

Trang Nguyen:

Good morning, afternoon, and evening, everyone. My name is Trang Nguyen. I lead the New gTLD Customer Service Center and I would like to welcome everyone to our first webinar for applicants. We're streaming to you live from our Los Angeles office. This is the first in a series of webinars that we're going to do to provide you with updates during the evaluation process.

Before we get started I'd like to go over a few housekeeping items. This webinar will run about 90 minutes. The first part will be a presentation followed by a Q&A session. We are recording this session. The recording will be available immediately following the conclusion of the webinar on this same webpage. The PowerPoint deck that's accompanying this presentation as well as the paper on New gTLD evaluation status are also posted on the same webpage.

For those of you who are unable to access the live streaming session online we have also arranged an audio phone bridge. The numbers for the audio phone bridge are, the toll free number is 1-800-9888-9718 and the USA toll number is 1-312-470-0032. And the passcode for this session is NewgTLD. Please keep in mind that you only need to use the audio bridge during the presentation part if you're not able to join us via the live streaming session. We ask that you not tie up the audio bridge if you are able to follow the presentation online.

When the Q&A session starts you can dial into the audio bridge if you would like to ask a question. To ask a question press \*1 to be put into queue. When it is your turn the operator will unmute your line. If you are in the queue and you find that your question has been answered, please press \*2 to exit the queue. ICANN staff will also be monitoring the chat room so if you have any questions you can also enter them in there, and we'll do our best to get to everyone's questions. In the event that we cannot get to your question you can always contact us at the [customerservicecenter@newgtld.icann.org](mailto:customerservicecenter@newgtld.icann.org).

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So now I'd like to introduce our speaker for today's session, Mr. Kurt Pritz, Senior Vice President Stakeholder Relations. Kurt?

Kurt Pritz:

Thank you, Trang, and thank you everybody for joining us. At 5:00 in the morning here in California I'm joined by an able-bodied staff: Dennis Chang, Ann Yamashita, Michelle Cotton, Michele Jourdan, Trang Nguyen, Wendy Profit, [Jeffrey Simamora], Cory Schruth, Dan Halloran and Karen Lentz.

As Trang described, this is sort of an experiment. We're looking for the way to communicate with applicants. I'm looking now and we're up to 173 people that have joined us in the webinar. We sought to make it interactive. We think that some type of interactive communication is the best way to have these sessions that reports, we will continue to deliver reports but reports are just one-way communication, webinars are one-way communication. We're seeking to sort of capture the environment in an ICANN meeting where people can come up and ask questions; there can be some exchange or feedback to sort of close out issues or make sure questions were answered.

And so at the end of this session we'll have this system where you can call in and ask questions. It's sort of complex but this is a pretty savvy bunch I think and we'll be able to handle that. To the extent that it needs improvement we want to hear your ideas on how to improve communications and you know, we want to keep regular, frequent communications that improve all the time. As Trang mentioned, we'll be taking questions; but also she, Dan, Karen and others will be answering questions in the chat room the best we can. So we're going to take this multitask approach to this interactive session, and we'll look forward to your constructive feedback afterwards.

Can we go to Slide #3? So very briefly, an agenda: we'll review the status of the evaluation for the applications. I'll talk for a bit about communications. We'll describe how the evaluations are underway and especially some aspects of initial evaluation. We'll describe for you some of the early results and trends, and we're seeking to inform you as the process goes forward so you know what

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to expect – and so we’re going to share with you some early results, and particularly talk about the clarifying questions that are part of the initial evaluation with some specificity. A topic of interest to us all is the issue of metering or batching applications – how evaluation results are released and we’re delegating names into the root zone, how that will occur. We’ll discuss some key dates and then go on to questions and answers.

So first, just a brief word about communications: as we’ve heard, and we recognize there’s not been too much change in the ICANN New gTLD webpage since Prague. We released a comment period on batching and that included an update with some information on how the evaluations are going. From this point forward we will ensure there’s regular communications to the applicants and to the general community. Both audiences have separate needs. They’ll include meetings such as this or improvements to this depending on how it works.

We intend to make weekly updates to the New gTLD page that describe evaluation and processing status as well as other news associated with the New gTLD Program. And we’ll provide written reports. So the first form of written report was posted along with the slides for this presentation. If you’ve been able to read some of that so far or read it after this meeting we would appreciate feedback on that and how that can be improved.

There’s other information that will be made available too, and one specific point I want to talk to you about and get your feedback is that some outside entities outside the ICANN staff and evaluators have asked to contact applicants, but we wanted to be very careful in how we did that. A very meaningful example is that the gTLD Registry Constituency wants to issue the applicants an invitation to an interest group they’ve formed that’s observer status in the gTLD Constituency for new gTLD applicants. And so we’d like to send you that invitation from the gTLD Constituency but we want to hear from you whether you want to get this sort of mail. Our presumption is that it would be a good thing, and if you feel to the contrary please let us know.

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We'll also be issuing from time to time some application advisories, so news to get you ready for how the applications are going to be processed. And we'll talk about a couple examples of these as we go through this session so you know what to expect – what sorts of advisories you want to expect. So we commit to regular rigorous communications and we want to hear from you on what you think is effective.

So starting with some pretty old news, the application window you know closed on May 30<sup>th</sup> and applications were posted on June 13<sup>th</sup>. Since then, from the 1930 applications three have withdrawn. There's been no objections so far. One surprising aspect for us is that we've received after the closing 49 requests for change to application, and those changes vary widely from simple typos to change of personnel where say a primary contact has left the company. In some cases incorrect documents were attached or incorrect prose was inserted into the application.

