Doug Brent,
 Chief Operating Officer

ICANN's strategic planning process takes place from June through December, and the ICANN Strategic Plan for the period July 2009 through June 2012 is being finalized. The process anticipates approval of a final draft plan by ICANN's Board in December.

ICANN strategic planning balances input from the broad multi-stakeholder base along with strategic input from ICANN's Board. Typically, the planning process looks first at the community's views of the major environmental opportunities and challenges that face ICANN over the next three years. Then, the process identifies relevant initiatives for inclusion in the plan. The planning process for this year recognizes that the key environmental issues identified in the plan as well as the strategic priorities remain largely the same as documented in the currently approved plan. This is not surprising in that the plan is intended to cover a three-year time span. This year's draft plan is an incremental enhancement over the prior plan, with strategic themes largely unchanged.

As in prior years, the initial draft of the plan is based on a multiphase consultation with the ICANN community and input from the ICANN Board. Development of this Strategic Plan began at the ICANN meeting in Paris in June 2008. The ICANN Board also considered strategic planning issues at an in-person meeting in September 2008. An initial draft plan was posted for comment in October. At ICANN's Cairo meeting in November, the draft plan was discussed in a public forum. Further, an online forum was established to allow all members of the ICANN community to contribute to the planning discussion. Feedback from these various mechanisms was incorporated in a final proposed plan to be considered by the ICANN Board in December.

The plan identifies specific community objectives within eight priority areas for this plan period:

- Implement generic top-level domains and Internationalized Domain Names, including for ccTLDs associated with the ISO 3166-1 two-letter codes.

- Enhance the security and stability of the Internet's unique identifiers and clearly plan ICANN's role in conjunction with others in enhancing security.

- Monitor the depletion of IPv4 address space and provide leadership toward IPv6 adoption.

- Improve confidence in the generic top-level domain marketplace through ongoing efforts toward stability and registrant protection.

- Strive for excellence in core operations in activities such as provided by the IANA function and in internal support operations and management.

- Strengthen processes for policy development, including development of appropriate success metrics for the policy development process.

- Strengthen ICANN's multi-stakeholder model to manage increasing demands and changing needs.

- Globalize ICANN's operations, in part to meet the operational requirements created by the introduction of IDNs and new TLDs.

- Strengthen accountability and governance, including ongoing, successful audits of accountability and transparency.

- Ensure financial accountability, stability and responsibility.

A continuing theme in the strategic planning process is a community focus on measurable outcomes and ways for the community to assess the success of the plan itself. The 2008–2011 plan addressed this by identifying the most important outcomes and including dates and deliverables for these. Some of the milestone dates anticipated in the 2008–2011 plan were not attained, indicating a need to improve on both planning and execution by the ICANN staff organization and to some extent within the broader community. That the strategic priorities remain largely the same from last year to now is one indicator that the plan has in fact identified the appropriate priorities for ICANN's strategic future.

Operating Plan for Fiscal Year 2009

Each ICANN Operating Plan is a one-year action plan targeted at accomplishing the objectives set out in the three-year Strategic Plan, and contains specific projects to be initiated, continued or closed during a fiscal year.

ICANN is operating under the fiscal year 2009 (July 2008 through June 2009) Operating Plan and Budget approved in June 2008. As with the Strategic Plan, the Operating Plan is the product of extensive community consultation. An initial draft Operating Plan was produced in February 2008 and reviewed through community consultation at the ICANN New Delhi meeting in February 2008 and through online and other fora. This year, the early Operating Plan draft also included a budget impact analysis and overview. This budget review allowed for community feedback on ICANN's planned finances almost four months earlier than during any previous planning cycle. This allowed for an extended public comment period, in-person consultations in New Delhi, and telephonic consultations with a variety of constituencies in the March–May period. A further draft budget was produced in May and reviewed both online and through telephone consultations. As a final step, the Operating Plan and Budget were reviewed and approved at ICANN's Paris meeting in June 2007.

The Operating Plan describes all ICANN work and is posted at http://www.icann.org/financials/adopted-opplan-budget-v3-fy09-25jun08-en.pdf. It describes the measurable work objectives set out for the fiscal year. Several of these goals or groupings are of prime importance to ICANN's mission and many constituency groups. Highlights of this plan include:

- *Complete new gTLD policy implementation* – Design and create processes for new TLD applications and prepare for ICANN operational requirements in supporting new TLDs. Complete content and approach for application processing and consult

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with ICANN and the broader Internet community regarding this major new program.

- *Progress on IDN activities* – Support community efforts in developing an implementation plan for fast-track deployment and use of country code IDNs. Continue technical coordination efforts for both the new generic TLD program and cc IDN program. Continue to support IDN technical tests in wiki (launch new languages and sunset existing languages).

- *Strengthen IANA and infrastructure* – IANA will move from a stakeholder relations orientation to a services orientation, while preserving the element of close stakeholder relations that has created trust in the IANA user communities. Ensure IANA services and systems infrastructure is sufficiently robust for the increasing demands foreseen for the coming year and onward. Technical changes are focused on improved reporting and automation.

