BRAD WHITE:	Hello, and welcome to ICANN's third quarterly stakeholder call for Fiscal Year 17. I'm Brad White, ICANN's Director of Communications for North America.

Before I lay out the agenda for this call, I want to make a couple of very quick points. As most of you know, we vary the times of the stakeholder calls in order to better focus on all of ICANN's global regions. This particular call is occurring at 15:00 UTC, so we can spotlight the activities in the European region – which will happen later in this call.

After each presentation, there will be an opportunity for you to ask questions if you have any, and you also have an opportunity to ask questions at the end of the call. So, if a question comes to mind during our presentation and you're online, please type it into the box labeled, "Submit questions here." If you're on the phone, press #3. The operator will put you into the queue.

While this call is in English, it is being simultaneously translated into six additional languages. Those are Spanish, French, Chinese, Russian, Arabic and Portuguese. So, if you are on one of those lines, same thing: just hit #3, then you can ask your question and we will then hear the interpretation.

So with that, let me take you through today's agenda. Please note that our presenters are pretty much scattered all around the globe today. We'll begin with an update from ICANN CEO Göran Marby who is with me here in Los Angeles, then we'll go to Boston to get a Board update from Board member Khaled Koubaa. Following Khaled, we'll get a policy

update from Bart Boswinkel in the Netherlands. Bart is our VP of Policy Development and Head of Relations for the Country Code Name Supporting Organization or ccNSO. Bart will then introduce Adiel Akplokan, our Vice President for Technical Engagement. Adiel will be joining us from Canada. Then, we'll hear from two presenters in our Istanbul office. The first is Chief Operating Officer Susanna Bennett. She'll be followed by David Olive who will give us an update on activities in the European region. David is our Senior VP for Policy Development and Support. Finally, we'll get a financial update from our Chief Financial Officer, Xavier Calvez, who is here with us in Los Angeles.

Let me again mention that between each of these presentations, we'll take your questions, so as you're listening, when a question comes to mind, type it into the question box. And if we get some questions that don't deal directly with the presentation that's just been given, we may hold those until the end, or if we're running out of time, we'll respond to those later.

Should we run out of time, if you have additional questions after the session, please e-mail them to engagement@icann.org. That address again engagement@icann.org.

This session is being recorded, and links to the presentation materials will be posted to the ICANN website. You can also find the link in the Adobe Connect box titled Notes.

Lastly, I'd like to remind you to mute your computer and phones. And with that, I'll turn it over to our CEO, Göran Marby. Göran?

GÖRAN MARBY: Thank you, Brad. Today, I'm going to talk about some of the things that are in the latest CEO report that I prepared for the Board Workshop in Geneva next week. As you know, we publish these reports on our website, so I encourage you to read it when it's available.

The first thing I want to talk a little bit about is our international offices. There have been a lot of questions about our office locations around the world. We have now reached the point where we needed to formalize our strategy on paper.

We're one organization. Today, we have people in 33 countries around the world to support the community's work. I spent time talking to our teams in each location to see how we work today and how we can leverage this consistently across all offices to achieve a more standardized way of working. This is a coordinated effort, so we can continue to support you and local community needs wherever you are in the world.

We have now four regional offices: Istanbul, Montevideo, Singapore and Los Angeles. Los Angeles is also our headquarters. Managing directors of these locations, plus managing directors of the engagement centers in Washington D.C. and Geneva will be responsible for developing a plan for their office and region, including the hiring strategy, will have a budget oversight for running costs of the office, and pastoral care for staff attached to their location.

I would also like to thank David Olive, our current Managing Director in the Istanbul office, who will be leaving Istanbul this summer to move back to Washington D.C. He will continue in his current capacity as

Senior Vice President of Policy Development Support. I'm very grateful for his remarkable work in Istanbul, building the office from the ground up, where we will be announcing his replacement in due course.

We also have engagement centers in Beijing, Brussels, Nairobi and Seoul, a strategic partnership in Cairo and [inaudible]. These are important in serving local needs. It's truly amazing that ICANN organization has people in 33 countries around the world today, speaking over 50 languages.

Let me also talk briefly about some other [enhancement] that we've done around accountability and transparency. One thing we're trying to do is improving the compliance process, for greater transparency and also understanding. You'll see later in this report that we've already published this data. We are open to hearing your thoughts on how we can improve it.

On this, we are working with many parts of the community. representatives of the Registries Stakeholder Group and Intellectual Property Constituency recently submitted recommendations. There is an awesome opportunity to submit [ideas in] response to the Competition, Consumer Trust and Consumer Choice Review Team's draft recommendations, which is open for public comments now. Please send us your suggestions.

At ICANN58, we announced Krista Papac as a Complaint Officer. Today, you will see a blog on our website confirming that the office is open and taking complaints. It explains the complaint process and the office plans

moving forward. I encourage you to read it and I encourage you to use it.