And so I know to those of you that have submitted these change applications, resolution is very important. Having received 49 of these and with a wide variety of types, each of which has its own set of implications, we take the requests for change very seriously. And so we've developed a process and criteria by which to measure each of the change requests. And so that was a little agonizing to develop that but essentially that's going through final approvals. We expect to publish that process and criteria very shortly.

In the meantime, all the requests for changes have been discussed by the various levels of management that we've deemed appropriate to consider these things, and we are ready to go on and release the answers on most of them. But we want to release those answers along with the standards by which they're measured so that it's clear to all how these decisions were made and how the requests for changes were accommodated. And also the request for a change, if applications are changed the changes will be recorded. The applications will be updated and there will be a change log posted along with those. So that will all be happening very soon.

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Then the final bullet here is that initial evaluation is done. We advertised that it would be done – started, rather, “started” is a much better word than done. Evaluations would be started on July 12<sup>th</sup> and in fact we started earlier. We started pilots with the evaluation panels almost immediately and worked with them through pilot rounds, and I’ll describe them more fully later.

So what does “underway” mean? Well, applications have been distributed to the panels. In the case of the geographic, string similarity and DNS stability review panels, all of the applications have already been allocated to those panels and they’re working on them. In the case of financial and technical evaluations – the most difficult to conduct and coordinate and ensure consistency and I’ll talk a bit more about that later – 342 of the applications have been allocated so far. Ann runs that for us.

We allocate applications on at least a weekly basis if not more frequently to ensure the pipeline stays full. And I’ll talk a little bit more about how those are allocated, but the fact that all the applications aren’t allocated yet is with the goal of quality and efficiency in mind. So applications are being allocated to those panels that perform the most efficiently so we can get through this with consistent results but also with the lowest cost and fastest speed.

So what’s most important for our evaluations, then, is ensuring consistency of results across different panels and across different applications; high quality; and efficiency, which means fast. So I’m going to talk a little bit about each one of these. Can you go back a slide, Wendy?

Consistency and quality we think are the most important aspects of this. Consistency means getting the same results for the same applications across different panels, and quality means that they follow the same process – the evaluators follow their published processes all the time. So this was accomplished through three steps, really; one is training. There was extensive training of panels during the application window, so that’s long over. We conducted two pilot rounds. The pilot rounds are to ensure a high level of

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consistency in how the firms evaluate the application. And like I said, incentives are built into the contracts for both quality and efficiency.

The pilots occur. Each firm evaluated the same application and then we came and sat around the table and compared scores, compared the type of qualifying or clarifying questions that were asked; rationalized or normalized any differences and then fed back those results into the evaluators themselves that are sitting in different places around the globe. This cross-firm collaboration is meant to ensure consistency and knowledge sharing.

With regard to efficiency, we understand that it's very important to accomplish and finish the applications as soon as is practicable, so keeping quality and consistency in first place but speed not far behind. We've been working with the evaluation panels daily to understand their schedules, and in the case of the most lengthy evaluations – the financial and technical evaluations – work with the panel members on a daily basis to review schedules and look for opportunity in efficiencies.

So I'll tell you that the leaders of those panels and many of the staff members are essentially resident here in LA where we can work with them on a daily basis. And then they contact their evaluators wherever they are around the world, and so there's a very intensive effort – 12 hours a day, I would say – to evaluate results, work on consistency and work on schedules to try to move them forward.

So how do we achieve this efficiency? It's not rocket science, not that rocket science is hard. We group applications similar to responses, so you can imagine that applications from the same applicant might have similar business models; or if we slice it a different way, applications with the same backend provider or authoritative DNS provider would have similar technical responses. And so we seek to hand out the applications in a way that takes advantage of those similarities.

We elevate exceptions or escalate exceptions so that evaluators can keep working away on evaluations and what we call inter-firm review teams review

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exceptions or difficult answers in order to determine their score. The contract with evaluators has built-in incentives to award high performers. So cost and quality are incented by increase in the number of applications allocated to each evaluator. That's why all the applications are not allocated yet, to ensure those incentives remain in place.

And I'll tell you that from my personal viewpoint, that the evaluators' firms from top to bottom are working very hard and their very passionate about getting this right, so intense conversations occur every day across teams to seek ways, to seek efficiencies but also ensure that we're doing this the right way. In every instance we've been pleased with the attitude and outlook of the evaluators and how they're pushing this forward. I don't think we could have partnered with better people.

So how do we achieve efficiencies? We group similar responses and make select operating valuation teams. We've identified areas where we can actually increase the evaluations staff so the trainings went very well, and we've identified areas where we can increase the staff without harming the quality. And we continue to look for opportunities to gain in efficiency.

The clarifying questions are an important part of this presentation. Now remember from the Guidebook that the purpose of the clarifying question is to provide applicants with an opportunity to clarify aspects of the application where the evaluator does not find sufficient information to render a decision or make a grade. So we've always known that, so we've come to two realizations now that we've evaluated many applications; and we think this is really important for you to know now and you know, when results are released you'll understand.