- *Broaden participation* – Continue to consider ways to broaden direct and remote participation around the globe. Establish ICANN's presence in the regions of Asia and India to further ICANN's priority to broaden participation by globalizing operations and internationalizing the ICANN interface by engaging those stakeholders who have been historically under-represented. Also expand focus on engaging businesses.

- *Expand contractual compliance activities* – Significantly augment contractual compliance actions, including the system for auditing registry and registrar performance for compliance by all parties to such agreements. Grow staff to meet the challenge and broadly communicate ICANN's compliance activities.

- *Build out registry/registrar support* – Continue to expand registry and registrar services via communication, outreach, geographical coverage and the Registry Services Technical Evaluation Panel. Along with other specific objectives, develop and maintain robust procedures to protect registrants against the impact of business failure or registrar termination by implementing registry continuity planning, including live testing with a registry or registries.

- *Further develop policy processes* – Complete organizational reviews and implement recommendations for the ASO, ccNSO, At-Large, SSAC and RRSAC. Implement recommendations regarding working groups and policy development process structure as directed by ICANN Board to produce a more efficient and effective policy process with increased involvement by all aspects of the GNSO community.

- *Carry out security initiatives* – Establish strong ICANN security programs (computer, information, physical, people) across the range of ICANN operational, coordination and administrative functions. Also establish a holistic risk landscape of DNS operations as a basis for long-term planning to pursue a multi-stakeholder Internet community strategy to manage identified risks.

- *Administrative improvements* – Establish a full time office in Washington, DC, to further ICANN's priority to broaden participation and interface by engaging stakeholders. Enhance the quality and frequency of reporting to the Board and public. Support the ICANN priority of post-JPA transition by providing information, education and materials to the regions regarding the status of and process for post-JPA/transition and the creation of a roadmap for ICANN's post-JPA operations.

- *Meetings and events* – Provide planning and support for ICANN's meetings and events, and strategically evaluate the structure, timing, location and number of meetings.

Management of Operating Plan Objectives — How the Work Is Managed

ICANN's goal is to ensure the completion of plan objectives through the use of best management practices.

ICANN uses two primary methodologies for monitoring progress toward accomplishing plan objectives. First, for more complex or longer-term efforts, ICANN uses a tried-and-true project management process. First implemented at ICANN during fiscal year 2006–2007, the process has matured over time. ICANN has implemented an economical project office with documented processes and management practices. Examples of projects managed with this approach include the IDN program and the New gTLD Program.

Other Operating Plan deliverables that are less complex (for example, having a shorter term or fewer interdependencies) are managed with an explicit goal setting and performance monitoring approach. Three times each year, ICANN identifies the business initiatives or goals to be accomplished during the coming period. A standard management process is used to monitor progress toward plan, bring additional focus or resources to areas needing help, and assess actual accomplishments at the end of each period. This process ensures that all Operating Plan items are executed during the plan year.

To enhance transparency and accountability, early in 2008 ICANN made financial and other operating information available to the community through a Dashboard accessible from ICANN's home page on the web, http://icann.org/. Recently, this data set was broadened to include many more operating measures, and the process of posting additional information will continue to expand over time. For example, before the end of 2008, the Dashboard was expanded to provide further details on Operating Plan items and their current status.

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Greg Rattray

Greg Rattray, Chief Internet Security Advisor

In July 2008, ICANN enhanced its security office by creating a department with senior staff to address both external and internal security and resiliency matters, especially those related to ICANN's mandate to ensure the security and stability of the Internet's unique identifiers. The office works across the ICANN community to address issues and enhance the security, stability and resiliency of the Internet, focusing on the Domain Name System. In addition, a full-time Director of Security Operations manages enhancements to ICANN's own security as well as continuity planning.

ICANN continues to address the stability and resiliency of the Internet's unique identifier system through a broadening range of activities. These activities include analysis by ICANN's Security and Stability Advisory Committee of a wide variety of risks to the Domain Name System and to the Internet more broadly, reporting on the results of these investigations and making recommendations for strengthening any aspect that might be jeopardized by emerging risks.

The broad work of security at ICANN was also enhanced by the work of the RSSAC, which met in conjunction with meetings hosted by the IETF in Philadelphia, Pennsylvania, on 9 March 2008, in Dublin, Eire, on 27 July 2008, and in Minneapolis, Minnesota, on 16 November 2008.

RSSAC has been considering technical issues around the evolution of the DNS root server system in particular and the DNS in general. Specific topics about which RSSAC has offered both formal and informal support and guidance to ICANN include the introduction of IDNs at the top level of the DNS, the expansion of the root zone expected as part of the new gTLD and IDN TLD processes, DNSSEC deployment and the signing of the root zone, and the introduction of IPv6.

Other activities involve outreach to registries, registrars, domain name system operators and others more broadly in business, government and other sectors to ensure awareness of security

and financial risks as well as means to mitigate those risks. We continue to improve the security and resiliency of IANA and the L-root operations through investment in increased capacity and implementation of more effective processes. ICANN is seeking to ensure that the DNS root zone is DNSSEC signed and is prepared to effectively participate in that process.