Furthermore, as I mentioned in my opening speech at ICANN58, we are still working on documenting and clarifying how many of the [complex] processes ICANN actually works, because this is to help to burst the bubbles of information. We're going to share this with you who will be there in Johannesburg so we can discuss it further. Then, it's ultimately up to you to do what you want with this information. It's our role to clarify the existing process. In fact, it's our obligation to provide this information, but the choice of what to do with it is yours.

Another thing that is close to my heart is the Open Data Initiative. Transparency is not only about disclosure. It's a process, it's a culture. And sometimes, I like to think of ICANN as a stock exchange. Our role is to provide the data sets that are essential to our function, for you to use as you see fit. We, the ICANN organization, don't participate in the open market. We simply provide information.

One of the most important things when having a stock market is information symmetry. That's why we're taking new steps to share data openly. It's not up to us to decide what data is valuable or not, it was you deciding what data is useful to you.

So, where are we with this? In November, we announced a pilot. We are still now in the early stage of executing. First, we are looking at what data we have and manage, and next, we will seek community consultation on what to do with this data and what to share publicly.

But accountability and transparency is not about what you're doing now or in the future, not only about what we're doing now or what we'll do in the future. It's also about our past. And therefore, next week we are unveiling the ICANN History project, which you will find on our website. It is intended to capture institutional memory and to provide insights into our past by talking with some key players in ICANN past.

As this project continues to grow, more material will be added. I hope you'll take some time to look at it. With that, I look forward to seeing many of you in Johannesburg at ICANN59. Brad, you're on.

BRAD WHITE: Thank you, Göran. We're now going to get a Board update from Khaled Koubaa, who is in Boston. Khaled?

KHALED KOUBAA: Hi. Thank you, Brad, and thank you, Göran, for your presentation. I'm [privileged] to be here on behalf of the ICANN Board to share what we have been working on lately. I would like to cover three areas: first, the Fiscal Year '18 goes for the Board [inaudible] and ICANN org. Second, the agenda for the May Board workshop in Geneva, and third, some of the issues of most concern to the Board right now.

The agenda of the Geneva workshop, the Board will focus during its three standalone workshops on mostly strategic, long-term issues. This is distinct from what the Board focuses on during workshops that take place just prior to ICANN meetings, when we prioritize most of our time around preparing and our interactions with the community, including

answering the questions put to us by the groups we meet with during the ICANN meeting.

In Geneva, taking the time to focus mostly on longer matters, we will discuss ICANN and Board goals and priorities as part of an ongoing discussion that will continue into ICANN59 in Johannesburg. We will also discuss ICANN funding and financial strategy, including an open session on marketplace dynamics, registries and registrars, available for the community to be observed via Adobe Connect. Please see the website for more details.

Another ongoing issue for us is our Internet governance engagement strategy, with the focus on the Internet Governance Forum. And we will hold an open session on this topic as well again. You can see the details on the website ICANN.org as well.

Regarding those for the Board, the CEO and ICANN org, while discussions have been ongoing, these are complex matters and must include input from various quarters. Our discussion in Geneva will lead to further discussions in Johannesburg, after which we hope to report back to all of you.

In regards to the proposed fundamental Bylaws change to move the Board Governance Committee's responsibility on reconsideration process to another Board Committee, the ICANN Board Governance Committee and the Board have been working towards moving the Board Governance Committee's responsibility for the consideration process which the committee took on in 2009 to a new committee, the Board Accountability Mechanisms Committee.

This will require a change to the fundamental Bylaws, which means it will also be the first time the Empowered Community is provided with an approval action. This is currently posted for public comment on the ICANN.org website, and has been since March 31st. The comment period closes on May 10th, so a little less than two weeks from today. You can find more details about this on ICANN.org at the URL you see on your screen in this slide being shown now.

In regards to issues concerning the Board, some other issues that are currently before the Board and you can see listed on the slide in the Adobe room, those are as follows: robustness of the root server operations. We are working on this with the RSSAC. It's something that we have been thinking about for some time, but have not recently discussed it [inaudible]. We believe it's important to do so now.

IDN issues. The IDN Working Group will have a half-day meeting in Geneva, followed by a closed Board session covering a number of issues. Two character codes. We have been working on this closely with the GAC and the GNSO with extensive meetings in Copenhagen, and the resolution we passed during the ICANN58 asking the GNSO to initiate its process for amendments, for modifications of the approved policies, to consider amending recommendation five in section 3.1 of the PDP Working Group [inaudible] group in addressing these matters. The work of the GNSO is in motion, and the overall discussion continues.

Board member vetting process, the Board will be discussing this in Geneva as well based on some recent feedback and discussions. We don't yet have anything to report, but we will let you know then we will do so.

Thank you so much, and Brad, back to you.

BRAD WHITE: Thank you, Khaled. We are now going to go to the Netherlands to get a policy update from Bart Boswinkel. Again, Bart is our VP of Policy Development and Head of Relations for the Country Code Name Supporting Organization or the ccNSO. Bart?