So one is that a large number of applications will receive clarifying questions, so very large. And some of the numbers are given on the next page. And the second realization is that some of the clarifying questions may take longer than two weeks to answer. And so we'll have to make an accommodation for that, and how that accommodation is made – we'll make an announcement with

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specific instructions, but if you can't answer the clarifying question in the two weeks specified in the Guidebook you'll be able to inform ICANN and then you'll be able to answer the clarifying question later. So one example of this is a continuing operations instrument: so if changes have to be made to the continuing operations instrument you might have to go back to the bank, get a new instrument written – that might take longer than two weeks.

So the implications of this are that it's increasingly important and also difficult to ensure that all clarifying questions are consistent across all applications, so this is not going to work out perfectly but we seek to avoid having different clarifying questions for essentially the same prose in an application. And I'm sure you understand the implications of that. And so it's very important for us to take steps to ensure that those clarifying questions are consistent across all applications.

There's a couple ways to do that. The easiest way is to hold all the clarifying questions until all the applications are evaluated, spread them all out on a table and look at them all, make sure they're all worded the same. But we think that would take more time and possibly create delays, and we think it's in your interest and our interest, too, to move the applications along and deliver clarifying questions when they're ready. So quite a bit of thought has been put into this.

The goal is then to move down the learning curve of clarifying questions far enough so that we're very assured that our clarifying questions are going to be consistent. And we've decided to do this in two ways: one is we'll hold clarifying questions for a while until sufficient learning is in place. When is this? We think it's about 300 to 500 applications, so essentially the size, in the old batch days the size of the first batch. Then we can spread those lesser number out across the table, figure out that we're far down enough along the learning curve and go.

The second thing we want to ensure is that when we ask clarifying questions that they're very, very clear to applicants; that their responses the evaluators get back



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are the responses that are anticipated. And so we've decided that we should conduct a pilot round of clarifying questions for a very limited number of applicants. That way we can ask questions, get the answers back and see that the questions were worded appropriately. I'm going to talk more about this pilot program in just a minute but I put this other slide in here first, so we're going to talk about specifics with regard to early evaluation observations.

So for financial evaluations, most of the applications will require at least one clarifying question, and you can see that the answer here is 90%. We're anticipating that conversely, 10% or so of the applications based on what we've done so far will require no clarifying questions. I want to say, though, and what's stated in the paper is that the other results that have been reported to us by the evaluators are the clarifying questions are of a nature that they expect that the applications will generally pass after the clarifying questions. So the clarifying questions are of a nature that there's been an omission or some sort of technical error in most cases that can be rectified through the clarifying question process and result in a pass.

So to recap this, which is very important I think: most applications will receive clarifying questions. We expect the clarifying questions to be of a nature that will enable most applicants to pass. So an example of a clarifying question and where most of them will occur – in the letters of credit or in the continuing operations instrument: we think many of these might have to be amended or reissued. We talked at great length with our evaluators on this issue. These are very important documents.

We think this Question #50 is the most important one in the whole Guidebook as far as providing protection for applicants going forward. And many, many of the applicants went to a great deal of effort to secure letters of credit. Because these are legal documents we think it's important to get them right. So some of the issues with the letters of credit have to do with who the beneficiary of the letter of credit is – so it's not in line with the Guidebook; or in certain cases where it's not in line that's allowed but something else has to be clarified.

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We have to ensure that the release of funds is unconditional. There's even incorrect spellings of "ICANN" or other parts of it that need to be rectified. So as I said, we think the reissuing of these will clear up these problems. We recognize the effort that's been gone to in securing letters of credit, and so generally speaking, letters of credit that have to be reissued would still be eligible for three points under the Guidebook scoring in most cases.

Similarly, over 40% of the applications require clarifying questions in the technical area, and again, these are specifics having to do with certain questions. We think it's really important that the Guidebook questions are answered according to the criteria, so where in many cases an applicant has demonstrated a capability that's generally acceptable but hasn't met the criteria – so we're going to go back and ask them to do that.

So one example are security policies that are required. In some cases applicants have posted the security policies of the backend provider and it's clear that the applicant doesn't intend to implement all the aspects of the backend provider's security policies. It's just somebody else's security policy, so we'll want to know what aspects of the security policies that applicant intends to adopt and make their own. Similarly we seek assurances that independent security assessments required for two points in Question #30 are truly independent, so we might seek additional clarification for that.

Another example where there's a type of clarifying question required are in geographical names. Of the self-designated geographical name applications, almost half of the ones so far – and it's a pretty small sample – don't have the accompanying letters of governmental support. The Guidebook anticipates this and provides a 90-day period in initial evaluation for those letters to be secured. So we expect those to be cleared up, too.

Alright, now I want to talk a little bit about the pilot program of clarifying questions. This is our effort to ensure that we can release the clarifying questions earlier rather than later in a way that the questions are worded appropriately for applicants to understand. Like I said, we've got very sharp

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people that are developing these questions and developing them in teams, but we think it's really important to release a set for somebody outside the evaluator environment to ensure that we're speaking in plain English in a way that can be understood by applicants no matter where their geographic location is.

So approximately 50 applications have been selected by the evaluators for this effort. The way they were selected is they were selected out of the early evaluations that are already done, and then they were selected in order to provide a broad cross-section of the type of applicant. So here's the aspect of this pilot program.

The clarifying questions will be pushed out to applicants through the Customer Service portal, not through TAS, to selected applicants. The applicants will have two weeks to respond, and so if your answer isn't ready in two weeks we'd seek some sort of response that indicates you understand the question and how you would go about answering it. We want to hold the time to two weeks because the goal is to get the clarifying question right; not for applicants to have all the right answers at this stage.