The urgency of deployment of DNSSEC and other security measures was highlighted by the recent exposure of a vulnerability in the DNS, which is described in greater detail in the IANA portion of this report. Several briefings on DNSSEC and related matters were presented to ICANN's supporting organizations and advisory committees at the Cairo meeting in November 2008.

ICANN has continued its collaboration with the registry communities to conduct continuity planning and ensuring escrow of DNS data to protect registrants. This effort is part of ICANN's Operating Plan for 2008–2009, which involves efforts to expand registry and registrar services through communication, outreach, geographical coverage and the Registry Services Technical Evaluation Panel. The gTLD registry continuity plan has established robust procedures to protect registrants against the impact of business failure or registrar termination. ICANN is participating in registry community continuity planning, which includes sponsoring the exercise of a plan that will involve a number of registries.

In addition, over the past year ICANN began collaborating with the regional ccTLD organizations to enhance the security and resiliency of TLD operations through sponsorship of a program of training and exchange of best practices. Much of this work is being supported by the Global Partnerships team, which works closely with regional TLD operators and Internet businesses to encourage participation in ICANN's processes and activities.

Barbara Roseman

This achievement has been recognized by renewal of the contract with the U.S. Department of Commerce. This contract, signed 15 August 2006, is a sole-source contract with a period of one year plus four renewal periods of the new Joint Project Agreement between ICANN and the Department of Commerce. The second renewal period was exercised in the third quarter of 2008.

Barbara Roseman, General Manager

IANA Services and Responsiveness

ICANN's management of the IANA function continues to be recognized by its users for strong performance and responsiveness. Regular reporting on activities through the ICANN Dashboard and monthly reports to the IETF ensure stakeholder communities that performance continues to be maintained within agreed work times, and shows steady improvement over time.

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Staffing

IANA staffing has not changed significantly in the past year, though IANA is handling an increased workload with the same personnel. Barbara Roseman continues in her role as the General Operations Manager of IANA. Key IANA team members continue in their roles as relations managers with IANA's stakeholders. These are Kim Davies, Manager, Root Zone Services; Leo Vegoda, Manager, Number Resources; and Michelle Cotton, Manager, IETF Relations. Simon Raveh leads software and tools development as IANA's Development Manager. Pearl Liang, Naela Sarras and Amanda Baber round out the full-time staff.

Two full-time staff members perform root management and other domain related issues, including management of .int. Four and a half full time staff members are devoted to IETF-related request processing.

IANA has prepared staffing plans in support of the envisioned new gTLD and IDN ccTLD processes. These activities are reported on in greater detail in the relevant sections on Activities of Advisory Committees and Supporting Organizations and Activities of ICANN Divisions in this report. Specific workload goals have been identified that will initiate new hire positions, and the group will be restructured in 2009 to ensure appropriate staffing for all IANA services.

New Request Tracking System

IANA's Root Zone Management automated system is nearing implementation testing. A joint ICANN-VeriSign proposal for testing and implementation was submitted to the U.S. Department of Commerce consistent with the contract for the IANA functions. Upon approval of the test and implementation plan, which is expected before the first quarter of 2009, ICANN and VeriSign will introduce a parallel operations testing period, followed by the introduction of the new services to the TLD communities.

Request Processing

IANA continues to improve efficiency and productivity in request processing. IANA has handled approximately 3,000 requests, not including requests complaining about abuse such as spam coming from address space listed as "Reserved by IANA," since 1 January 2008.

Root zone management is a critical, high-visibility portion of the IANA function. IANA processes requests from TLD managers for changes in their root zone information, primarily their DNS, and IANA verifies the requests and forwards them to the U.S. Department of Commerce and VeriSign for inclusion in the published root zone. IANA typically fulfils these requests within 14 days.

Some requests, such as redelegations or changing shared name servers for several TLDs, involve significantly more coordination with the requesters. These requests may take many weeks to prepare. IANA is seeing a growing number of such complex requests and this is reflected in an occasionally growing queue of outstanding requests. When a cohort of shared requests is completed, the queue size returns to a more steady-state number of approximately 30 root zone change requests per month.

For complete information on IANA's progress, go to its Dashboard page at http://forms.icann.org//idashboard/public/.

DNS Security Extensions

In October 2008, ICANN released a proposal to sign the root zone file with Domain Name System Security Extensions, or DNSSEC, technology.

DNSSEC software validates that Domain Name System data is not modified during transit over the Internet by incorporating public-private signature key pairs into the DNS hierarchy to form a chain of trust originating at the root zone. DNSSEC is not a form of encryption. It is backward compatible with the existing DNS, and leaves records in their unencrypted state. DNSSEC does ensure record integrity through the use of digital signatures that attest to their authenticity.

At the core of DNSSEC is the concept of a chain of trust. ICANN's proposal builds on that notion and, based on security advice, recommends that the entity responsible for making changes, additions and deletions to the root zone file, and for confirming that those changes are valid, should generate and digitally sign the resulting root zone file update.

