

Annex 2.1

GAC indicative scorecard on new gTLD outstanding issues listed in the GAC Cartagena Communiqué

- scorecard to serve as the basis of the GAC approach to Brussels ICANN Board/GAC consultation meeting 28 February-1 March 2011

Introduction

The scorecard below represents the considered efforts of the GAC to distil the key elements of consensus advice regarding the introduction of new gTLDs it has been providing the ICANN Board since March, 2007.

As the GAC noted in its Cartagena Communiqué, the GAC's initial advice, presented in the form of Principles, pre-dated both the completion of the GNSO's Recommendations on new gTLDs and the ICANN Board's subsequent adoption of those Recommendations in June, 2008. The GAC has sought from the outset of its deliberations regarding the public policy aspects related to the introduction of new gTLDs to contribute to the bottom-up, consensus-based policy development process within ICANN. As per the ICANN Bylaws, the GAC provides advice directly to the ICANN Board. Once the GAC forwards its advice to the ICANN Board, the GAC understands that it is within the ICANN Board's remit to instruct ICANN staff to take the GAC's advice into account in the development of the implementation plan for the introduction of new gTLDs. The GAC therefore welcomes the opportunity presented by the ICANN Board's agreement to hold a meeting with the GAC to review its longstanding and outstanding concerns regarding ICANN's proposed implementation plan for the introduction of new gTLDs. From the GAC's perspective, the Brussels meetings are not only an appropriate but a critical next step in ensuring the perspectives of governments are fully taken into account in the ICANN private sector-led, multi-stakeholder model that ICANN represents.

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1. The objection procedures including the requirements for governments to pay fees

Recommended GAC Advice:

The GAC advises the ICANN Board to instruct ICANN staff to delete the procedures related to “Limited Public Interest Objections” in Module 3.

Explanation:

Although the new heading has been renamed from “Morality and Public Order Objections”, the body of the text remains unchanged and contains the same fundamental flaws which can only be remedied through deletion.

Specifically, the requirement that governments pay fees and must be bound by determinations by the International Centre for Expertise of the International Chamber of Commerce, which will in turn be guided by the findings of “three experts recognized as eminent jurists of international reputation”, is contrary to the sovereign right of governments to interpret and apply principles of international law on a country-by-country basis. Governments cannot be bound by the determinations of private individuals or organizations on matters that pertain to national law.

The requirement is also inconsistent with the provisions in ICANN’s Bylaws that call for governments to provide public policy advice to the ICANN Board through the Governmental Advisory Committee.

Lastly, there are no “generally accepted legal norms relating to morality and public order that are recognized under international principles of law” (Module 3, Article 2, e, iii), nor is it feasible to expect that any panel of “experts” could reach a determination whether a particular proposed new gTLD string would be considered objectionable on such grounds.

2. Procedures for the review of sensitive strings

1. String Evaluation and Objections Procedure

The GAC advises the ICANN Board to instruct ICANN staff to amend the following procedures related to the Initial Evaluation called for in Module 2 to include review by governments, via the GAC.

At the beginning of the Initial Evaluation Period, ICANN will provide the GAC with a detailed summary of all new gTLD applications. Any GAC member may raise an objection to a proposed string for any reason.

The GAC will consider any objection raised by a GAC member or members, and agree on advice to forward to the ICANN Board.

GAC advice could also suggest measures to mitigate GAC concerns. For example, the GAC could advise that additional scrutiny and

conditions should apply to strings that could impact on public trust (e.g. ‘.bank’).

In the event the Board determines to take an action that is not consistent with GAC advice pursuant to Article XI Section 2.1 j and k, the Board will provide a rationale for its decision.

Explanation:

This proposal meets a number of compelling goals. First it provides governments with a more appropriate mechanism than the “Limited Public Interest Objections” procedure to communicate objections via the GAC. It is also intended to diminish the potential for blocking of top level domain strings considered objectionable by governments, which harms the architecture of the DNS and undermines the goal of universal resolvability.

Affording governments the early opportunity, through the GAC, to provide advice to the ICANN Board about particular proposed strings is supportive of ICANN’s commitment to ensure that its decisions are in the global public interest and represent community consensus.