So let me restate that, that no formal actions are required from the applicants. So for these pilot CQs we'd ask you not to, you know, you don't need to reissue your continuing operations instrument or letter of credit at this stage if you don't want – that's not what we're seeking because these clarifying questions will be reissued through TAS when all the clarifying questions are normally asked – and the applicant will be asked to re-answer them. We expect that it would be the same but the whole purpose of this round is to see if we need to tone up the questions somehow.

The last point I want to make about the pilot program is that it's optional, so if you're selected to be part of this pilot program and you don't want to be that's fine. There's no negative or positive effects on any applicant for participating in this pilot program.

So I'll talk about metering and batching for a bit. As you know, batching – I'm going to assume that this group has read all of the batching stuff that's been

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printed through the ages. The concept of batching has been part of the Applicant Guidebook since the first draft and it's there to accomplish three goals: to manage better the evaluation process, keeping spans of control correct; release evaluation results according to a predictable schedule; and then finally, delegating or moving into the delegation process TLDs that are rated acceptable to the technical community consistent with our root scaling obligations.

Now there's been some discussion whether batching is required at all because some natural smoothing will occur: some applications will be objected to, some will go into extended evaluation, many are in contention. Nonetheless, we would expect that essentially 1000 or more TLD applications would be ready for the pre-delegation phases at essentially the same time if all the evaluation results are processed at once. And so we still require some method to meter applications into the pre-delegation or delegation process.

I just want to say a word about the Board input. This is not new but I wanted to capture what the Board heard the community say in Prague. So for those who attended Prague and contributed to the discussion the Board heard you say these six things, that the batching solution has to be equitable; that evaluation results should be announced at the same time; that applications should proceed to delegation without undue delays – meaning that evaluations should occur as quickly as possible; delegations to the root must be at a smooth rate, must not exceed 1000 a year. And then that input from the GAC stated that early warnings are expected shortly after the Toronto ICANN meeting which is in early October, 2012.

And then regarding GAC advice, the GAC has said – and it's quoted in the paper that has been distributed and I think it's really important to stick to their exact words, that consideration of GAC issues concerning GAC advice on contentious applications is not expected before Beijing. So that's what the Board stated in Prague. Their direction to us and that they announced was to terminate the digital archery process, so maybe that's the last time you'll hear me say those words.

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We want to evaluate and move all applications to the next phase as soon as is practicable. They voted to not make a decision in Prague but to take all the ideas and build a roadmap. So that comment period on batching is still open, and then set a New gTLD Committee to assess progress. The first progress report by the Board was posted I think last week.

So the solution to this problem is truly going to be generated by essentially the group sitting on this call and others that want to participate. It's an issue without current resolution. The comment period opened for this on July 29<sup>th</sup>. At the bottom of it were three specific questions and for those that contribute, it would be great to say "The answer to #1 is this, #2 is this, #3 is this." It will help us organize the thoughts.

The request for comment, to restate, really indicates the need for some sort of metering method to meet those process, capacity and root scaling obligations, so how can we do this? What are the choices in this discussion? How can we meter or smooth out the processing of applications? Well, if you think about the release of evaluations, that can either occur upstream by releasing some of the evaluation results early and we'd need an equitable method for doing that; or metering the applications somehow through the pre-delegation phases – that's through contract execution and pre-delegation testing. And so the questions at the end of the comment solicitation really go to those two things.

So we plan to release an updated timeline about metering/batching shortly and that roadmap will indicate how this batching discussion fits within the evaluation process and how our projected timing of the resolution of it fits into the evaluation process. Some of the first steps of it are indicated here. The comment period closes on August 20<sup>th</sup> and then we put in... Invention here is on the critical path so it's tough to make a timeline, but we put in a six-week period for solution development. That period will include discussion such as this except hopefully I won't be talking so much, but some sort of interactive session with the applicants and the other interested community members; and to solutions that were written, and a normalization of them and the plusses and

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minuses of those so we can sort of drive towards a consensus on a batching solution. So expect to see a meeting notice rather early in that six-week period.

The week after that will be used to summarize the results of that, publish them; publish them to the Board in the form of an informational paper so they can see the status. And that paper will indicate whether there's community consensus around a decision, discuss the viability of the decision, risks associated with it, the implication for applicants. And then post that time we'll either at that stage have a solution we think is viable and implement it or that will trigger another round of community discussion. We think that one other round would be the end. And like I said, I understand this timetable is sort of open-ended and we're working hard. Over the next few days I am sure you're going to see a more detailed timetable and one that shows how this fits in with the application process.

So what are some of the key dates going forward? Well, the application comment period closes August 12<sup>th</sup>, so I want to say two things about this. One is the application comment period on each application never closes; it'll remain open for the whole time up until the delegation of TLDs. However, the Guidebook states that comments received during the first 60 days will be made available to the evaluators. So we have a mechanism by which we will forward the comments received in the first 60 days to evaluators. That's the first thing I want to say about that.

The second thing I want to say about that is that we've received requests to extend that 60-day window. So while the comment period always remains open and never closes, we've received requests that because of the large number of applications and the difficulty of some organizations developing consensus in their organization about consensus. They've asked for an extension of that 60-day window. So we're inclined at this point to grant that request but we're still talking about it.

We've met with our evaluation panels, looked at their timeframes and determined that an extension of that window would not affect the timing of

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processing applications. And given the requests and no good reason then to not extend it, we've determined a timeframe that we shouldn't go past so that the schedule will not be impacted. So you'll probably see an announcement about that.