This signed file should then be passed to another organization, which at this time is VeriSign Corporation, for distribution. In other words, the organization responsible for the initial basis of trust—validating root zone changes with top-level domain operators—should also authenticate the validity of the final product before it is distributed.

The proposal was developed with the goal of proceeding with appropriate speed to deploy DNSSEC at the root level as a step toward improving overall DNS security. ICANN has more than a year of experience in producing a signed root zone that was widely tested by DNS software vendors and the interested DNSSEC community. ICANN also has built into the proposal the ongoing participation of a group of world-class DNS experts, many of whom reviewed the proposal and found it technically sound and appropriate.

The proposal's release coincided with an announcement by the U.S. Department of Commerce of a Notice of Inquiry (NOI) on the concept of signing the Root Zone. The NOI asked for comments and additional proposals by 24 November 2008. Details of the NOI can be found at http://edocket.access.gpo.gov/2008/pdf/E8-23974.pdf.

The urgency of deployment of DNSSEC and other security measures was highlighted by the discovery of an exploit in the DNS by a noted security researcher. The Cairo meeting in November 2008 saw a number of security briefings on this and related issues given to ICANN's various supporting organizations and advisory committees. In addition, SSAC members, working primarily in the IETF, are studying further ways to thwart transaction identity while others are redoubling efforts to accelerate DNSSEC deployment, as DNSSEC is widely acknowledged to be the only effective deterrent against this form of attack.

Internet Protocol v6

During 2008, ICANN's operations team responsible for the L-Root service deployed and tested IPv6 capability for the root server known as l.root-server.net. This cumulated in a request to the IANA for the addition of an AAAA record to the root zone.

That request was duly processed and the L-Root service now answers on the IPv6 address 2001:500:3::42.

The graphic shows DNS queries to L.root-servers.net that come to the server across ICANN's IPv6 connectivity. While levels were low, there was a noticeable increase in traffic after 12 December 2008, when the AAAA records were added. There were many more queries about IPv6 but those shown are the ones that use IPv6 transport to query the server.

Real-time L-Root statistics can be found at http://stats.l.root-servers.org.

The addition of IPv6 service is part of ICANN's ongoing commitment to act as a leader in enabling IPv6 services throughout the Domain Name System.
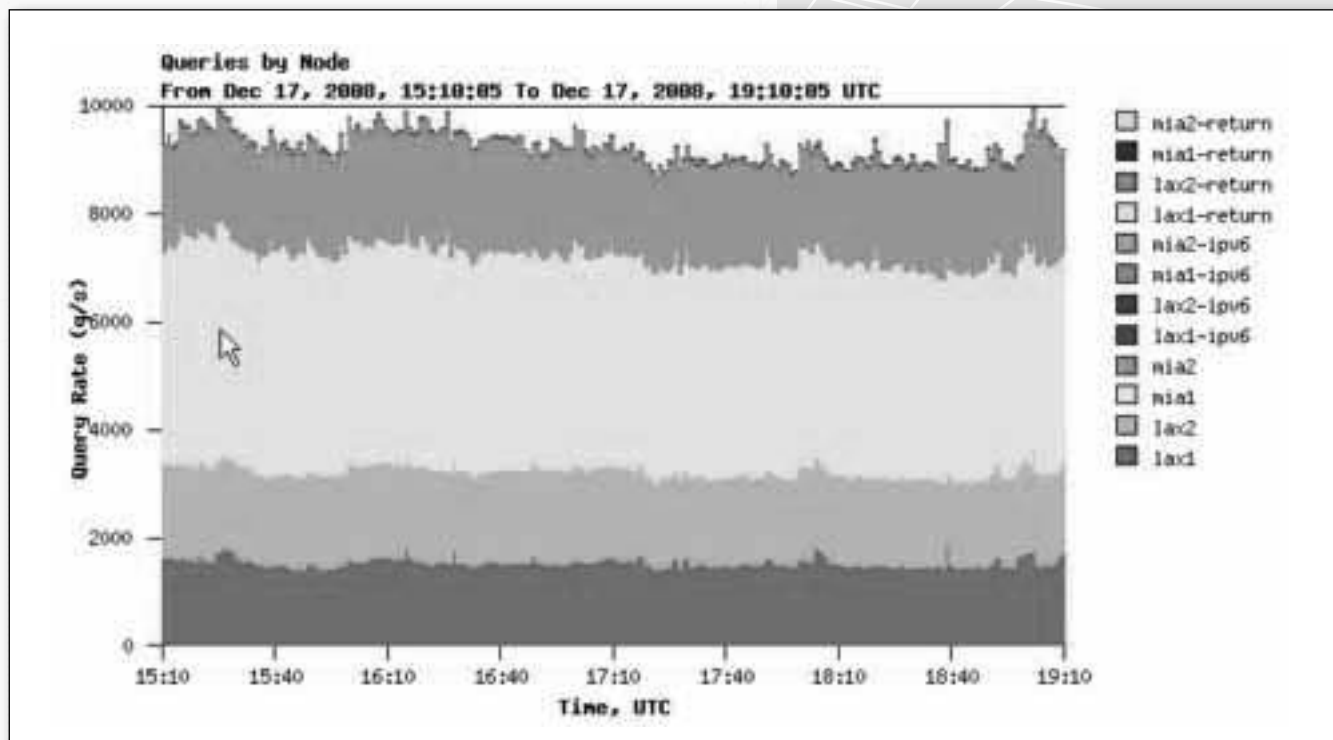
Cheryl Langdon-Orr, Chair

The At-Large community has gone from strength to strength this year. It has continued to increase its activities in policy development, providing more input to the Board of Directors than any other advisory committee.

