
ICANN Transcription
GNSO New gTLD Subsequent Procedures Working Group
Tuesday, 15 September 2019 at 15:00 UTC

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MICHELLE DESMYTER: Welcome, everyone. Good morning, good afternoon, and good evening. Welcome to the New gTLD Subsequent Procedures Working Group call on 15 October 2019.

In the interest of time, there will be no roll call today. We have quite a few participants online. Attendance will be taken via the Zoom room. As a friendly reminder to everyone, 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'll hand the meeting back over to Jeff Neuman. Please begin.

JEFF NEUMAN: Thank you very much, Michelle. Welcome, everyone. Today we're going to have a shorter meeting due to the fact that at the top of the next hour there's a prep week discussion. I think it's on DNS abuse, if I remember correctly. So we'll end with a minute or two before the top of the hour. If I could just ask ICANN staff –

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Michelle, Julie, Emily, Steve – someone to remind as we get close to time so that we can all get out of here and join the other call if we want.

The schedule or the agenda for today is pretty much moving on to the next subject, which is the Auctions: Mechanisms of Last Resort. If we have time, though I suspect maybe not, but if we do, we'll go on to the Private Resolution of Contention Sets. The [two] subjects are very much related, but I'm not sure we'll make it that far today.

Before we get started, let me just see if there are any updates to any statements of interest. Okay, not seeing any hands.

Also, though we won't be discussing any other business most likely today, I just want to remind everyone that the schedules came out today and I do think that they are correctly reflected as there are four sessions for the full subsequent procedures working group. Two of them are on Saturday; two of them are on Monday. Just take a look and see when those are, and then please make every effort to be there. We'll spend some time on the next call, so on Thursday, we'll talk a little bit more about what's planned for the ICANN meeting in terms of our four sessions.

Okay, with that, let's go to the Auctions: Mechanisms of Last Resort. While that's being pulled up, I think I put a comment in this section. We probably should just change the title to just String Contention: Mechanisms of Last Resort because we don't only deal with auctions in this section. So if people do not mind, I think my suggestion would be to just change the title to Mechanisms of Last Resort.

You will notice in this section that there is some background materials from the supplemental initial report as opposed to the initial report that originally came out. So this stuff is probably things that we discussed most recently.

You will also see that really I think if you look at the policy goals and I think that Implementation Guideline F still holds up. It does say there dependent on the outcome of discussions on community applications, which really means that if we decided to keep the notion of community applications. Which I think we can safely say that we are, so I'm not sure it needs to have that first part of it, depending on the outcome. It probably should just say something like the working group is largely supportive of the existing Implementation Guideline F below.

Guideline F has three parts to it. You'll see why we may or may not need Part 3. Part 1 is: "If there is a contention set for strings, applicants may i) resolve contention between them within a pre-established timeframe." That really, Number 1, is the subject of the next topic, Private Resolution, which we won't get too much into today.

Number 2 is "if there is no mutual agreement, a claim to support a community by one party will be a reason to award priority to that application." We spent the last call and a bunch of e-mails so far, and I'm sure there will be more, talking about community priority evaluation. "If there is no such claim and no mutual agreement, a process will be put in place to enable effective resolution of contention."

Then the third part, which you'll see I have a comment which I'm not 100% sure we need, but like everyone to just consider it. It says, "the ICANN board may be used to make a final decision using advice from staff and expert panels."

The reason I question that is because we ultimately had an expert panel that made the CPE determinations. And while the – I'm not sure the board was necessarily needed to approve that CPE decision. So in other words, if a community was found, I'm not sure the board had any interaction unless there was some accountability mechanism that was used and the board needed to step in. Here it says, "using advice from staff and expert panels." I think really the expert panels made the decision.

So I'm not sure if we even need a Number 3. But if we had a Number 3, I guess we would say something alternative like the ICANN board may use outside expert panels to make community priority evaluation determinations or something like that.

But let me just see if there are any comments. Karen Lentz, "That is correct regarding the board role." Thanks, Karen. Hopefully, everyone saw my e-mail that Karen Lentz has taken over at ICANN to do what was formerly within Trang's role. So welcome, Karen, and thanks for the comment.