The metering/batching period comment closes August 20<sup>th</sup>, like I said, and that will trigger a period of intensive community ICANN work on solution generation. In October, 2012, around the time of the Toronto meeting, GAC early warnings are expected. Seven months after the application window opens the objection window will close, so that's independent of GAC advice but the seven-month period remains the time for objections to be lodged. In April around the time of the Beijing meeting we expect the GAC communication on considerations for GAC advice.

And then finally in the June/July timeframe we expect all initial evaluations to be completed, so I wanted to talk about that a little bit now and there's some detail about this in the paper. So the Guidebook states that we would process 500 applications every five months and so when we first realized there were 1930 applications that translates into 15 to 19 months. We've been working very diligently with the evaluators to reduce that time. That time's now expected to be 11 to 12 months. As I stated earlier, we reduced that time by promoting the best evaluators to lead positions so they can promulgate their efficiencies throughout the evaluation and by expanding the evaluation staff.

We're ramping up to a rate of 300 applications per month but that will take some time as we want to ensure the consistency of clarifying questions that are very important to applicants, and ensure consistency of results. So we're spending a lot of high-level partner time at all of these firms doing that work now. This does not mean we will not continue to look for additional efficiencies – in fact, we shall. We introduced all of these efficiencies with very little knowledge of how long evaluations will actually take, and so as we go through these next 250 applications that were just allocated last week we will continue to learn from the process and see if we can drive further efficiencies. I want you to know that we talk about this just about every single day with the leads of the

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evaluation panels, and around the ICANN office the whiteboards are full of timelines as we continue to hone this schedule.

So I thought I would talk for about 45 minutes and I did which is pretty good for me. And I know I've been staring at the slides and my notes to get through the talk. I've been watching people around me type and I've seen text fly by but I'm unable to do a couple things at once so I don't know what questions have been asked and answered to far. We have a phone mechanism whereby we can take questions so we'll start to take those questions now, and we'll continue to monitor the chat room and answer questions.

Trang Nguyen:

If you're on the audio bridge and would like to ask a question you can press \*1 to get into the queue.

Kurt Pritz:

So one question we have in the chat room is why don't we send clarifying questions as soon as possible? So "as soon as possible" has many connotations and we intend to send clarifying questions as soon as possible. The overriding concern is to make sure they're consistent, is to evaluate enough applications so we make sure that applications with the same prose – one evaluated five months apart from the other one by a different firm – gets exactly or nearly the same clarifying question.

In order to do that we're having this pilot round of CQs. We expect those CQs to be issued the week of August 27<sup>th</sup>, so in a couple weeks' time you'll see this pilot round of CQs that will indicate a flavor for that. And we are motivated to get the CQs done as soon as possible.

So we have some questions on the phone; there's another question in the chat room: "Is it okay if the bank loses it's A rating after issuing the LOC?" So the answer, I rarely get to do this but the answer to that is yes. This is about securing an A rated bank at the time you got the LOC. We understand a lot of banks were de-rated recently and applicants won't be penalized for that.



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Operator: Roger Carney, your line is open.

Roger Carney: Yeah, I just wanted a clarification on the objection filing period. I know the Guidebook says approximately seven months but then the next paragraph says that it will go until two weeks after initial evaluation results. Can you clarify that?

Kurt Pritz: Yes, it's intended to leave the objection period open for seven months so it would close around January 12, 2013.

Roger Carney: So the next paragraph is incorrect, then?

Kurt Pritz: Right, so it's not incorrect. The Guidebook was written around a single batch and about 500 applications, and the genesis of this was that the objection period was going to be six months originally. Then when we did the timeframes and realized evaluation results would be ready in six-and-a-half months we decided to leave the objection window open for an extra month so that there'd be some visibility as to what objections passed or failed. When we realized the evaluation period might be longer than a year we weighed whether the objection period should be open for over a year. At the end of the day we decided not to do that, and that is due to our goals.

We weighed the decision against the goals of the program which are really about fairness, transparency, predictability and smooth operation and we're concerned that applicants would have operations running for over a year while an objector would determine to make an objection but keep the objection in their pocket for a long period of time to see if the application passed or failed. And we didn't

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think that was fair to the applicant to not know that there is an objection out there and lack some transparency also.

Roger Carney: Okay, thanks for the clarification.

Kurt Pritz: I have a lot more to say about it, but that's good. We also think it's important to guarantee the smooth operation of the program and we have these objection dispute resolution panels that have been carefully put together at some major firms. And to ensure their smooth operation, keeping them together for a shorter period of time is conducive to that.

Roger Carney: Great, thank you.

Operator: Charles Gomes, your line is open. Please unmute your line.

Chuck Gomes: Thanks, Kurt, for the good presentation and for the team that contributed to this. I'm not sure why I can't get into the chat so I called in for this. Will responses for the request for public comment regarding metering be publicly posted, summarized and analyzed as is normally done for public comment periods?

Trang Nguyen: Hi Chuck, this is Trang. Yes, the comments are currently publicly posted and yes, we will be summarizing, analyzing and summarizing and posting those analyses as well.

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Kurt Pritz: And Chuck, thanks for the question. I think that we'll kick off that community discussion we'll have on trying to drive to consensus on a solution that that summarization will be the document we'll use for that.

Chuck Gomes: Thanks. I have one more request if that's possible. Please, could you describe more specifically what incentives are given to award high-performing evaluators if that's possible?