These reports of activities by the advisory committees and supporting organizations were compiled by ICANN staff based on records from the organizations' conference calls, meetings, and work conducted via the Internet, as well as their activities at the ICANN international meetings in Los Angeles, New Delhi, Paris and Cairo during 2007 and 2008, and agreed by the chairs of the respective advisory committees and supporting organizations. ICANN policy support staff worked closely with the working groups, task forces, councils and members of the supporting organizations and advisory committees to research and provide information, prepare issues papers, preliminary and final draft reports, and other documentation necessary to the fulfillment of the policy development process and the other work of the supporting organizations and advisory committees, as well as policy-making by the Board of Directors.

At-Large Advisory Committee

In the past 12 months, involvement by the world's individual Internet user communities in ICANN has continued to grow. The number of Internet user organizations certified as At-Large Structures (ALSs) continues to increase worldwide, with 116 applications received as of October 2007. A list of these groups, which range in size from 25 individuals to millions of members, is at http://www.atlarge.icann.org/en/applications. ALS certification recognizes groups that involve individual Internet users at the local or regional level in issues addressed by the ICANN community.

Effective participation as an ALS facilitates input into ICANN activities and processes that affect users through contributions to the ALAC. ALS certification enables groups to participate in the work of the Regional At-Large Organization (RALO) nearest them. Our five RALOs are the focal point for At-Large information sharing and participation from around the world, and they select the majority of the members of the ALAC directly as their representatives. The forthcoming At-Large Summit scheduled for the ICANN meeting in Mexico City in 2009 is a landmark event in the facilitation and development of the community and the ALAC invites wide participation in this event from the wider ICANN community.

The At-Large community has gone from strength to strength this year. It has continued to increase its activities in policy development, providing more input to the Board of Directors than any other advisory committee. These statements are a genuine example of the bottom-up consensus-building process, as they incorporate the ALS communities' views in positions before the ALAC votes on them. One key feature in this development of a best-practice model for consensus-building involves ensuring we have an informed ALS community. To assist in this, monthly telephonic briefings on topical issues are held in three languages for the At-Large community and the wider ICANN community.

At the same time, ALAC has become the first community to oblige its members to accept performance and transparency obligations, and is we believe the first ICANN community to publish monthly key performance indicators related to these obligations.

Issues affecting Internet users on which the At-Large community has provided input is an impressive list including working groups, workshop activities, statements or comments on the introduction of new gTLDs, advancing the use of IDNs, changes to Whois services, revisions to the Registrar Accreditation Agreement, migration from IPv4 to IPv6, domain name tasting, the restructuring of the GNSO, specifically including the engagement of individual Internet users more fully in the GNSO, the ICANN travel procedure for volunteers and the ICANN Operating Plan and Budget. These statements and those from previous years can be found online at http://www.atlarge.icann.org/en/correspondence.

The current ALAC (v.2.0) is also undergoing its independent review, and the Board Governance Committee working group's recent report and the ensuing ICANN communities discussions around their initial thinking, is an activity that we both look forward to participating in and learning from as we strive to create an ALAC v.3.0 that is a thriving part of ICANN processes and policy development.

ICANN's five Regional At-Large Organizations are LAC RALO, NARALO, APRALO, AFRALO, and EURALO.

Paul Wilson,
Chair, NRO EC

Louis Lee,
Chair, ASO Address Council

Chris Disspain,
Chair, ccNSO Council

Address Supporting Organization
Paul Wilson, Chair, NRO EC
Louis Lee, Chair, ASO Address Council

Following adoption by all Regional Internet Registries (RIRs) during the first half of 2008, a proposed global policy for Autonomous System Numbers (ASNs) was forwarded by the Address Supporting Organization Address Council (ASO AC) to the ICANN Board, which ratified the policy in August 2008. This policy governs allocation of ASNs by Internet Assigned Numbers Authority (IANA) to the RIRs and also provides for transition from 2-byte to 4-byte ASNs.

A proposed global policy for the allocation of remaining IPv4 addresses has been adopted by all five RIRs. The policy requires allocation of one /8 address block to each RIR when the IANA free pool of IPv4 address space reaches five blocks. When adopted by all RIRs, the ASO AC will forward it to the ICANN Board for ratification. The ASO organized a workshop to inform interested stakeholders about address policy developments at the ICANN meeting in Los Angeles in October 2007.