BART BOSWINKEL: Yes, thank you, Brad. I hope you can hear me. Good morning, good afternoon and good evening. As you know, ICANN's policy development work relating to the technical coordination functions is formed and refined by the ICANN community. Specifically, it's done by three Supporting Organizations and influenced by four Advisory Committees. It is the bottom-up, multi-stakeholder model. Other Internet policy technical organizations are also involved in policy development. Groups such as the Internet Engineering Taskforce and the Regional Internet Registries.

To present a more complete picture of ICANN's policy development activities, today's policy update will cover the work of ICANN groups, specifically the Generic Name Supporting Organization, the Country Code Name Supporting Organization, the Number Resource Organization and Address Supporting Organization. I will speak about the first two, and in a few minutes, my colleague Adiel Akplogan will talk about the NRO and ASO.

Next slide, please.

This slide shows the highlights of Generic Name Supporting Organization or GNSO. Those include confirmation that the proposed modifications to the procedure that implements the WHOIS conflicts with privacy law policy recommendation is consistent with the intent of the policy recommendation.

On a side note, at the moment the GNSO Council also requested that the ICANN organization assesses the practicality and feasibility of this new figure in comparison to the existing figure as well as to [the other figures discussed in the Implementation Advisory Group, IAG final report, and reports back accordingly to the GNSO Council.

This assessment is expected to inform the next periodic review of the effectiveness of the process. As directed – can you still hear me? Because I have some background noise.

BRAD WHITE: Bart, why don't you hang on one second? We're seeing if we can try to resolve the issue with that recording. Can you pause for one second? Bart, I think we've got the problem taken care of. Can you pick it up? Apparently, we're having problems reconnecting with Bart, so I'm going to pick up his presentation – if I could – with the GNSO slide.

This slide shows the highlight of the Generic Name Supporting Organization or GNSO. Those include confirmation that the proposed modification to the procedure that implements that WHOIS conflicts with privacy law policy recommendation and is consistent with the intent of the policy recommendation.

Now, at the same time, the GNSO Council also requested that the ICANN organization assess the practicality and feasibility of this new trigger in comparison to the existing trigger as well as other triggers discussed in the Implementation Advisory Group, the IAG. Final report and reports back accordingly to the GNSO Council. This assessment is expected to inform the next periodic review of the effectiveness of the process as directed by the policy which will commence no later than October 1, 2017.

GNSO nomination of members to the second security, stability and resiliency of the DNS SSR II Review Team. Preliminary adoption of GNSO's Standing Selection Committee, the charter of that group, the SSC. This Standing Selection Committee is expected to assist the GNSO Council with the selection of GNSO representatives to future review teams, including for the various reviews mandated by the ICANN Bylaws and other ICANN structures for which the GNSO will need to appoint, nominate and endorse candidates.

The first two appointments it will have on its agenda for the next quarter are the nominations of the Registration Directory Services Review Team – the RDS-RT – and the GNSO representative to the Empowered Community Administration.

The GNSO Council also confirmed that Erika Mann would replace Jonathan Robinson who has announced his resignation as the GNSO co-Chair on the new gTLDs Auction Proceeds Cross-Community Working Group. Furthermore, at ICANN58, the GNSO Council commenced its work on review of the GAC communiqué which it anticipates completing in the next quarter. The GNSO is also continuing its work on ensuring

the readiness of the GNSO as a decisional participant in the Empowered Community and hopes to finalize that during the next quarter with its proposed changes that will outline the different GNSO procedures that will need to be reflected in the ICANN Bylaws and/or the GNSO operating procedures.

The GNSO currently has nine Policy Development Processes in progress, which will continue to be the focus for the next quarter. Naturally, those are at various stages of the Policy Development Process life cycle. Issues being addressed in the working group phase include the following: new gTLD subsequent procedures. The next quarter, we'll see a webinar on geographic names at the top level to facilitate a broad, community-wide dialog on this topic to feed into the Policy Development Process.

Review of all rights mechanisms in all generic top-level domains. The PDP Working Group is on track to complete its initial Trademark Clearinghouse Review and is keeping to its work plan to complete phase one on time.

Next Generation Registration Directory Services to replace WHOIS. During ICANN58, this PDP Working Group met with several European Data Protection Commissioners to help inform its deliberations.

And finally, the use of curative rights mechanisms to protect the names of IGOs and INGOs. This PDP Working Group published its initial report for public comment during this quarter and will work towards reviewing the comments received and finalizing its report next quarter.

On the ccNSO slide, you'll notice that at ICANN58, Katrina Sataki from the Latvian ccTLD registry was reappointed as Chair of the ccNSO by her

fellow Council members, Byron Holland from Canada and Demi Getschko from Brazil were reappointed as Vice Chairs.

The ccNSO Working Group on the Extended Process Similarity Review Panel has finalized its report in December of 2016 after the closure of the public comment period and additional discussions.