Kurt Pritz: Every contract with evaluation panels is different because the evaluation panels are in competition with one another. The number of applications awarded to each of the application panels across I think all of the evaluation types – except string similarity, where one panel gets them all necessarily – the allocations are based on a formula. And a part of that formula is the ratio of the prices that the evaluation panels give us. And after tranches, because I want to use a word other than “batch,” of applications are allocated to panels they can regularly adjust their pricing so that as we move forward they can gain more applications.

Another ratio in the award formula is based on quality and the quality program is quite intensive. There's an in-process quality step that feeds back discrepancies to evaluators immediately, and then there's another quality process that reviews applications on a sample basis and ensures after the fact that all the processes and procedures have been complied with. And it's this latter quality measure that becomes part of the ratio for awarding additional applications to evaluators.

So they're essentially in competition for more business, but then other than that the pricing schemes are proprietary to the evaluators who have bid in competition with one another.

Chuck Gomes: Thanks, Kurt, that's helpful.

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Operator: Werner Staub, your line is open. Please unmute your line.

Werner Staub: Sorry, I was confused with the system. Can you hear me?

Kurt Pritz: Yes, Werner, thank you.

Werner Staub: Okay. The question is about objections again. The [caller] said that the party against which the objection is raised will be informed, however I haven't seen this published and specifically I don't quite understand how quickly the objection can actually be processed. Do we still have to wait until the end of the evaluation period for the panel to actually look at the objection? It strikes me that if that is true it would actually mean that all the respondents would be [a great] objection to handle at once and that many objections that would have been able to be avoided would have to be done anyway and actually increase the amount of work. So would it be possible to get objections through immediately after they have been submitted early in the evaluation period?

Kurt Pritz: That's a really good question, and I think so. I think that if the parties agree that they want to resolve the objection that they could go do that even before initial evaluation results are announced in order to clear the objection. But so I started that sentence with "I think" and now that the initial evaluation period is longer we want to give thought to that and publish, augment our objection and dispute resolution procedures that are published to accommodate that and make sure that's clear. So thanks for that good comment. We've had the same discussion ourselves here; as recently as last night we were talking about it.

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Werner Staub: Okay. Is it okay to ask another question?

Kurt Pritz: Yes, Werner, thank you.

Werner Staub: With respect to the systems that are going to be used to answering the questions, I understand that TAS is going to come back as a means of submitting clarifying questions after first the pilot phase that is going to be handled by the CRM?

Kurt Pritz: So if you've asked your question and the question is are we going to use TAS to send the clarifying questions to applicants, the answer to that is yes. TAS is essentially ready to be turned back on. It's been turned on for access by the evaluators and it will be made available to applicants, and applicants will be able to then see their applications. We can send applicants their application now but they'll be able to view their application in TAS and they'll receive clarifying questions in TAS.

Werner Staub: And actually the question is that working with the CRM is extremely difficult and it is very confusing in terms of the messages sent out, we never know which application this is for and we don't know what is the last comment that came. Many of these messages come in with all the previous conversations somehow in an unclear format attached to it so we don't know what is the last element that goes in it. And of course it is not one that clearly identifies the applicant whereas TAS does identify the applicant. And my question essentially is not just what we can do to make sure we use the TAS as much as possible as a two-way communication but also go beyond just clarifying questions, because there will certainly be additional questions to be asked of all applicants. In the interest of everybody that might actually be added to TAS.

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I have one example of such a question which as (inaudible) indicated the number of bands or (inaudible) the applicants. It is probably best for them to say who they consider to be their direct competitors that they would not like to go ahead if the TLD goes live after their competitor; so again, for additional questions and answers maybe for the applicants but not necessarily clarifying questions.

Kurt Pritz:

So let me try to capture your question, and I actually want you to work with us offline so we make sure we understand your issue completely. Are you saying that the questions we're issuing or the communications we're issuing through the Customer Service Center are difficult to understand so it would be better to put those out through TAS?

Werner Staub:

Yes, that's what I said. That was [my one] concern.

Trang Nguyen:

Thank you, we'll work on that. Thanks for your feedback. I don't mean to say that we're going to be issuing all communications out through TAS but that we will work on improving the templates and the way that we present the information back out to applicants when we're contacting them via the CSC.

Kurt Pritz:

Right, Trang, and if you would work with Werner somehow to understand where the confusion arises offline because this is kind of an awkward communications link, and then we'll use that feedback. Okay, thank you Werner.

So there's a question in the chat room about the 1000 delegations per year limit, and Patrik Fältström came to the microphone – he's the Chair of SSAC – and commented in Prague that, well I'll just read the question: "One thousand is a

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made-up figure that sounds reasonable but any other amount that does not overload the root is fine.” So I think... So Patrik is undeniably correct. The 1000 delegations per year number was carefully negotiated in the formulation of the Guidebook. I think that we can’t at this time say that we would exceed that number, but if during the delegation process we measure how the provisioning process – which is the IANA process – and the delegation process, and the sending out in the root zone responds correctly we could have a discussion with the technical community at that time about ramping up.

So I don’t think we can commit to ramping up that number now, but we can commit to monitoring root zone performance as we have for the GAC and if we determine early on that that number can be increased that conclusion will be made with Patrik and other members of the technical community. So we’re all for working on that but I think it has to be worked in that order.