The ASO AC has the responsibility to elect two Directors to the ICANN Board. These seats are held by David L. Wodelet, elected in June 2006, and Raimundo Beca, re-elected in May 2007. The ASO AC also appoints one member to the ICANN Nominating Committee. In August 2008, Hartmut Glaser was reappointed in this role for the 2009 Nominating Committee.

Country Code Names Supporting Organization

The ccNSO addressed several issues of interest to the global ccTLD community during the year.

Internationalized Domain Names

The ccNSO was instrumental in creating a cross-supporting organization and advisory committee working group which was tasked to recommend to the ICANN Board a course of action to introduce a limited number of IDN ccTLDs, called the fast-track process, in anticipation of an overall policy for introducing IDN ccTLDs to be developed through a ccNSO policy development process. The recommendations of the IDNC working group were submitted to the Board at the June 2008 ICANN meeting in Paris. The results are published at http://www.icann.org/en/announcements/announcement-26jun08-en.htm. The IDNC working group is the result of the interest of both the GAC and the ccNSO in exploring a two-track approach to introducing IDN ccTLDs. The group's efforts are more fully described in the section devoted to new IDNs elsewhere in this report.

Improving Resiliency of the Domain Name System

The ccNSO continues to focus on improving the stability and resilience of the DNS in general and ccTLDs in particular. To that end surveys were conducted on DNS Security Extensions, or DNSSEC, and anti-phishing. The results of the surveys are available at http://www.ccnso.icann.org/surveys/. The surveys provided ccTLD operators and other interested parties with an overview of the experiences across ccTLDs. The ccNSO provides ccTLDs and other interested parties with a platform to discuss the current state of affairs of stability and resilience of the DNS from a global perspective.

AND SUPPORTING ORGANIZATIONS

Increased Participation

The ccNSO membership and participation in the ccNSO meetings again increased in 2008. One contributing factor was the formation of the participation working group, which conducted a survey among the ccTLDs on participation. The results are published at http://www.ccnso.icann.org/surveys/participation-in-ccnso-survey-results-02jul08.pdf. The ccNSO was also instrumental in improving communication among the ccTLDs across the different geographic regions, for instance, by initiating a dedicated ccTLD community email list. Another contributing factor is the work of the processes working group. The ccNSO is more process driven and its transparency has increased as a result of its work.

Generic Names Supporting Organization

The GNSO made substantial progress this past year to improve the gTLD space with extensive policy work that addressed a wide range of technical and operational matters with impacts for industry operators and Internet end-users.

Domain Tasting

Throughout much of the fiscal year, the GNSO considered policy options aimed at curbing the practice of domain tasting through abuse of the AGP, which allows domain names to be returned within five days of registration without cost. Inspired by a request from the At-Large community, the GNSO studied the issue and, using a wide range of community input, debated a variety of solutions. Ultimately, in April, a supermajority vote of the Council approved a recommendation to prohibit any gTLD operator that has implemented an AGP from offering a refund for domain names deleted during the AGP that exceed 10 percent of its net new registrations in that month, or 50 domain names, whichever is greater. Under the terms of the GNSO Council resolution, an exemption from the limitation could be sought for a particular month, upon a showing of extraordinary circumstances. The Council also asked ICANN staff to develop mechanisms to curb abuse of the AGP in the ICANN draft budget for fiscal year 2009 (applying the ICANN annual fee to all new registrations). This provision contains the same thresholds included in the GNSO Council recommendation.

The ICANN Board approved both the GNSO Council recommendation and the budget language to curb domain tasting. The registrar community approved the budget and the GNSO Council continued to coordinate and consult on AGP modification implementation efforts with the ICANN staff through year end.

Following implementation of the Board-approved domain tasting fee provision, names added and then deleted during the five-day AGP declined from approximately 17.6 million in June 2008 to 2.8 million in July 2008, an 84 percent drop. Of the 2.8 million AGP deletes in July, approximately 2.6 million were subject to the registrar-level transaction fee. The quantity of AGP deletes is expected to continue to decline until few or none are subject to the transaction fee.

Whois Services

The GNSO Council decided in October 2007 that a comprehensive, objective and quantifiable understanding of key factual issues of Whois would benefit future GNSO policy development efforts, and planned to ask ICANN to conduct several studies for this purpose. Before defining the details of these studies, the Council agreed on a

Avri Doria,
Chair, GNSO Council

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Resolving the challenging balance between privacy rights, the needs of law and IPR enforcement and the liability of intermediates is a problem yet to be resolved by any international group, and the GNSO's efforts in this regard are truly pioneering.

strategy to first receive community input on potential areas of useful study and to evaluate potential studies and their relative costs so that the most effective research could be conducted.