In January, 2017, the ccNSO Council adopted the report and submitted it to the ICANN Board of Directors. Looking forward, the ccNSO continues its work on the implementation of the IANA Stewardship Transition and ICANN Accountability proposals. In Copenhagen, the initial discussion started with the GNSO Registry Stakeholder Group on the review of the charter of the Customer Standing Committee. This review needs to start in October 2017, effectively ICANN59 in June is the only opportunity for a face-to-face meeting to discuss the process and methodology of the review prior to kickoff.

The ccNSO's work last quarter resulted in the adoption of new internal guidelines on the selection and nomination of members to specific review teams, such as the Security, Stability and Resiliency and the Registration Directory Services reviews. The working group responsible for developing these guidelines is now focusing on the specific aspects of the Empowered Community mechanisms that relate to the ccNSO.

Let me now turn to the ccNSO's policy-related work. As mentioned in the previous quarterly stakeholder call, the ccNSO has launched a combined policy effort on the retirement of ccTLDs and the introduction of a review mechanism for decisions dealing with the delegation, transfer, revocation and retirement of ccTLDs. In the eye of the ccNSO

membership, these are key processes, but for which there is no policy in place to date.

In Copenhagen, the ccNSO Council formally initiated one Policy Development Process to work on both of these issues. Over the next weeks, the community will be informed of the current stage and invited to participate.

I now want to introduce Adiel Akplogan, VP of Technical Engagement. Adiel is joining us from Canada. He's going to give us an update on behalf of the ASO and NRO. Adiel?

ADIEL AKPLOGAN: Thank you very much, Brad. I hope you all can hear me very well. So, in this section I will take you through the latest activity updates from the ASO and the NRO. The ASO Address Council – also referred to as the NRO Number Council – had its annual face-to-face meeting during ICANN58 in Copenhagen. One key focus of its work was to review the ASO-AC procedure. That review is now finalized and will come into effect soon.

Among the changes introduced in this new procedure is the process by which they select ICANN Board seats. So, they have decided to use from now the [shoes] election methods.

Following the selection of ITEMS as reported during the last call, the ASO review process has now started, and ITEMS has been conducting several interviews of the community at various key events of the RIR ecosystem. So far, they have conducted consultation at APNIC 43

meeting in Ho Chi Minh, at ICANN58 as well as at ARIN 39 meeting in New Orleans.

The next step will be for them to conduct further interview at the RIPE meeting in Budapest, LACNIC as well in Foz do Iguaçú, and at the upcoming AFRINIC 26 meeting in Nairobi. After those interviews, they will prepare a draft report that will be presented at ICANN59 in Johannesburg, and a plan to have the final report publicly published by July 31st, 2017.

On the operations side, work is underway to finalize initial draft of identifier technology health indicators for the Internet Number Registry. This is going to be added to the overall initiative that we are working on right now. The outcome of the work of the NRO and the ASO will be released for comments in the number community in quarter three of this current year.

As part of the post-transition mechanisms, the IANA Numbering Service Review Committee has started its work, and currently defining its internal procedures. They are publishing the minutes and the details of their activities on the NRO website at the link provided on the slide.

Because most of the policy development discussion related to number resource management happened at the regional level, we are here encouraging interested community members to participate and join RIR regional meetings which are open to anyone who has interest to contribute.

The upcoming meetings where such policy will be discussed are listed on the slide. We have upcoming the RIPE 74 meeting in Budapest. That

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will be 8-12 May. Then LACNIC 27 in Foz do Iguaçú in Brazil, that is from the 22nd to the 26th of May, followed by AFRINIC 26 in Nairobi, Kenya, May 29th to June 2nd. Then we'll [inaudible] with APNIC 44, their second meeting of the year in Taiwan, and ARIN 40 in San Jose.

You can read and learn more about this activity of the NRO on their website, www.nro.net, or you can also visit the different RIRs' websites for further information.

Thank you for your attention, and I will now hand it back to Brad for a Q&A on this part of the update. Thank you.

BRAD WHITE: Thank you, Adiel. We have no questions at this point in the queue, so we're going to go to Susanna Bennett, our Chief Operating Officer. Susanna is joining us today from our Istanbul office. Susanna?

SUSANNA BENNETT: Thanks, Brad. I'll give a brief update on many of the services the ICANN Organization provides for the community. Public Technical Identifier – or PTI, as it's known – processed 227th domain-related request, 1086 requests were related to protocol parameter registries, one number allocation request and 437 general inquiries.

There were also two key signing ceremonies between January and the end of March. The key signing ceremonies are streamed for the public to watch. They are rigorous, entirely control the procedures that involve signing the root DNS [inaudible] public key information. Basically, this

shows that Internet users can trust the integrity and authenticity of information.

Speaking of the root key signing key, you'll notice that there's no update on the Root KSK Roll project. That's because no news is good news. The new key is redundantly stored at both of ICANN's key management facilities and will be published in the root zone in July of this year. Things are on track, and we'll be reporting more at the next quarterly stakeholder call.