KAREN LENTZ:

Thank you.

JEFF NEUMAN: Great. Okay, Jim said, “How did 3 get in there in the first place?” Implementation Guideline F was from the original GNSO 2007, so that’s where it came from.

We’ll keep that bracketed for now. If nobody objects on e-mail, we might propose that either using the modified language or taking out Number 3 completely.

Jim, please?

JIM PRENDERGAST: Hey, Jeff, can hear me?

JEFF NEUMAN: Yes.

JIM PRENDERGAST: Okay, great. Could it be the case that the board actually, if they do do the appeals mechanism, are they involved somehow? I’m just trying to [go forward] before we take this out. What’s the harm of keeping it in there and if the board does play a role [inaudible] an appeals mechanism, whether it be an accountability mechanism or a future appeals mechanism that this group may develop? I think for now we should keep it in there instead of looking to take it out.

JEFF NEUMAN: Yeah, thanks, Jim. It almost seems if we keep it in there the way it’s worded, that there’s some expectation that the board – I know

it says the board “may” be used to make a final determination using advice from staff and expert panels – but it seems the way it was implemented in 2012 was that the board had no real role in making the final decision. It wasn’t advice from staff and expert panels. It was determinations by expert panels. And that was only with respect to communities. With respect to string contention in general, the board wasn’t used because there were no comparative evaluations.

So I’m just reading the comments. Let me go to the comments here. Justine says, “I have the same thought as Jim: 3 should be subject to recommendations regarding the new appeals mechanism. Perhaps we can say so.” And then Jamie says, “Agree with Jeff that if it remains there, [it] is a presumption that the board may engage in a final decision when in reality they rubber stamped every decision that came to them.”

I don’t even think, Jamie, that these decisions came to them unless it was subject to an accountability. So it’s not like, I think “osaka” got community status and “hotel” got community status. Some other ones got it, but unless it was subject to an accountability mechanism challenge the board didn’t really even get involved.

In any case, I think if we keep something in there, it needs to be reworded because I think this does create the presumption that the board is going to be used in some sort of way other than what they normally do in their role.

Jim, you’ve got your hand up. I don’t know if that’s an old hand, new hand.

JIM PRENDERGAST: Thanks, Jeff. It's a new hand. I guess this is a good example that we need to be aware of going forward, and that is various dependencies within the [within the section that we've either] already worked on or will be working on in the near future and how they play off of each other.

I don't have a sense that we have finalized the discussions on the appeal mechanisms, so I'm hesitant to say that the board won't play a role going forward. So that's why I think we do need to keep it in here somehow and then as we're going, as I think Justine has alluded to in the chat, as we're going forward [inaudible] some maybe broader language [in that] covers it in case the board is part of an appeals process either by ratifying a third-party arbitrator or some other accountability mechanism. Thanks.

JEFF NEUMAN: Okay, thanks. So we'll keep it bracketed for now. The only thing I would say to – Jim was just alluding to Justine's comment which is qualify Number 3 subject to recommendations regarding the new appeals mechanism. The only hesitation I have to that is pretty much every section in this entire guidebook then would have a subject to recommendations regarding the new appeals mechanism, right? Because that's something that applies – well, not every section – but you hear what I'm saying, right? Because in the evaluation section, are we're going to put in subject to it not being appealed or being appealed? So let's just think about that.

As I think that if we have a separate standalone section, which we do called Appeals, then I don't think we need to every other section reference back to that appeals section.

Anyway, Jamie is in the queue, please.

JAMIE BAXTER:

Yeah, thanks, Jeff. It seems to me that the appeals mechanism basically stays at the evaluator or the panelist level because those decisions in the 2012 round – I used the reference rubber stamped by the board – but in other words the board didn't get involved in any of those decisions unless they were put into the accountability mechanism through reconsideration or things that naturally ladder up to the board.

So I'm a little bit hesitant to suggest that the board somehow has the ability to throw their hand into these appeals because they are things that are happening at the evaluation and panelist level. So I'm a little bit unclear about this yet. Thanks.