2. Expand Categories of Community-based Strings

The GAC advises the ICANN Board to instruct ICANN staff to amend the provisions and procedures contained in Modules 1 and 3 to clarify the following:

1. “Community-based strings” include those that purport to represent or that embody a particular group of people or interests based on historical, cultural or social components of identity, such as nationality, race or ethnicity, religion, belief, culture or particular social origin or group, political opinion, membership of a national minority, disability, age, and/or a language or linguistic group (non exhaustive). In addition, those strings that refer to particular sectors, such as those subject to national regulation (such as .bank, .pharmacy) or those that describe or are targeted to a population or industry that is vulnerable to online fraud or abuse, should also be considered “community-based” strings.
2. Applicants seeking such strings should be required to affirmatively identify them as “community-based strings” and must demonstrate their affiliation with the affected community, the specific purpose of the proposed TLD, and –when opportune– evidence of support or non-objection from the relevant authority/ies that the applicant is the appropriate or agreed entity for purposes of managing the TLD.
3. In the event the proposed string is either too broad to effectively identify a single entity as the relevant authority or appropriate manager, or is sufficiently contentious that an appropriate manager cannot be identified and/or agreed, the application should be rejected.
4. The requirement that objectors must demonstrate “material detriment to the broader Internet community” should be amended to reflect simply “material detriment”, as the former represents an extremely vague standard that may prove impossible to

satisfy.

5. Individual governments that choose to file objections to any proposed “community-based” string should not be required to pay fees.

Explanation:

The proposed approach would remedy the failure in the draft Applicant Guidebook to incorporate the GAC’s previous advice that ICANN’s new gTLD process should respect the legitimate interests of governments regarding terms with national, cultural, geographic and religious significance. It also anticipates the strong possibility that there will be proposed new gTLD strings for which an appropriate manager cannot be identified and/or agreed, which should cause the application to be rejected as a community-based string. It corrects an impossibly vague standard of “detriment to the broader Internet community” with a more practical and realistic standard of “material detriment” to the community in question. Finally, this proposal recognizes the right of governments to protect their perceived national interests through the Community objections process without the obligation to pay fees.

3. Root Zone Scaling

Recommended GAC Advice:

1. The Board should continue implementing a monitoring and alerting system and ensure a) that ICANN can react predictably and quickly when there are indicators that new additions and changes are straining the root zone system, and b) that the processes and possible resulting restorative measures that flow from its results are fully described in the Application Guidebook before the start of the first application round.
2. The Board commits to defer the launch of a second round or batch of applications unless an evaluation shows that there are indications from monitoring the root system etc. that a first (limited) round did not in any way jeopardize the security and stability of the root zone system.
3. The Board commits to make the second round or batch of applications contingent on a clean sheet from full technical and administrative assessment of impact of the first round with recommendations which should go out to public comment for approval.
4. The Board commits to avoid the possibility that other activities will be impacted by the possible diversion of resources to processing new gTLD applications.
5. The Board should ensure that ICANN can effectively address the specific needs of applicants from different, perhaps non-English speaking cultures, and with different legal environments.
6. The Board should monitor the pace and effectiveness of ICANN’s management of contract negotiations for new gTLDs in a potential situation of 200 to 300 simultaneous applications and evaluations.
7. The Board is confident that all relevant actors (IANA, root server operators, etc) are sufficiently informed about what is expected from them in terms of work loadings and resources in order to fulfil their respective roles, in particular the pre-

delegation checking, approvals, implementation of potentially 200 to 300 root zone changes a year and expected post-delegation changes.

4. Market and Economic Impacts

The GAC advises the ICANN Board to instruct ICANN staff to amend the final Draft Applicant Guidebook to incorporate the following:

1. Criteria to facilitate the weighing of the potential costs and benefits to the public in the evaluation and award of new gTLDs.
2. A requirement that new gTLD applicants provide information on the expected benefits of the proposed gTLD, as well as information and proposed operating terms to eliminate or minimize costs to registrants and consumers.
3. Due diligence or other operating restrictions to ensure that Community-based gTLDs will in fact serve their targeted communities and will not broaden their operations in a manner that makes it more likely for the registries to impose costs on existing domain owners in other TLDs.