On 16th February, we published the [staff] report from the public comment period for the Identifier Technologies Health Initiative. There's a workshop in Madrid on 12 May to build on these discussions as a DNS symposium. We're holding our first ICANN DNS Symposium 12 to 13 May in Madrid, following the DNS GDD Summit.

The symposium focuses on research and other efforts being driven by ICANN staff, aside from sessions run by members of the Office of the CTO. We will have representations from PTI as well as some community members while working on ICANN-related projects.

Request for comments or RFCs are series of documentation that serves as open technical standards and best common practice for Internet-related protocol development. We recently published a paper called RFC 8109 to help raise awareness of best practices for recursive servers on how to start resolving DNS queries, also known as priming.

The RFC also helps lay the foundation for future work by DNS server operators, particularly the root server operators, and how to best distribute information from the DNS root.

During ICANN 58, we introduced a TLD measurement platform that we have been working on. The purpose of this measurement platform is to better understand how TLDs are being abused and to provide data on that abuse in an open, unbiased and documented way. This platform is being developed and there will be a session at the DNS Symposium to discuss concepts and methodologies used.

Now, moving on to the IT and engineering update. We launched the first beta version of the Naming Services Portal to 18 registry users, aimed at getting feedback on the look, functionality and security features of the new portal.

As for the Governmental Advisory Committee website, we're on track to launch the beta version to the GAC Secretariat this summer. The site uses the new content management system technology, so you can find information easier. Last quarter, we completed a final security review and regression testing.

Now, let's look at the status of the ICANN reviews. ICANN-specific and organizational reviews provide tools to assess ICANN, its Supporting Organizations (SOs) and Advisory Committees (ACs) to determine how effectively they operate, how well they achieve their purpose and how accountable they are to the multi-stakeholder community.

Reviews deliver findings and recommendations to help improve the performance of ICANN, its SOs and ACs. They are mandated by ICANN Bylaws and are critical to the health of the multi-stakeholder model.

ICANN recently launched three specific reviews: the third Transparency and Accountability Review which still has an open call for volunteers,

the Second Registration Directory Service Review, formally known as WHOIS, for which applications have now been received and now the SO/ACs are working to select the RDS Review Team, and the second Security, Stability and Resiliency of the DNS Review, for which the review team has been selected and the leadership chosen. The review team will hold its second face-to-face meeting in Madrid in May.

The Competition, Consumer Trust and Consumer Choice Review Team has published its draft report to public comment and recently hosted webinars to discuss further. As Göran mentioned earlier, this is where you can send your suggestions on improving compliance processes.

For organization reviews, we received 15 public comments on the draft report and recommendations for the second At-Large Review. The evaluator for the NomCom review will be selected soon, after the responses to the RP are evaluated. The Root Server System Advisory Committee and Security and Stability Advisory Committee reviews are in preplanning stages. The ccNSO review may be deferred by 12 months in response to community bandwidth concerns after consideration of public comments.

I will now move on to the Global Domains Division update. [Exiting] the quarter, there were a total of 1216 new gTLDs delegated. Delegated domain names include 51 community gTLDs, 53 geographic delegations and 92 Internationalized Domain Names. In addition, a total of 1227 registry agreements have been signed.

Internationalized Domain Names are essential to enabling a multilingual Internet and encouraging content in local languages and scripts. In

addition to the 92 Internationalized Domain Names come the new generic top-level domains that were delegated. 48 IDN ccTLDs have been delegated from 38 countries and territories covering 35 languages in 21 scripts.

I'm pleased to report that the Ethiopic Script Generation Panel developed a proposal for the Ethiopic Script Root Zone Label Generation Rules. This is the seventh generation panel to have completed and submitted their proposals, which is excellent to see.

We also issued a call for public comment on proposed Internationalized Domain Name – IDN – implementation guidelines which are designed to minimize the risks of cybersquatting and consumer confusion.

On the universal acceptance front, the Universal Acceptance Steering Group is making meaningful progress towards the implementation of universal acceptance of TLDs. On April 11th, Analysys Mason, an independent industry research firm released a White Paper on universal acceptance.

They noted that there is a combined $9.8 billion (USD) annual opportunity coming from universal acceptance when software systems working in harmony with the common Internet infrastructure. This is specific to existing applications, and this figure does not take count of potential future growth in ecommerce spending or in the [registration] of the new domains.

Now, let's look at the Global Support Center tickets. The team continues to meet or exceed service level targets for inquiry management with 99.9% overall achievement of responsiveness and resolution time

targets. As we typically see during the third fiscal quarter, case volume is higher than previous quarters due to annual certifications and as with our historical pattern. We expect the volume to trend downward during the fourth quarter.

Most phone calls received were from registrars, resulting from the new domain transfer policy and the 60-day window. Review of domain transfers, renewals, and recovery adds a significant value add opportunity for registrars.

I would like to touch on a few other highlights. On 10th April, voting concluded on proposed revisions to the new gTLD Registry Agreement. The unaudited voting results achieved 142% of majority, and 118% of [inaudible] threshold of applicable registry operator approvals.