JEFF NEUMAN:

Yeah, thanks, Jamie. I'm kind of with you on this, but let's keep that language bracketed and we'll see as we go along where we end up on appeals. We can always come back and if we don't need it, we'll take it out. If we need it or we need to modify it, we'll do that. But I think we're all on the same page in terms of the actual substance.

When we get to the High-level Agreements, you'll notice that really there's not much at this point. What we do think we agree on is

that “there should be additional options for applicants to voluntarily resolve contention sets by mutual agreement before being forced into an ICANN auction of last resort.”

Even though that’s a high-level agreement in this section, that really pertains to the recommendations in the next section which talk about private resolution. But it’s kind of needed here in terms of introduce that next section that we’ll talk about, most likely get into it next time.

I put in a second thing here. It seems like there was a lot of support – I can’t say unanimous at this point – but it seems like there was a lot of support for going to a Vickrey auction model. Essentially, this is the notion of a sealed bid.

Now there are a couple of options with a sealed bid auction that we will talk about in a few minutes, which is when do you submit the sealed bid. But putting that issue aside for the moment, it does seem like most of those that supported auctions did support the Vickrey auction model going forward. So I just have that as a note. We’ll get to that in a few minutes. So we’ll come back to see whether there’s high-level agreement to add that in there.

But the very first topic in the Outstanding Items was the whole notion of maintaining auctions as the mechanism of last resort. There were other options that we’ll talk about too, including a comparative evaluation or even a random draw. But it does seem like of all of the mechanisms, the auctions of last resort seemed to have the most amount of support in addition to being the way that we did it the last time.

So you'll see that the Brand Registry Group, Neustar, some Registry Stakeholder Group members, the IPC all supported the notion of continuing with an auction model. The GAC opposed using auctions to resolve contention sets where there were noncommercial applications.

The ALAC opposed the auction method that was used in 2012 but prefers a different option, which we'll talk about in a little bit.

And the BC did state that to the extent possible that we can get rid of auctions, we should because it only benefits the deep pockets. They are probably the only ones to support a Request for Proposals (RFP) process. But in the event that auctions are the way forward, they do have some support for the Vickrey auction as an alternative. So there are a couple of different arguments from the BC. Essentially, they would prefer not having auctions. They would prefer an RFP process. But if there are auctions, they would support the Vickrey model. Hopefully, I got that right from the BC.

So that's where we are on the auctions, or at least on the concept of auctions in general. I think with respect to fairness of using auctions, there are many that just believe that auctions are inherently unfair because it only favors those with the deep pockets. But then others when they're comparing it to any other mechanism, believe that it's not inherently unfair though there is a recognition, obviously, that those that can pay the most will prevail in an auction model.

Now in the supplemental initial report we did provide some options for things that could in theory make auctions more "fair." One of

those was potentially applying some sort of multiplier for those applications either from the Global South or those that qualify for applicant support. And we did have a presentation from one of the previous auction providers talking about the difficulty of implementing such a mechanism. But be that as it may, there was some support of having some sort of multiplier. ALAC, Neustar, NCSG, and part of the RySG with a variation supported the notion of some sort of multiplier or weighting. In fact, there were a couple comments in there that said that communities, underserved groups, Global South, and those serving minority groups should have some sort of multiplier. But the BRG and the IPC do not support any form of multiplier.

So it's hard to tell from the comments. There are a few groups that support it, a few groups that don't support it, not really much to go on there. Let's see if there's more below, which I know there is.

Then the question of, what about placing a limit on the number of applications as a mechanism to improve fairness? So say that no one may submit more than X or Y number of applications. The only group that seemed to agree with that is the NCSG. Of those that commented, the ALAC, IPC. The RySG, some members did not believe that putting limits in would be a way to – and Neustar and the BRG – would be a way to improve the fairness. More specifically, the ALAC notes that it is an area of concern of some members of the ALAC with so-called portfolio applicants, but placing a limit is not necessarily a solution of that.

Susan, please?