Explanation:

The economic studies conducted by Katz, Rosston and Sullivan contain important findings that the past introduction of new gTLDs provided minimal public benefits in terms of competition for existing gTLDs and relieving name scarcity. The studies further state clearly that the introduction of new gTLDs had imposed costs on intellectual property owners in diluted brand strength, defensive registrations, and other costs associated with protecting their brands.

5. Registry – Registrar Separation

The GAC advises the ICANN Board to instruct ICANN staff to amend the proposed new registry agreement to restrict cross-ownership between registries and registrars, in those cases where it can be determined that the registry does have, or is likely to obtain, market power. The GAC further advises the ICANN Board that it considers the absence of a thorough and reasoned explanation of its decision in November 2010 to reverse its earlier decision of March 2010 to maintain "strict separation of entities offering registry services and those acting as registrars" and that "no co-ownership will be allowed" to be inconsistent with its commitments under the Affirmation of Commitments.

Explanation:

The CRA International report commissioned by ICANN noted that vertical integration between registries and registrars could foster both pre-competitive and anticompetitive outcomes. As the key issue is whether a gTLD has market power, it would only be

appropriate for ICANN to relax or lift restrictions on vertical integration in cases where it is clear that a gTLD faces or will face substantial competition. Such analysis would benefit from consultations with relevant antitrust authorities.

Further, ICANN has committed to provide a thorough and reasoned explanation of ICANN decisions, the rationale thereof and the sources of data and information on which ICANN relies. This has not been done yet to explain how the Board moved from a position in March 2010, as articulated in a Board resolution, of no cross ownership, to the May 31, 2010 staff proposal contained in draft Applicant Guidebook, version 4 of de minimus (i.e., no more than 2%) cross ownership, to the November 5, 2010 decision allowing full cross ownership. ICANN staff have provided an justification for the second decision but not an explanation of why ICANN's position changed so dramatically in the space of 8 months.

6. Protection of Rights Owners and consumer protection issue

1. Rights Protection: Trademark Clearing House (TC)

GAC Advice

The GAC proposes the following refining changes that significantly improve the operation and achieve the maximum impact of the TC:

- The TC should be permitted to accept all types of intellectual property rights that are recognized under the national law of the country or countries under which the registry is organized or has its principal place of business. The only mandatory requirement for new registry operators will be to recognize national and supranational trademark registrations issued before June 26, 2008 and court-validated common law trademarks.
- Sunrise services and IP claims should both be mandatory for registry operators because they serve different functions with IP claims serving a useful notice function beyond the introductory phase.
- IP claims services and sunrise services should go beyond exact matches to include exact match plus key terms associated with goods or services identified by the mark) e.g. “Kodakonlineshop”) and typographical variations identified by the rights holder.
- All trademark registrations of national and supranational effect, regardless of whether examined on substantive or relative grounds, must be eligible to participate in the pre-launch sunrise mechanisms.
- Protections afforded to trademark registrations do not extend to applications for registrations, marks within any opposition period or registered marks that were the subject of successful invalidation, cancellation or rectification proceedings.
- The IP claims service should notify the potential domain name registrant of the rights holder’s claim and also notify the rights holder of the registrant’s application for the domain name.
- The TC should continue after the initial launch of each gTLD.

- Rights holders, registries and registrars should all contribute to the cost of the TC because they all benefit from it.

Explanation and argument

The GAC believes that the TC as currently framed in the Applicant Guidebook needs to be significantly improved because a) there is lack of clarity as to the modalities of the TC process and operation and b) there are problems with its applicability. While the GAC recognizes that the Trademark Clearing House (TC) mechanism was not introduced as a rights protection mechanism but as a cost reduction tool, the GAC believes it can provide effective and efficient means to enable rights holders to submit their trade mark registrations with a single entity rather than with every registry in which they may wish to obtain a second-level registration.

There is also a major inconsistency between Sunrise and IP Claims services because Sunrise services only recognize trademarks that are registered in countries conducting a so-called substantive review or examination. The consequences of this are significant in terms of eligibility. In Europe, for example, all “Community Trademarks” (i.e. any trademark which is pending registration or has been registered in the European Union as a whole rather than on a national level within the EU) and most national trademarks are excluded from the Sunrise service. These amendments would ensure that all trademark registrations could qualify for participation in the pre-launch sunrise mechanism, consistent with existing best practices (e.g. the policies for .eu, .tel, and .asia).