So there’s a question about the clarifying question pilot panel. So the participants in the pilot, some selection has to be made and the evaluators determined that 50 was a good number of applications because that would provide enough clarifying questions to get to the learnings we need to get to on the wording of the clarifying questions. Participation is voluntary, meaning that if you’re selected and you don’t want to participate that’s fine. And so it’s not voluntary from a “Hold up your hand, I’ll volunteer” standpoint but because that process would probably take too long and alacrity is an issue for us. So if you’re selected and do want to participate that’s fine. We think that participation neither advantages nor disadvantages any applications – the clarifying questions will be asked again.

Operator:

[Rashid Madran], your line is open. Please unmute your line.

[Rashid Madran]:

Thank you, good morning. Firstly thank you, Kurt, for the information you’ve provided so far. It’s been very helpful. I’ve got two questions here: first off

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with regards to string similarity, when does ICANN expect the contention sets to be published? And the second question: what is the status regarding the requests for changes to applications and expected corrections, and when can an applicant expect to know whether a change request has been accepted or rejected?

Kurt Pritz:

Thank you for those. We think the string similarity, the publication of strings that are identical is evident on its face. The string similarity panel will publish its results, and it is scheduled to publish its results four-and-a-half months after they had the strings, and they had the strings the day after the reveal date; and so four-and-a-half months from June 13<sup>th</sup>. And then there'll be some processing time for ICANN to put that, to review those results and put it in publishable form. So it'll be sometime after that four-and-a-half month period – not too long, and now that we've worked with the evaluation panel on how they're going to word the results we will develop a process for reviewing those results and get back with a more specific date, but sometime after that four-and-a-half month period.

With regard to the requests for change, without repeating myself you'd know that we've developed a procedure and criteria for measuring those because we've got 49 requests for change after the application window closed and we want to make sure that we process them in a consistent way and in a fair way. And so you'll see that procedure published in the next several days. And then we've reviewed all of them in some way, shape or form so you'll see the results from over half of them days after that; and probably the results of the next half a week or two after that.

[Rashid Madran]:

Thank you.

Kurt Pritz:

So there's a question online about an announcement for the extension of the comment period. So if there's an announcement about that, our plan is to



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announce that Friday. I just want to point out also that going around the room here, that with regard to the pilot program for clarifying questions, those questions will have to do with the financial and technical reviews only.

If you want to bear with me I'm just scanning down the list of questions that have come in the chat room – we've just printed them out. So there's one question about "Can you clarify if evaluators will see letters of support for community-based applications if they are submitted later in the process?" The answer to that is yes, that the community priority evaluation anticipates augmentation of the materials that support the community application. Because the community priority evaluation happens rarely we didn't see the need to have all the support documented in the initial application; and so there will be an opportunity to provide additional letters of support later.

We talked about the publication of contention sets – they will be published prior to the publication of full IE results.

There's a question that's asked: "Does 'proceed to delegation phase' mean the separate phase after contract execution?" And so what occurs is, after an application passes initial evaluation and any objections, there's no objections or objections are cleared, or community priority is cleared then it goes to the pre-delegation phase. So that's two steps: one is execution of an agreement with ICANN, and the second is completion of the pre-delegation testing. After those two steps applications go to delegation which is the IANA phase.

When I talked about publishing a timeline shortly and how the batching discussion will blend in with the rest of the process we'll make that clear in that timeline that there's the contract execution and pre-delegation testing steps that precede the delegation. But those steps are also in the Guidebook.

So there's a question that's kind of a hard one. It's from Brett and it says "When will the first applications be complete-complete-complete?" So the vague answer to that has to do with when we will feel comfortable releasing clarifying questions that we think we've normalized the process enough that they're consistent. Our timelines indicate that first applications will be

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complete-complete-complete this calendar year in keeping with the original five-month window, but our primary goals are of course consistency and quality, and then we want to manage the applications in a way that gets them all done the soonest.

So there's a question about letters of credit: "Which criteria would ICANN use to determine which letters of credit are okay?" So each evaluation really goes right back to the Guidebook, and when evaluators have questions about specific answers and how they should be evaluated, the teams of evaluators get together and read the Guidebook carefully. So while they try to make standards that are straightforward for easy passes at the end the Guidebook is the standard for measuring applications. And so reading the requirements for the LOC in the Guidebook carefully is the ultimate criteria.

So for the LOC, for example, you'll see that the LOC, the answer to that question requires – and I'm doing this off the top of my head, so it's extremely dangerous, but it requires a calculation first of the amount required and then securing an LOC that covers that amount. So those are at least two of the steps that are required for an LOC question.

There's a question that asks "How many GAC votes does it take for an application to be cancelled?" So the GAC has published processes and standards for how it arrives at consensus and its method for arriving at consensus, and how it gives its advice to the Board. And so what the Guidebook describes is how the Board would consider GAC advice on specific applications.

So I don't want to speak for the GAC but it's not a voting mechanism or an ability to cancel; it's really a process by which the GAC gives advice to the Board and the process by which the Board considers that advice. And of course the Board takes the advice of the GAC very carefully, and recently ICANN published a GAC register where all GAC advice will be housed. And so we will be reporting to applicants any GAC early warnings or GAC advice received, but also there's an independent register for that.

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There's a question: "Can the independent objector object to applications based on public comments received after the August 12<sup>th</sup> deadline?" The answer to that is yes, and the independent objector can rely on any public comment inside or outside the process I think in order to make his objections – Professor [Poley]. Is that it, then?