SUSAN PAYNE: Yeah, thanks, Jeff. It's just a quick question. You're referring to this particular section as placing limits on the number of applications and applicants that could submit. But the actual section talks about it in terms of limiting the number of auctions an applicant could participate in, and those are not the same thing. I just wondered if you could clarify which it is.

JEFF NEUMAN: Yeah, thanks, Susan. I did misspeak. It is the number of auctions. Sorry about that. It's not the number of applications. So thank you, Susan, for correcting me. It is the number of auctions that one could participate in. Sorry about that. I was going a little faster than I should have. So let's go back. The only group that supports limiting the number of auctions someone can participate in or a group can participate in is the NCSG. The other groups, while maybe recognizing an issue, do not support placing any limits on the number of auctions that an applicant can participate in. Sorry about that, all. My fault. Going too fast.

Alan, please?

ALAN GREENBERG: Thank you very much. I'm just mildly curious. What mechanism could be used to implement that should we decide it was a good idea? Does that mean after you've participated in ten, you can't participate in the last one so you can't bid? I have trouble understanding how one implements a limitation of the number of auctions you can participate in.

JEFF NEUMAN: Yeah, thanks, Alan. I think that's part of the issue as to why there's some opposition to it. I think it would be difficult to enforce, and at this point luckily I'm not sure we need to consider that issue because it does not seem to have a good amount of support. Should that change and each group change its mind, then we can get back into that. But thankfully, I don't think we need to get into that. Okay, can we scroll?

KATHY KLEIMAN: Jeff, I'm coming on cell.

JEFF NEUMAN: Great. Okay, thanks, Kathy. Sorry. Go ahead.

KATHY KLEIMAN: Can you hear me? It sounds like it.

JEFF NEUMAN: Yes, I can hear you.

KATHY KLEIMAN: Okay, so everybody, hi. It sounds like cumulatively we're hearing some issues, concerns about the number of auctions that different large, let's say, very well-funded portfolio applicants can participate in. So different groups, because of the way we did these comments, you're getting different ideas from different groups. But, Jeff, you read them out, and cumulatively we're hearing something interesting.

NCSG is suggesting limiting the number of auctions. NCSG has also suggested limiting the number of applications of portfolio applicants, a closely tied idea, very easily done. But [as] you said, the GAC – and GAC has repeated this over many years, I think – the GAC wants auctions, wants some kind of taking into account noncommercial applicants, so nonprofit applicants, noncommercial applicants who are going into auction. I think you said ALAC supports that as well.

So [how do we] take this in before we dismiss that individual ideas weren't taken, cumulatively we're seeing a problem that only the richest portfolio applicants win every auction. And I think that's where the larger question is, which is how do we more fairly perhaps distribute these new top-level domains, particularly if one applicant has come in requesting a thousand? Thanks.

JEFF NEUMAN:

Yeah, thanks, Kathy. So I'm not sure we can cumulatively say that this is recognized as a problem. Certainly, the NCSG thinks that this is a potential problem. The ALAC agrees that the identified issue is of concern, but they don't agree that placing a limit is a solution. The GAC has commented, as you said in your comment, that they do not support auctions with respect to string contention between commercial and noncommercial entities. I suppose they would be okay with commercial versus commercial entities. But I'm not 100% sure that we can cumulatively say that the groups as a whole find it as a problem.

But I think that what we need to do then also is there were other ways to determine mechanisms of last resort, and we'll go through

those. Unfortunately, none of them seemed to get a groundswell of support. So let's go through those and then at the end even if there is some recognition of a problem or an issue if we don't have a different way of solving it, then we're kind of stuck. I do want people to think outside the box and try to come up with – although I will say that we did spend a lot of time talking about other options.

So let's move down a little bit and discuss the other options that were in the report, and then we can circle back when we summarize this topic. Let me also read Cheryl's comment. Cheryl states, "Some of that was discussed with the new ideas for types of approaches to the way that auctions ran last round. With closed bids that were discussed, the mechanism of last resort options might be critical here." And Maxim is supporting the gladiator type approach. I'm not sure that will pass within the ICANN community, but who knows? That was a joke for those that are only on the phone bridge.