[Host] global amendments which largely focus on technical corrections and clarifications may now be considered by the Board for approval. During the quarter, contracted parties were notified and they must update their registration data directory services to comply with the Thick WHOIS transition policy for .com, .net and .jobs. and migrate the required data by February 1st, 2019.

They were also advised that they must comply with the Registry Registration Data Directory Services consistent labeling and display policy by 1st August 2017. These policies require all gTLD registrations to be Thick with a consistent labeling and display of WHOIS output.

The compliance function also proactively works with our contracted parties to ensure compliance with policies and agreements. Allow me to drill into this a bit more. The Contractual Compliance Audit Program is

ongoing. We typically conduct two rounds a year for registrars and two for registries.

Last quarter, we launched the second round of the New Registry Agreement Audit. This is the contract that governs ICANN and its registry operators. A total of 21 TLDs were selected for the audit, inclusive of TLDs subject to GAC category 1 safeguards. ICANN is currently reviewing the documentation and responses. The preliminary audit reports will be issues to auditees in May, 2017.

As for the audit of registrars, we previously reported of the total 54 registrars in scope, 26 completed remediation of their deficiencies and will be subject to a partial re-audit in the next round to test the effectiveness of the actions. Eight are still addressing issues identified in the preliminary report, and one registrar audit was postponed due to ownership change.

The table at the bottom of this slide shows some of the key performance measures for complaints received. Last quarter, the overall volume of complaints we received dropped slightly compared to the previous quarter. The turnaround time increase due to complexity of issues and an increased need for follow-up, and request for data by ICANN to the contracted parties. For more information, please visit the contractual compliance page on our website.

Now, switching gears to the engagement side of the organization. We have several programs to support a growing, diverse and sustainable community at ICANN meetings. At ICANN58, the Fellowship program had 57 fellows, and the NextGen program, which focuses on building on

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a sustainable community had 15 participants plus five Ambassadors. There were 620 Newcomers at ICANN58. It was so great to see the active participation, and this demonstrates how important these programs are. Of course, at ICANN, we seek to engage a variety of stakeholders from all sectors.

Let's look at how we participate in Internet governance discussions. Last quarter was an extremely busy time in the government engagement space. This slide reflects only a sampling of work, meetings and consultations ICANN participated in.

Allow me to touch a few highlights which include preparation of the successful session on privacy and data protection engagements of the European Commissioners at ICANN58, to participation in a Commission on Science and Technology for Development, Working Group on Enhanced Cooperation, The World Summit on Information Society (WSIS) for an open consultations and workshop proposals.

With the upcoming Board workshop in Geneva, we've also been busy preparing for engagement with the local stakeholders. In terms of broader stakeholder engagement activities around the world last quarter, there were over 175 events in 55 countries with outreach to more than 7000 people globally. We'll take a look at the Europe engagement activities next, but first, I'll hand it to Brad for questions.

BRAD WHITE: Thank you, Susanna. We have no questions at this point in the queue, so we'll stay in Istanbul and go to David Olive, our Senior Vice President for Policy Development and Support. David?

DAVID OLIVE: Thank you, Brad. On the last quarterly stakeholder call, I reported about activities in the Middle East and Africa, and I'm pleased to now focus attention on our activities in Europe as the slide talks about our sustained engagement effort since 2014.

Europe has a strong and growing ICANN ecosystem with hundreds of registrars and registries throughout the region. Several European-based top-level domains feature in the global top 10, and the region's country code registries are among the largest and more dynamic.

We also have a number of international domain names with strong take-up in several of the countries concerned, up to hundreds of thousands in some domains. Besides the Europe, Middle East and Africa hub in Istanbul, we have two ICANN engagement offices in the region: Brussels and Geneva.

European stakeholders are also increasingly active and impactful on ICANN policy and decision makings, with a marked growth in attendance and participation, especially over the past two years and during the transition process.

Nowadays, European stakeholders make up usually over 20% of participants at ICANN meetings, and they hold a number of leadership positions as well as evidenced during the transition process, for example.

The positive trend coincided with the development over the same period of a sustained engagement effort throughout the region. It

responded to one of ICANN's core goals to foster active participation in ICANN's work, reflecting the functional, geographic and cultural diversity of the Internet.

The aim of the effort was both to raise awareness upon ICANN, its work and how to participate in it, as well as to help foster more dynamic and capable local Internet communities more readily able to contribute to ICANN's work.

In the next slide, we see a busy quarter as the ICANN staff was working with the local community, ICANN constituencies and other actors in other Internet organizations such as the Regional Internet Registry in Europe, the Internet Society and others, and they have worked to deliver over 100 outreach and engagement activities every year across the region. This involves setting up ICANN's own events, organizing panel discussions as part of existing bigger gatherings, or presenting at other conferences.