So I'm reading down the list of questions. I'm getting from this that the phone way of asking questions really didn't work well and so we will work on that for next time. I beg your indulgence while I scan down the list of questions, and I'm kind of making judgments as to what questions I've answered already and what not.

So there's a question on when will the completeness check be done, and the completeness check is done and all the applications, 1927 of them are in initial evaluation. Is there a question on the phone?

Operator: Edmon Chung.

Edmon Chung: Thank you, just a quick question. Kurt, you mentioned that an amendment process will be posted shortly. I wondered if you meant for it to be posted for public comments first and then implemented or posted and implemented immediately?

Kurt Pritz: It's intended to be posted and implemented. So we understand that it's very important to resolve these issues quickly for applicants and provide certainty, and so the executive function at ICANN undertook to arrive at a process that is equitable. And so it will be posted and used.

So there's a question about GAC advice and how the affected applicant will have a chance to defend themselves. I think the Guidebook provides for the

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ability of the applicant to furnish materials to the Board in the face of GAC advice about a specific objection.

Regarding the process for asking clarifying questions, we will not send all the clarifying questions to all the applicants at the same time. We're striving toward making the process efficient. And so while we considered publishing all the clarifying questions at the same time as the sure way to make them perfectly consistent we decided instead that we could make them consistent by holding them for a while but then handing them out as they're developed so we could get an even workflow going – and in that way process the applications faster.

There's a question about background screening and the results announced. They'll certainly be announced. I don't know that schedule exactly. And so Price Waterhouse is performing those background checks and so we'll get a timeframe out.

“How would ICANN deal with an application for contended strings where two applicants have now partnered up to pursue the string together?” It was fully anticipated that contending applicants would work in a way to settle the contention between them. The key to that I think is that the resolution is done in a way that either does not affect the application itself – that the finances and such of the application remain the same – or that the resulting entity report changes in their application.

The Guidebook states that changes to an application might trigger reevaluation and changes at a late date where evaluation panels aren't in place anymore might require a delay to the second round. So I think that it's the applicant's duty to report changes and think it's better to report those changes sooner so that they can be most easily accommodated by the evaluation panel without delay and without additional cost.

So there's one question about “Please be prepared to better handle questions the next time,” so I don't know if that means logistically or knowledge-wise. But my knowledge is limited but our ability to change the logistics of this call and

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how we do this webinar can be changed. So comments about improving the communications or how we do this would be great.

There's a statement that "Responses to questions posted in chat and by phone would be greatly appreciated." The call is being recorded and it will be embarrassing for me to have it transcribed but we can do that, too.

These are harder questions: "So if two strings that aren't an exact match are in a contention set, can both applicants provide evidence to ICANN to support their assertion that the strings can coexist?" The answer to that is no in the existing Guidebook, and I think it's a policy question for how those strings should be managed and coexist. And the fact that they have been determined to be similar means that one string won't be delegated. So that problem can be worked so in the future similar strings can coexist, but I think that there's some policy questions that should be settled by the community before confusingly similar strings be delegated.

"What if contention sets get resolved and a new business plan is done – would they resubmit the whole application?" So the answer to that I think is "It depends." It depends on who the applying entity is, how they're affected and how the applicant manages that.

Extended evaluation occurs for those applications that don't pass initial evaluation. And so after the initial evaluation results are announced the applicants will have a two-week time period to collect at no cost to undertake an extended evaluation. They will get to provide additional clarifying information in their application as part of that application to start the extended evaluation process.

So there's a question about "If there's no agreed method for batching or metering, what order are applications currently being assessed in?" So applications are currently being assessed in a way that facilitates the efficient processing of those applications. So at first we're evaluating different types of applications in order to get consistency across panels. Then we're quickly moving to allocating applications so that efficiencies can be gained from similar

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answers or similar background providers. That’s how applications are being allocated.

I think the question about batching really goes to how the results will be announced, and I think the answer to that right now is that all the initial evaluation results will be announced at the same time and that’s currently projected for about June. If the batching discussion that we have coming up results in a way to release some of those results earlier based on an equitable method where there’s some consensus around it then we can release some of the results earlier and start that pre-delegation process earlier.

“How will objection fees be refunded if an objected-to application does not pass IE?” That will be done through the... All funds for objections go right to the dispute resolution provider, and the rules for the objection in dispute resolution include how fees are refunded.

“Kurt, there needs to be a mechanism for applicants of similar strings to communicate with ICANN and evaluators.” So we’ll take that under advisement.

We’re getting to the close of the time period allowed. I’m just going to scan through the rest of the questions. So there’s not an appeal mechanism for a decision regarding non-exact matches. There is a secondary review process so that all applications that are deemed to be so similar that it’s likely that user confusion would result will be referred to another evaluator for confirmation before such a finding is made. We were asked that question seven times.

I don’t know if Trang or anyone else has some closing statements. I really want to hear about how the mechanism and the logistics for this session went, how we can improve it next time; the forms of communication that you think are most effective. So we think that regular reports, we think regular updates to the webpage – the gTLD microsite – and sessions such as this are the path for this. We’ll certainly have face-to-face sessions in ICANN meetings, too. We plan to have a session to discuss the thing formerly known as “batching.”

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And I really want to thank you for your participation this morning here, whatever time of day it is where you are. So again, thanks very much. It's really hard for somebody like me to talk to somebody but I hope I was comprehensible, and I'll be talking with you soon. Thanks very much.

[End of Transcript]