step up to that. But again, yes, we will be discussing this further, and hopefully he'll be on that call.

Just to note out of the chat, though, Anne, while (inaudible) brought me back to the RPM work, that Jeff has noted in the chat the RPM review is a (ph) PDP, and has stated that (inaudible) was reviewing and making recommendations. So, hopefully that's answered part of your question. But, I'm sure, as you say, we will be discussing it. So, now John Nevitt, of course, is staying starts to (ph) (inaudible) the PDP with a (inaudible).

So, if I can drag your attention back, before I hand the floor back over to Jeff, to recommendation 40, which is (inaudible) terribly excited because that's something we partially addressed. This is a major turn of events for this document. Actually (ph), I think the SubPro has partially dealt with this, okay?
Sorry, guys, I'm going to have a bit of noise (inaudible). Jeff, can I hand back to you (inaudible)? I've got to stop my dogs interrupting with (inaudible).

Jeff Neuman: Absolutely. Thanks, Cheryl. And we are getting toward the end of the call anyway, so I think the main point that we're trying to get to, even though we went through a few of the recommendations, is to look at the recommendations, but also, importantly for our group, is look at the last column on what else we believe needs to be done from our group perspective. During the leadership call this week, we will talk about -- we the leadership team of this PDP will talk about exactly how we envision, and when we envision, doing all of this on coming up with a plan. The reality is that these are now recommendations to the Board, so they're not really recommendations to us yet. So, it's not like we can start reviewing these at this point because -- or start answering these questions at this point because the Board hasn't really instructed us to do this.

So, we're going to give some thought to this on the exact approach, and -- but we'd like your input on this, because it is quite possible that the Board may come back then and ask us where we are on these issues. And I'd love to be able to turn this document over to them and say, look, we've already considered some of these, and here's how, but these others we haven't considered, or we've considered parts of it, but we haven't considered these parts of it, and what we would propose in resolving the rest of it. So, please do look over this document. It is not as high priority at this point as the supplemental report, but if you have time this week, please do look it over.

Because we are coming up on the last two minutes, let me just ask to see if there are any other business items, since we went over the one that was already there. And just looking at the chat, Cheryl, that -- if that's your idea of excitement, I am not unhappy. I am not there. But, I guess we're just listening to the recording. I won't ruin it for you all. But anyway, last call for any other business.

Okay, just -- Anne just says, in closing, the review reports our recommendations to the Board, concern of sending different recommendations for two (ph) different groups that the Board has to resolve. That slows things down. Yes. Anne, just to clarify, I don't think the Board has to sort out different recommendations at this point. I think they need to just tell us what they want, whether they accept the recommendations of the CCT review team for us to look at this and instruct us to do so, and probably instruct the GNSO Council, who will then instruct us. So, we'll get some more information hopefully before Barcelona, but definitely in Barcelona.

All right, so we do have one more meeting next week. That would be on the 8th, if I'm -- my dates are correct. So, please do show up for that so we can get out this initial report by the 12th. And I believe that will be the last meeting before the ICANN 63, so we'll also next week go over hopefully the block -- not the block, but the full schedule will be out today, or at this point. It should be out by now, or certainly within the next day or so. And we can then finalize everything for ICANN 63. So, busy agenda for next week, and please do use the e-mail list. And thank you very much. We can now stop the recording.

Cheryl Langdon-Orr: Thanks, everyone. Ta for now.

Unidentified Participant: Thank you so much. Meeting has been adjourned. Have a great day, everyone.