Let me give you some flavor of the events of the last quarter – again, a busy one – with about 36 events. We started the year by organizing in cooperation with other regions, and with the International Organization of Francophonie a webinar update on the IANA functions transition and enhancing ICANN accountability for French-speaking community members. We were then grateful to be invited by our friends at the Regional Internet Registry in Europe, RIPE NCC to their annual roundtable meeting for government and regulators in Brussels to discuss accountability in the Internet ecosystem.

February saw us present to technical, business and academic audiences, including at the Internet of Things conference and at the dedicated lecture at the Central European University in Hungary, as well as at the Digital Leader Summit in Luxemburg.

The Vice Chair of the Board, Cherine Chalaby was also invited to give a major keynote address on the recent transition and the work of ICANN ahead for the domain name community in Vienna at the annual Domain Pulse Conference.

Late February, we were again busy meeting with business leaders, government ministers and senior officials on the occasion of the Annual Mobile World Congress in Barcelona, with participation of both our CEO and CTO.

This was on top of participating in various other relevant activities throughout the period: a roundtable on the new United Kingdom Cybersecurity Policy Center to domain name conferences in Spain, from the G20 discussion on Internet issues in Germany to the 25th anniversary event for the arrival of the Internet in the Czech Republic, preparatory meetings in Tallinn, Estonia for the upcoming European Internet Governance meetings where ICANN is an institutional partner, and supporting our security and stability and reliability colleagues in providing security-focused training to public safety agencies in Italy and more yet.

The next slide talks about the participation at ICANN58 in Copenhagen. It was a big event in Europe in the past quarter. There were several pre-meeting gatherings, notably on March 6th a formal ICANN58 preparatory

meeting for the Italian stakeholder community co-organized by the Italian government and ICANN, and was hosted by the Italian Prime Minister's office and included the participation of the National Digital Agency and a speech by the Communications Minister, Jack [inaudible]

In Copenhagen at the ICANN58, the meeting had over 2000 participants from every region of the globe. Major topics were discussed at the meeting from the Consumer and Confidence and Trust Review of the new top-level domain program, the accountability work and enhancements to our other reviews, the International Domain Names, Universal Acceptance and many more important topics to ICANN and the Internet community.

We received really good responses to the meeting survey, and thanks all to those who responded. And we've already begun building in some of those inputs on the plan for future meetings.

Only a week after ICANN58, we were back on the road with participation in the annual senior Brussels Forum, and international affairs and global governance meeting, followed the next week in March with Göran's keynote intervention at the popular industry gathering World Hosting Day in Germany, and then the leading digital rights conference, RightsCon in Brussels.

These are just a few of the dozens of activities we've been conducting across the region over the past few years. In fact, every single week, on average, in a country somewhere in Europe, there is at least one ICANN-related activity and usually two or more, ranging from tailor in-depth training sessions for around 20 people, all the way to events gathering

over 200, such as the Polish Internet Governance Forum which we helped to establish last year.

The momentum driven by this approach served to build the dynamism of the local Internet community across Europe, raising their awareness and capability and cementing long-term participation, trust and engagement by these stakeholders in ICANN.

Going forward, we look to build on the work already done to continue raising awareness of ICANN, and we will develop further the avenues of education and capacity building that will assist and equip as best as possible the various diverse stakeholders invested in and affected by ICANN's work and policy making. With that, it's been a busy activity for the European area, I turn it over to you, Brad. Thank you.

BRAD WHITE: Thanks, David, for that report on the activities in Europe. We're now going to go to our Chief Financial Officer, Xavier Calvez who's with me here in Los Angeles, who's going to give us a financial update. Xavier?

XAVIER CALVEZ: Thank you, Brad. I'm Xavier Calvez, ICANN's Chief Financial Officer. I will present our financials for the first nine months of the Fiscal Year 17, which runs from July 2016 to March 2017.

We will start with an overview of ICANN's financial reporting structure to help understand that information that follows. Then, we will review ICANN's financial performance for the period.

The ICANN organization's financial reporting structure includes three main areas: ICANN operations in blue, the New gTLD Program in orange, and ICANN's funds under management in gray on this slide.

The ICANN operations on the left include funding – mainly from contracted parties – the baseline expenses, and the IANA Stewardship Transition project expenses.

Baseline expenses include the ongoing costs of the ICANN operations and the costs of the IANA functions mainly performed by the recently formed legal entity PTI or Public Technical Identifiers.

The new gTLD program on the right is a $360 million, multi-year program launched in 2012 to create new top-level domains. The funds under management include ICANN operations funds, New gTLD Program's funds, and new gTLD auction proceeds.

Now, let's review ICANN's financial performance for the first nine months of the fiscal year, beginning with an overview of the ICANN operations.

Overall, ICANN operations' financial position currently reflects an excess of $11 million compared to a budgeted deficit of $1 million. This favorable position compared to plan is due to funding exceeding budget by $6 million and baseline expenses below budget by $6 million. We will review this financial position further in detail in the next slides, starting with ICANN operations funding.

The funding results mainly from two drivers: first, the number of annual registrations of domain names resulting in transaction fees, and second,

the number of parties under contract with ICANN driving annual fixed fees collected from registries and registrars.