With regard to presentation in the Applicant Guidebook, the GAC recommends that the text could more clearly indicate (perhaps with a flow chart) at what time during the evaluation process, and by what entity, objections to potential trademark infringements should be submitted.

2. Rights Protection: Uniform Rapid Suspension (URS):

GAC Advice:

- Significantly reduce the timescales. See attached table for proposed changes.
- The URS processes should be streamlined as follows:
 - The complaint should be simplified by replacing the 5,000 word free text limit + unlimited attachments [para 1.2] with a simple pro forma standardised wording with the opportunity for not more than 500 words of freeform text and limit the attachments to copies of the offending website.
 - Decisions should be taken by a suitably qualified ‘Examiner’ and not require panel appointments..
 - Where the complaint is based upon a valid registration, the requirement that the jurisdiction of registration incorporate substantive examination (paras 1.2f (i) and 8.1a) should be removed.
 - If, as is expected in the majority of cases, there is no response from the registrant, the default should be in favour of the

complainant and the website locked. The examination of possible defences in default cases according to para 8.4(2) would otherwise give an unjustified privilege to the non-cooperating defendant.

- The standard of proof (para 8.2) should be lowered from “clear and convincing evidence” to a preponderance of evidence”.
- The “bad faith” requirement in paras 1.2f), 1.2g) and 8.1c) is not acceptable. Complainants will in only rare cases prevail in URS proceedings if the standards to be fulfilled by registrants are lax. Correspondingly, the factors listed in paras 5.7a) (“bona fide”) and b) “been commonly known by the domain name”) can hardly allow a domain name owner to prevail over the holders of colliding trademarks.
- A ‘loser pays’ mechanism should be added. In addition, registrants who have lost five or more URS proceedings should be deemed to have waived the opportunity to respond to future URS complaints (this amendment corresponds to the “two strikes” provision which applies to rights holders).
- However, there should be a clear rationale for appeal by the complainant. The time for filing an appeal in default cases must be reduced from 2 years to not more than 6 months. In addition, the examination of possible defences in default cases according to para 8.4(2) means an unjustified privilege of the non-cooperating defendant.
- The URS filing fee should be US\$200-US\$300 and minor administrative deficiencies should not result in dismissal of the URS complaint.
- A successful complainant should have the right of first refusal for transfer of the disputed domain name after the suspension period so that the complainant is not forced to pursue a UDRP proceeding to secure a transfer.
- The URS should go beyond ‘exact’ matches and should at least include exact + goods/other generic words e.g. “Kodakonlineshop”.

Explanation and argument

The generally acknowledged rapid escalation of the opportunity for cybersquatting caused by the proposed new gTLD round is an issue of major concern for governments in view of its likely impact on business, consumer and economic welfare, both nationally and globally. The URS mechanism was recommended specifically to tackle obvious examples of opportunistic cybersquatting by providing rights holders with a cost effective and swift remedy.

The GAC advises therefore that these proposed amendments to the URS are most important. Without these amendments, the GAC believes that URS will fail to meet its stated purpose and will be rendered ineffective and useless.

In particular, the GAC considers that the current proposals are too cumbersome and lengthy to support public policy objectives of harm reduction. Surveys and consultations undertaken by GAC representatives show that few in-house trade mark counsel believe that the proposed URS system in the final DAG provides a cost effective, expedited process in clear cut cases of trade mark abuse. Furthermore, the process too closely mirrors the UDRP mechanisms which are intended to deal with more complex disputes. The URS

as currently devised does not contain sufficient deterrence to serial cybersquatters. These changes would bring the URS back into line with its original objectives as agreed by the IRT and STI by ensuring that the URS provides an effective and rapid remedy, with more streamlined processes and faster turn round of decisions.

While it is noted that that the URS only covers intentional bad faith conduct, the GAC underlines that ICANN should make every effort to ensure that safeguards are in place to facilitate reinstatement as soon as possible in a genuine case of accidental rights infringement, through illness or some other legitimate absence, an individual or small/medium sized enterprise, has failed to respond within the timescale available.