Okay, so what are some other ideas that were either in the report or proposed? The IPC wants to make sure that we take a broad view on what constitutes fairness. They want to make sure that fairness should not conflict with established intellectual property rights or result in outcomes that can result in consumer confusion.

Neustar states that we should also as part of fairness make sure that in creating the new rules we don't create unfairness to others going forward. So any new idea could have its downsides or unfairness to other parties.

The Registry Stakeholder Group, some members believe that applicants applying for one string and applicants applying for multiple strings should have the same opportunity without any advantage. Okay, this goes to the limits. But they say, for example, if contention sets continue to be resolved after the evaluation process and not at the beginning of it – okay, so this next part goes more toward when the sealed bids in a Vickrey auction are submitted and revealed more so than the fairness of using an auction mechanism. So we'll come back to that one.

The other members of the Registry Stakeholder Group caution that we need to balance fairness and competition. And again I think cautions that if we create another solution, there could be an increase in conflicts, disputes, and objections. The working group needs to carefully consider if an issue actually resulted in unfairness to the parties in a contention set and, if so, what was the harm? That it needs to have a policy change.

And then the NCSG states that we should consult with auction specialists, which we did. This is clearly a matter that was discussed and deliberated by experts in the field. In all events, weighting Global South and other underserved community bidders affirmatively is a good start.

Okay, lots of little ideas or big ideas here. But at the end of the day if we do keep auctions, then I see the real two big issues as the type of auction and whether there should be some multiplier for certain groups.

On the type of auction, one idea that seemed to get a good amount of support was this notion of the Vickrey sealed bid

auction. I think that got support from the IPC, the ALAC. Sorry, if you could scroll down. The Registry Stakeholder Group got some support, the BC. BRG did not support that, but the other did.

So the Vickrey model just as a reminder is a sealed bid auction. The bids could be submitted either at the time you submit your application or it could be submitted at the time the contention set is finally – either when the contention set is revealed or the third possibility I guess is after all of the evaluations and then it comes time to start the auction. So you know all of the players that haven't yet dropped out, plus there would be some period before that auction where you could try to work things out with private resolution.

So I don't think we have yet agreement as to the timing of when the bids would be submitted or when the bids would be revealed. What I mean revealed, I don't necessarily mean that every bid is revealed to the public.

What I mean is let's say you submitted a bid with the application. In theory – I'm saying this in theory, not that this got a lot of support – but in theory, the evaluators can say these five are in the same contention set or they've been determined to be in the same contention set. I will look at all five of the bids and I'll start with looking at the highest bid. I'll evaluate their application first and if theirs passes, they win.

Or it could evaluate all of the applications, go completely through the process, and only open the sealed bids at the time in which – at the very end after everything else has been decided.

So going back to the first point, it seems like the Vickrey auction got a good amount of support to use that instead of the auction mechanism that was being used. But now we as a working group if we adopt that need to make some sort of recommendation as to when bids are submitted and when bids are revealed and then also whether there's a multiplier if the Vickrey auction is used.

So going through those types of comments, if we move up a little bit – sorry for keep going back and forth in the comments, but I wanted to tie it together – and then I'll get to Jim and Alan.

But just to go as far as the timing, the IPC supports sealed bids only being submitted once the contention set is finalized and participants were known to all parties so that applicants could properly assess their willingness to pay. They say alternatively they support the use of sealed bid auctions where bids are submitted at the time of application, but the bids are only unsealed if there are multiple contenders for the same string and none of the contenders have obtained community priority. So essentially, it's not again revealed. And by revealed, they don't necessarily mean revealed to the public. Just unsealed I guess is a better term, unsealed after all the evaluations and after a period of private resolution. So the IPC would support that.

The ALAC thinks that there should be some multiplier to level the playing field for those that get applicant support, which is more narrow than I think the NCSG that stated they would want a multiplier with respect to any nonprofit or any minority supported application. So the ALAC's proposal, which I highlighted here, if we are going to put in a multiplier, the ALAC proposal seems like

a really good one to strongly consider. Again, if we decide that a multiplier is a good option.