Throughout the fiscal year various community volunteers offered potential studies and hypotheses for consideration, and discussed various options and offered recommendations to the GNSO Council. An initial group formed by the Council evaluated community input from March through May 2008, including detailed recommendations offered by the GAC. After reviewing that group's report in May, the Council formed a second group to prepare a concise list of hypotheses that could be the subject of research. The group completed its work and submitted a report to the Council in August. During the meeting in Cairo in November 2008, the GNSO Council agreed to schedule a special Council meeting to discuss various constituency positions on the need for Whois studies. Before Cairo, the Council asked Council representatives to forward the *Whois Study Hypothesis Report* to their respective constituencies for discussion and comment.

In response, the registry constituency submitted extensive comments. These comments categorized studies into three levels of priority, identified a few they thought might be done by the compliance team, and included all questions the GAC had raised in its own analysis. The registry constituency analysis raised feasibility questions regarding several studies, but did not make specific recommendations beyond this analysis at this time.

Other constituencies are developing constituency positions on Whois studies. The Council agreed to conduct the special meeting to discuss the study proposals in detail once constituency views were submitted. The Council also considered whether studies might be identified for feasibility and costs in a phased approach, to allow staff to scope certain studies that may be of a higher priority. The goal is for the Council to decide which studies should be assessed for cost and feasibility, request staff to perform that assessment, and, following that assessment, to decide which studies should be conducted.

Resolving the challenging balance between privacy rights, the needs of law and IPR enforcement and the liability of intermediates is a problem yet to be resolved by any international group and the GNSO's efforts in this regard are truly pioneering.

Inter-Registrar Transfer Policy Review

During the fiscal year, the GNSO embarked on a comprehensive review of the inter-registrar transfer policy. This policy aims to provide a clear procedure for domain name holders to transfer their names from one ICANN-accredited registrar to another and provides standardized requirements for registrar handling of such transfer requests from domain name holders. The GNSO Council formed a transfers working group that thoroughly reviewed the existing policy and identified over 20 possible areas for improvement. The Council ultimately adopted a strategy for conducting the review over the course of six individual policy development process phases. At year end the Council had concluded one policy development process on transfer denial improvements and had initiated a second policy development process that addressed a number of new issues not included in the original policy.

Potential Abuse of the DNS, Fast Flux Hosting and Domain Name Front Running

During the fiscal year, the GNSO initiated additional efforts to address potential abuses of the DNS. Fast flux hosting is a term that refers to several techniques cybercriminals use to evade detection by rapidly modifying IP addresses or name servers. The ICANN SSAC published a study of the practice in January 2008, noting that the activity involves many different players and that potentially would require the cooperation of a variety of actors both in and outside of ICANN's scope. At the GNSO Council's direction a staff issues report was produced in March 2008 and a formal policy development process was launched in June. This working group is considering a wide variety of foundational questions about fast flux activity and is considering potential areas where policy development may have a positive impact.

Domain name front running is a practice whereby a domain name registrar or another party involved in the domain name registration process might use insider information to register domains for resale or to earn revenue through ads placed on the domain's landing page. By registering the domains, registrar service provider could lock out other potential providers from selling the domain to a customer. An SSAC report prepared in February 2008 concluded that there was insufficient information to indicate that domain name front running is practiced in any appreciable measure by parties who provide query services. In response to a letter from the ALAC liaison to the ICANN Board requesting emergency action, the Chair of the ICANN Board referred the matter to the GNSO Council in March 2008 for additional information gathering and policy development, if necessary.

In May, the GNSO Council approved a motion to create a drafting team to bring a recommendation to the Council on whether to request an issues report or a more extensive research effort that could help to define the terms of reference for further work. In June, the GNSO Council accepted staff's recommendation and voted to postpone any drafting team effort until further research is concluded on whether front running is occurring. The GNSO Council may consider further work once current research is completed.

GNSO Improvements and Restructuring

ICANN took significant action throughout the year toward achieving its goal of reviewing and improving the GNSO structure and its operations. A working group of the ICANN Board Governance Committee (BGC) presented a comprehensive set of recommendations that were accepted by the BGC in February 2008 in New Delhi and later almost completely endorsed by the Board at its Paris meeting in June after extensive opportunities for public comment and input. During the year, special community attention was directed at the form and structure of the future GNSO Council and, in response, the Board directed the GNSO to convene a special working group to provide a consensus recommendation on Council restructuring. The Board approved the bulk of the working group's near-consensus recommendations at meetings in August and October with few modifications. Those recommendations included the formation of four new stakeholder groups that will now comprise a new bicameral voting structure as well as various revised Council decision voting thresholds and other operational changes.

In parallel, the GNSO Council formed a GNSO improvement planning team composed of GNSO leaders, constituency representatives, ICANN staff and a Board liaison, which developed a top-level implementation plan to organize and manage the overall GNSO improvements implementation effort. The plan focuses on the creation of two steering committees, GNSO policy processes and GNSO operations, that would be responsible for recommending specific changes that would implement the BGC working group recommendations approved by the ICANN Board. The GNSO Council approved that plan in October and initial meetings of the implementation steering committees took place in Cairo. Most of the improvements implementation activity is expected to be concluded in calendar year 2009.

The GNSO also has the responsibility to elect two Directors to the ICANN Board. These seats are held by Bruce Tonkin, elected in June 2006, and Rita Rodin Johnston, re-elected in March 2008.