3. Rights Protection: Post-delegation Dispute Resolution Procedure (PDDRP)

GAC Advice:

The GAC recommends that:

- The standard of proof be changed from “clear and convincing evidence” to a “preponderance of evidence”.
- The second level registrations that form the underlying basis of a successful PDDRP complaint should be deleted.
- The requirement of “substantive examination” in para 9.2.1(i) should be deleted.
- A new para 6.1 a) be added: “being identical to the complainant’s mark in relation to goods and services which are identical to those for which the complainant’s mark is registered. This would not apply if the registrant has a better right to the mark. In particular the registrant will in normal circumstances have a better right if the mark has been registered prior to the registration of the complainant’s mark.”
- Regarding the second level (para 6.2), the registrant operator should be liable if he/she acts in bad faith or is grossly negligent in relation to the circumstances listed in para 6.a)-d).
- The requirement in para 7.2.3 lit.d) that the complainant has to notify the registry operator at least 30 days prior to filing a complaint is burdensome and should be reduced to 10 days if not deleted entirely.

Para 19.5 should be amended as follows: “In cases where the Expert Determination decides that a registry operator is liable under the standards of the Trademark PDDRP, ICANN will impose appropriate remedies that are in line with the Determination.

Explanation and Argument These changes would ensure that the PDDRP is consistent with the requirements in a civil action for contributory trademark infringement action or unfair competition and that the abusive second level registrations are deleted after a successful PDDRP complaint.

The GAC believes that the liability criteria in the Applicant Guidebook are too lax. In particular, according to para 6, the liability of the registry operator is only triggered by behaviours such as “taking unfair advantage”, “unjustifiable impairment of the distinctive

character of the reputation of the complainant's mark" or "impermissible likelihood of confusion with the complainant's mark". The proposed changes to para 6 are therefore intended to strengthen the criteria.

The GAC considers that para 19.5 grants ICANN too much discretion in choosing the remedies it imposes on the registry operators and recommends that the remedies be consistent with the Expert Determination.

Ensuring full and effective compliance with the rules is a crucial issue post-delegation. The GAC believes therefore that ICANN needs to deploy a sufficiently large team for this purpose with an appropriate budget allocation.

4. Consumer Protection

Recommended GAC Advice:

Points of Contact for Abuse: The GAC proposes the following amendment to the "Maintain an abuse point of contact" paragraph in the DAG to include government agencies which address consumer protection:

A registry operator must assist law enforcement, government agencies and agencies endorsed by governments with their enquiries about abuse complaints concerning all names registered in the TLD, including taking timely action, as required, to resolve abuse issues.

Effective Contract Compliance: The GAC advises the Board to ensure that ICANN's contract compliance function is adequately resourced to build confidence in ICANN's ability to enforce agreements between ICANN and registries and registrars.

Explanation and argument:

There are concerns that internationally, "law enforcement" is interpreted as solely referring to police agencies, which would exclude other enforcers that do not fall under this category. Specifically stating "government agencies and agencies endorsed by a government" should (in theory) quash any ambiguity. In addition, the challenges facing ICANN's current contract compliance efforts are expected to be magnified with the introduction of an unknown number of new gTLDs.

Vetting of certain strings

The GAC proposes that gTLD strings which relate to any generally regulated industry (e.g. .bank, .dentist, .law) should be subject to more intensive vetting than other non-geographical gTLDs.

Explanation and argument

The evaluation processes in the Applicant Guidebook offer safeguards to minimise abuse through for example objections on "community grounds." However, government authorities and agencies are concerned about the lack of proper safeguards provided by additional rigorous procedures for vetting applicants.

Why does the GAC believe that there is a need to enhance consumer protection?

National consumer protection authorities and fair trading agencies have expressed concern that the expansion of the number of gTLDs will establish certain consumer-orientated gTLDs that will be particularly prone to abuse and risk of increased opportunities for misrepresentation to consumers and generally expansion of the means for conducting online consumer fraud. Moreover, there is a perceived risk that certain gTLDs may become synonymous with criminal activity which may ultimately undermine consumer trust in online markets generally.