Again, Registry Stakeholder Group, Neustar – if we could scroll down – the BC do support the Vickrey, but they would prefer that the Vickrey auction is done completely after all of the evaluations and community priority, etc. So that would be the time you would submit the bid and unseal it.

Okay, lots of comments in the queue, so let me go to Jim.

JIM PRENDERGAST:

Yeah, thanks, Jeff. So just real quickly, if I'm not mistaken, the term Vickrey came in as a result of the supplemental report. It's not something that the community actually was – it wasn't put out there as an option for the community. I think sealed bid may have been put out there, but the actual Vickrey auction. I'm just trying to get a sense of where we actually got this feedback. Was this in just discussion of the working group, or was this actually from public comments that were submitted on either the initial report or the supplemental report?

JEFF NEUMAN:

Yeah, the Vickrey auction was in the supplemental initial report that went out for comment. So these comments came back in response to the official comment period for the supplemental initial report.

Okay, Alan and then Alexander, and then I'll go to Anne's question.

ALAN GREENBERG: Thank you very much. This is a bit out of leftfield, but as you were reading over the comments it dawned on me that if we allow or even encourage a process of see if you guys can work together to avoid having to have auctions, isn't that effectively a private auction being held prior to the auction process? Can you guys work together? Work it out amongst yourself, really is an opportunity for someone to pay off the rest and be the lone person there. Am I misreading something?

JEFF NEUMAN: Certainly, that is one type of private resolution, and we go into it. There's a whole chapter after this one that deals with private resolution, so we'll most likely get to that on Thursday. But this is assuming that whatever private resolution is [inaudible] not allowed, we're assuming that it didn't result in an agreement at this point.

ALAN GREENBERG: Okay, I'm not sure how you can forbid some kind of private resolution, but I look forward to that discussion if I can make it. Thank you.

JEFF NEUMAN: Great. Okay, thanks, Alan. Alexander? And then I'll go to the comments in the chat.

ALEXANDER SCHUBERT: Yeah, hi. If we look at the 2012 application round, we saw quite some gaming that maybe some people weren't really aware but where people even submitted two applications for gaming purposes. The very number of applicants who submitted, for example, community priority application and the same applicant submitted the same application as a [standard] application as well in order to cherry pick and withdraw whatever they saw fit to withdraw.

So if we would have a Vickrey auction and people would have to bid upfront and we have an application fee floor of just \$50,000 or just \$100,000 and high refunds, then what people will do of course – I mean people are not stupid – if this is a string that is worth \$5 million, why would I put just one application in?

In the case of a Vickrey auction, a sealed bid auction, I would put in at least two applications of course if it's just \$50,000 and I get a high refund. One for \$250,000 and one for \$3 million, for example. So depending on how the outcome is, I might save a lot of money and I can withdraw whatever application would get me to the lowest cost. Thank you.

JEFF NEUMAN: Sure, Alexander, but I challenge or I ask the question of, why do you consider that gaming? In other words, if they submit multiple applications for the same string and they have to withdraw a bunch of them and keep one in, is that really something that is at the end of the day when you look at the final result, what is the issue with that? Let me just clarify?

ALEXANDER SCHUBERT: Well, since you asked me, if you looked at the issue of community applicants versus standard applicants, those who were truthful – and most of the community applicants were truthful – just put out one application because it was said if you go for a community application, you have to stick with your restrictions. If you are being asked to submit a Vickrey auction bid, let's say \$2 million, then you should have to stick with your bid of \$2 million. By applying with two applications, one \$200,000 and one \$2 million in the Vickrey bid, you're gaming around. And then most applicants would be forced to put in two or maybe three applications just to optimize the outcome. That doesn't make any sense. So we should then make sure that an entity or affiliated entities just put out one application, which is a little bit difficult because if you are an offshore legal entity that is somewhere in the British Virgin Islands, no one knows how you're affiliated with some company that is owning several of those offshore entities.

JEFF NEUMAN: Okay. Let me go to Anne. So I don't cover yours on the chat, are you going to cover that one as well?