Funding is ahead of target primarily due to the following drivers: registrars' fixed fees and other fees are above budget as a result of the applications for new registrar accreditation that occurred during the first nine months of the fiscal year.

ICANN budget conservatively for these fees due to the unpredictable nature of applications for new accreditation. Domain name registrations for both registries and registrars which drive the transactions fees that ICANN collects are slightly above budget due to higher growth in transaction during the quarter just closed at the end of March.

Other income, which consists of sponsorships and contributions are slightly below budget, and lastly, the registry fixed fees are right on budget. The current funding for FY17 is higher than last year, mainly driven by the larger number of top-level domain names in operation.

We will now focus on our baseline expenses compared to the budget and to last fiscal year. Our main category of expenses is personnel costs on the left of this graph, representing about half of our total expenses.

Personal costs are below budget by approximately 9%, mainly driven by an average headcount of 348 employees versus 365 employees planned, and in lower average compensation costs than originally budgeted.

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Travel and meeting costs are lower than budget, due to both later start of some projects – including travel – and lower rates of travel partially offset by higher expenses of the Hyderabad meeting in November.

Professional services costs are lower than budget, reflecting various timing differences versus plan, and capital expenses exceed budget mainly due to unbudgeted redevelopment costs and meetings equipment replacement costs.

Let's look now at the costs of the IANA Stewardship Transition project. Expenses for the IANA Stewardship Transition project are on budget. The expenses for the project primarily consist of personnel support and legal fees in support of the intensive implementation preparation that occurred in the first three months of the fiscal year, and notably, the creation of the PTI entity and the related contracts that occurred during that period.

The other element of the IANA Stewardship Transition costs are the cost of the Accountability Work Stream 2 which are slightly below budget. We will now review the financials of the New gTLD Program.

The new gTLD expenses are slightly lower than budget due to lower refunds from withdrawn applications, partially offset by higher defense costs and auction fees incurred, none of which are budgeted for.

Let's now look at how ICANN operations and the New gTLD Program net out for the first nine months of the year. The total organization financials reflect an operations excess of $11 million, and a new gTLD excess mainly due to the .web auction proceeds that were collected in

August 2016. It is expected that the operations will continue to show an excess equivalent or higher by the end of the fiscal year in June 2017.

Let's now look at the status of the funds under management. ICANN operations funds on the left include the cash on hand used to fund ICANN's day to day operations, as well as reserves to face the impacts of unexpected events or economic uncertainties.

The ICANN operating fund reflects an increase mainly due to reimbursement from the reserve fund for IANA Stewardship Transition costs incurred from January through June 2016, and favorable net operating cashflows.

The reduction of the reserve fund corresponds to the reimbursement to the operating fund for those same IANA Stewardship Transition expenses.

On the right, the New gTLD Program-related funds include the new gTLD funds and the auction proceeds. The new gTLD funds are the unspent portion of the application fees collected in 2012 that are used exclusively to pay for expenses of the New gTLD Program, and refunds to withdrawing applicants.

The auction proceeds result from the net proceeds collected form the auctions. The new gTLD auctioning is a process that ICANN offers as a last resort mechanism to resolve string contention sets.

New gTLD funds decreased as a result of the evaluation expenses incurred and of the application fees refunded. The auction proceeds

increased as a result of the .web and .webs auction proceeds collected in August 2016.

This concludes the financial overview for the first nine months of the fiscal year. More financial information is available in the appendix of this presentation and on our website. Additionally, the public comment period on the draft FY18 operating plan and budget closes tomorrow, and we are looking forward to actively review and address over the next few weeks the comments submitted.

This operating plan and budget currently in the public comment is the first opportunity that you, the Empowered Community, has to be able to exercise the budget rejection power, and your comments on this budget will be critical for that purpose.

With this, I will pass it on back to Brad. Thank you.

BRAD WHITE: Thank you, Xavier. We have no questions, but before we close out this call, I understand that our Board member, Khaled Koubaa has an additional note he wanted to make regarding his earlier report on Board activities. Khaled?

KHALED KOUBAA: Thank you, Brad. Yes, I would like to put on the record that the resolution passed by the Board during ICANN58 asking the GNSO to consider amending Recommendation 5 in Section 3.1 of the PDP Working Group Final Report as mentioned in today's Board update

refers in fact to the resolution on protections for Red Cross Crescent Movement identifiers in gTLD, and not to the two-characters code.

The work on two characters code in fact continue as well to be an important issue before the Board. Thank you.

BRAD WHITE: Thank you, Khaled. Again, I'd like to remind you that this session has been recorded, and the links to the presentation materials are going to be posted on the ICANN.org website. And should you have any questions upon reviewing those presentations later, please submit your questions to engagement@icann.org, and we will get back to you.

With that, we'll bring to a close this quarterly stakeholder call. I'd like to thank the participants, and particularly the presenters. Thank you, and goodbye.

[END OF TRANSCRIPTION]