Security and Stability Advisory Committee

The SSAC spent considerable time in 2008 studying and advising the community on attacks that exploit the DNS, Whois, and registration processes, and on matters pertaining to adoption of DNSSEC.

In January 2008, SSAC recommended a set of objectives the ICANN community and the Internet at large must satisfy to successfully deploy DNS Security (SAC 026). In that report, SSAC identified projects the committee would itself complete to accelerate DNSSEC adoption. Two such projects were completed by the third quarter: a survey of DNSSEC-capable DNS name server implementations (SAC 030) and testing of DNSSEC Impact on Broadband Routers and Firewalls (SAC 035), both of which illustrate what progress remains in these areas and identify where further implementation efforts should be concentrated. SSAC continues to study Trusted Anchor Repositories, DNSSEC performance impact, key rollover issues and DNSSEC integration in operating systems and Internet applications as the year draws to a close. SSAC also spent considerable time with the Registry Services Technical Evaluation Panel (RSTEP) reviewing the PIR proposal to add DNSSEC as a service of the .org registry.

SSAC also considered several areas where existing Whois services are lacking. In SAC 027 and SAC 033, SSAC recommended that the GNSO seeks to improve the quality of registration data and improve the service model itself by considering an eventual deprecation of Whois in favor of a more robust active directory, such as one based on the Internet Registry Information Service (RFCs 3981-3983) as developed by the IETF's Cross Registry Information Service Protocol working group. SSAC also initiated a study into the impact on Whois users as IDN TLDs are introduced and registrants increasingly choose to use local character sets to register and view domain name contact information.

SSAC increased its collaborative activities in the area of phishing, working with the Anti-Phishing Working Group (APWG) to produce an advisory describing how phishers impersonate registrars with the intention of gaining access to a registrant's domain name portfolio. SSAC members participate regularly in several phishing-related activities with APWG members and continue to work with GNSO constituencies to establish registrar best practices to defeat phishers and to define a domain suspension plan designed to accelerate the takedown of phishing domains. SSAC members also participated in a GNSO working group study on fast flux attacks.

Steve Crocker, Chair

SSAC members, working primarily with the IETF, are studying further ways to thwart transaction identity while others are redoubling efforts to accelerate DNSSEC deployment, as DNSSEC is widely acknowledged to be the only effective deterrent against this form of attack.

SSAC spent much of the late second quarter and early third quarter of 2008 studying DNS vulnerabilities and exploits. The committee published an advisory on DNS response modification (SAC 030), a practice where the information a domain name authority intends to deliver to a user in a DNS response message is altered by some party for self-beneficial purposes. The committee also spent considerable time working with the DNS community studying the DNS vulnerability discovered by a noted researcher, where the weakness in the way transaction identity is computed is exploited to successfully spoof a recursive name server and poison cached DNS information. SSAC members, working primarily in the IETF, are studying further ways to thwart transaction identity while others are redoubling efforts to accelerate DNSSEC deployment, as DNSSEC is widely acknowledged to be the only effective deterrent against this form of attack.

SSAC continues to document and refine its procedures and policies, and worked in cooperation with ICANN and consultants in preparing the terms of reference and request for proposal documents for the independent review of the committee.

Governmental Advisory Committee

During the reporting period, the GAC continued to consider and engage with the community and the ICANN Board on issues of common interest, including IDN ccTLDs, Whois, new gTLDs, Improving Institutional Confidence and ICANN meetings. The GAC's work has been enhanced during the period through improved interactions with the GNSO, ccNSO and ALAC which has led to more informed consideration of issues being discussed in other areas.

After successful cooperation with ccNSO on the Issues Paper, Selection of IDN ccTLDs associated with the ISO 3166-1 two letter codes, the GAC participated in the IDNC working group to consider the feasibility of the introduction of a limited number of IDN ccTLDs through a fast-track process. The multi-stakeholder working group approach used to consider this issue was very useful and enabled the GAC to make a valuable contribution to the process.

The GAC maintained an interest in Whois related issues, and as a follow up to the GAC Principles for gTLD Whois services made recommendations to the ICANN Board for a number of Whois studies. The studies should create a factual record that documents the uses and abuses of Whois data, including specific analysis of operational and technical issues, economic impacts of legal restrictions on the use of data, and legal issues, particularly arising from different jurisdictions and possible conflict of laws.

The implementation of new gTLDs is an area of interest for the GAC, particularly in light of the GAC principles for new gTLDs. The GAC raised concerns and engaged in dialogue with GNSO Council and ICANN staff about elements of the GAC principles not considered to have been adequately addressed in the GNSO's final report on new gTLDs. The main area of concern related to the treatment of geographical names in the implementation of new gTLDs. The ongoing consultations with GNSO and ICANN staff should resolve the outstanding issues.

The GAC provided comprehensive comments on ICANN's meeting policy during the reporting period. The GAC is currently developing input to ICANN's work on Improving Institutional Confidence.

Ambassador Janis Karklins,
Chair