ANNE AIKMAN-SCALESE: Yeah, [inaudible]. I can assume I'm unmuted. Hello?

JEFF NEUMAN: No, no. Anne, go ahead. And then I think Kathy wanted to get out [inaudible]. Let me go with Anne first and then Kathy.

ANNE AIKMAN-SCALESE: Yeah, Jeff, this is not a comment on behalf of IPC, but I'm currently just struggling with the whole concept of applicant support, applicants participating in auctions. We didn't do so well with applicant support applications in the 2012 round. And I know that there's a suggestion about a multiplier and whatnot, but it kind of seems that the whole basis of an applicant support application is really contrary to the notion of participating in an auction.

Am I the only one who's thinking about that aspect? I mean, did we actually seek public comment on whether applicant support applications should receive priority in string contention sets? Did we ever look at that?

JEFF NEUMAN: Yeah, thanks, Anne. We did. That was one of the options under [both] sections, the section under applicant support and the section under categories and prioritization in general. And it did not get – while certainly groups recognized the value of applicant support both in terms of monetary contributions as well as all the other forms of contribution with services – for reasons I think that some have in the chat and for other reasons it was not talked about as or it did not rise to the level of getting a huge groundswell of support for giving applicants that qualify for applicant support the same status as a community application, essentially receiving priority. So we did already have those discussions.

ANNE AIKMAN-SCALESE: Okay, and then are you also saying that on the question of multipliers that we did not get a consensus on a multiplier for applicant support applications? We did not get that?

JEFF NEUMAN: Well, we haven't gotten to the multiplier yet.

ANNE AIKMAN-SCALESE: Oh, sorry.

JEFF NEUMAN: Yeah, that's what – we'll cover that in a second, so we'll get there.

ANNE AIKMAN-SCALESE: Okay, thank you.

JEFF NEUMAN: You're welcome. Sorry, Kathy, you were in the queue, right?

KATHY KLEIMAN: Yes, thanks. Since I have to offline shortly, I would like to speak to the multiplier issue. [inaudible] idea of application that receive support receiving priority, that makes sense too. Remember the larger idea. And GAC, ALAC, and the Noncommercial Stakeholder Group are very much united on the idea of diversity of applicants. Not just applicants but those receiving. We don't just care about what comes into the application process. We care about what's delegated on the other side, of course. Diversity – Global South,

noncommercial and nonprofit organizations that will not be able to compete dollar-to-dollar.

So the multiplier idea that has been submitted by GAC and ALAC would make sense. If you want, I can confirm with the Noncommercial Stakeholder Group and get back next week, but it's consistent with what the Noncommercial Stakeholder Group was looking for in terms of some of the other avenues that we were suggesting but that we want to get these applications out and delegated. So some of them are going to have to make it through the auction process. And a multiplier is a very good idea that has been suggested by other groups that work with similar concerns and [inaudible]. So thanks. Back to you, Jeff.

JEFF NEUMAN:

Yeah, thanks, Kathy. So let's talk about the multiplier issue. So certainly I think the ALAC has the most kind of narrowed down proposal, which would be a multiplier feature in favor of those that qualify for applicant support. I think the NCSG and some others supported multipliers for broader categories. But let's just talk about the narrow category here of those that qualify for applicant support.

One thing that was discussed when the working group initially discussed this was that if someone qualified for applicant support, the multiplier could – there were concerns about a multiplier coming into effect for generic type strings or strings that didn't necessarily relate to the underserved region or the underserved applicant.

So in other words, if someone from a developing nation applied for a .crypto or something more generic, should they get additional auction support or priority, because it doesn't necessarily relate to their individual circumstances? Or should it be if someone qualifies for applicant support and somehow it relates to their mission or something like that?

Thanks, Michelle, for the time check. So Justine states that, "Unless applicants [which] prevail in ASP get priority like those [who win CPE], ASP qualifiers will still need to participate in auction." Right "So a multiplier is intended to help them." That's right.

Steve has a hand up after the multiplier discussion. Cool.

And then Jim is saying, "Does anyone here have experience with multipliers in other fora?" So, Jim, it's a great question. We did ask a few of the auction providers, and none of them had experience with that and they found it difficult to think about how it would be applied. But not that it couldn't. They just had difficulty.

We only had [Monty] show up for a call. Correct. So we haven't had auction providers in general.

Anne has her hand raised. Anne, do you want to weigh in, or is that an old hand. Okay.

So on the multiplier issue, let me see if there were other comments in there. Can we scroll down a little bit? I can't remember if there are more on the multiplier issue. No, those are all on RFP. Is that it? Sorry, keep scrolling down. Now at random draw, graduated fees. No. Okay, so that was all the comments we

had for the multiplier. It would be great if we can get some comments over e-mail.

I know we only have a few minutes left. With those last few minutes, the other proposals that were submitted, one was – sorry, the other options that were in the supplemental initial report out for comment, none of them received – in fact most of the comments were actually against these options. One was on RFP. Others called it the beauty contest. While it did have some support from the BC, Noncommercial Stakeholder Group, the IPC registries, and others opposed some sort of beauty contest for applications.

Although the GAC, I will note, the GAC had – well, actually, sorry. It wasn't the GAC. The Council of Europe report which was commissioned by the Council of Europe [not] adopted by the Council of Europe, it also had a beauty contest component in it or RFP proposal. but it did not seem to generate support from the other groups.

Random draw did not seem to get any support from the comments. And then the graduated fees also did not get really any support. You can read the comments for yourselves, but unless the group feels we should discuss these in more detail, those proposals did not really rise to the level of getting support enough to discuss.

Let me just go back to Jim's comment here. If I recall, [Monty] did like Vickrey but, as you said, he didn't have a solution. Right, [Monty] liked the Vickrey. He didn't have a solution for multipliers.

And then we may have to look outside the ICANN world. And Jim said he'll look at that thing called the "Interwebs."

So the questions, if I also want to summarize, it does seem like the Vickrey auction has a decent amount of support. It seems like the Vickrey auction with bids being submitted after the contention set is revealed. Whether that's right after reveal day or after everything goes through full evaluations, that definitely has more support than submitting a bid with the application in looking at comments we got. So it looks like we are there.

Let me go to Steve real quick. Steve?

STEVE CHAN:

Thanks, Jeff. The observation I was going to make is that selecting the timing of when the bids are submitted or whether or not the bidders are revealed or other particulars, the selection of those seems sort of arbitrary at the moment. And I was wondering if it might make sense to maybe identify the objectives that the working group is trying to achieve in making those selections. That's one.

The other is that maybe the working group doesn't actually need to select the specific details of when those are revealed, and that could actually be deferred to an auction provider during implementation that could help try to meet the objectives that the working group selects.

So it seems it might be helpful to set those foundational building blocks before actually trying to select the specifics because I'm

not sure I understand what basis it would be decided upon at this point. Thanks.

JEFF NEUMAN:

Yeah, thanks, Steve. I think some of it is in the supplemental initial report and certainly the pros and cons of each one. Elaine says, “I think we need public comment on the timing.” Elaine, we did have some public comment on the timing already. I think if we select an option, then certainly that option should be put out for public comment. But, yes, the public has had an opportunity to consider and discuss as part of the supplemental initial report. So all of those were in there. But if we put forward a specific option that we recommend, then I would certainly agree that we need to put that option out for public comment to say that this is the one that we recommend.

Justine states – and then I know we have to go – “Identities of the parties participating in the auction should not be revealed before sealed bids are put in unless it’s necessary to establish which applicants can enjoy a multiplier privilege.” Right.

So I think we might start here just on this Vickrey topic. We’ll continue the Vickrey topic on the Thursday call [moving] into private resolution. I don’t think we’ll need to discuss the RFP or the other options. So I think we’ll be very specific in talking about Vickrey in the next call and then going into the private resolution.

I know everyone has to go. So does anyone need to get anything in last minute before we all join the pre-call? Okay, I think that’s it. Thanks, everyone. Talk to you all on Thursday.

[END OF TRANSCRIPTION]