7. Post-Delegation Disputes

The GAC advises the ICANN Board to instruct ICANN staff to amend the Applicant Guidebook in the following way:

1. Change the wording in the sample letter of Government support in AG back to the wording in DAGv4 and keeping the new paragraph 7.13 of the new gTLD registry agreement with the changed wording from “may implement” to “will comply”. E.g change the wording from “may implement” back to “will comply” with a legally binding decision in the relevant jurisdiction.
2. In addition describe in the AG that ICANN will comply with a legally binding decision in the relevant jurisdiction where there has been a dispute between the relevant government or public authority and registry operator.

Explanation:

Even though ICANN’s commitment to comply with court orders or legally binding decisions by public authorities, the registry agreement between ICANN and the registry should have clear wording on this commitment to make sure that this obligation to the Government stands out as a clear and underlying premise for entering into the agreement

8. Use of geographic names:

1. Definition of geographic names

Recommended GAC Advice:

The GAC asks ICANN to ensure that the criteria for community objections are implemented in a way that appropriately enables governments to use this instrument to protect their legal interest.

ICANN refers to detailed explanations given in the “Final Draft Applicant Guidebook”.

The GAC is of the view that the criteria for community objections do still not meet these requirements. The problem could be solved, if a free of charge objection mechanism would allow governments to protect their interest and to define names that are to be considered geographic names. This implies that ICANN will exclude an applied for string from entering the new gTLD process when the government formally states that this string is considered to be a name for which this country is commonly known as

The GAC considers that the provisions in DAG4 in relation to city names carry the danger that an applicant could seek to avoid the safeguard of government support or non-objection if the applicant simply states that the intended use of the name is for non-community purposes.

The GAC asks ICANN to review the proposal in the DAG in order to ensure that this potential does not arise.

ICANN states that applicants are required to provide a description/purpose for the TLD, and to adhere to the terms and condition of submitting an application including confirming that all statements and representations contained in the application are true and accurate.

The GAC is of the view that this statement does not reflect fully its concerns and asks for further explanations. The problem could be solved, if a free objection mechanism would allow governments to protect their interest.

The GAC reminds the Board that governments need time to consult internally before deciding on whether or not to deliver a letter of approval or non-objection.

ICANN explains that it has not been decided how long the application period will be open from the launching of the gTLD program and recalls that there will be a four months communications campaign prior to the launch.

No further action required by now.

The GAC reiterates its position that governments should not be required to pay a fee for raising objections to new gTLD applications.

It is the view of the ICANN Board that governments that file objections should be required to cover costs of the objection process just like any other objector.

The problem could be solved, if a free objection mechanism would allow governments to protect their interest.

2. Further requirements regarding geographic names

The GAC clarifies that it is a question of national sovereignty to decide which level of government or which administration is responsible for the filing of letters of support or non-objection. There may be countries that require that such documentation has to be filed by the central government - also for regional geoTLDs; in other countries the responsibility for filing letters of support may rest

with sub-national level administrations even if the name of the capital is concerned. GAC requests some clarification on this in the next version of the Applicants Guidebook.

According to the current DAG applications will be suspended (pending resolution by the applicants), if there is more than one application for a string representing a certain geographic name, and the applications have requisite government approvals. The GAC understands such a position for applications that have support of different administrations or governmental entities. In such circumstances it is not considered appropriate for ICANN to determine the most relevant governmental entity; the same applies, if one string represents different geographic regions or cities. Some governments, however, may prefer not to select amongst applicants and support every application that fulfils certain requirements. Such a policy may facilitate decisions in some administrations and avoid time-consuming calls for tenders. GAC encourages ICANN to process those applications as other competing applications that apply for the same string.

9. Legal Recourse for Applications:

In commenting DAG4 GAC emphasised that a denial of any legal recourse – as stipulated in the guidebook - is inappropriate. In its response the ICANN Board stated that it does not believe that ICANN should expose itself to costly lawsuits any more than is appropriate.

The GAC reiterates its concern that excluding the possibility of legal recourse might raise severe legal problems. GAC therefore urges the ICANN Board to seek legal advice in major jurisdiction whether such a provision might cause legal conflicts – in particular but not limited to US and European competition laws. If ICANN explains that it has already examined these legal questions carefully and considering the results of these examinations still adheres to that provision, GAC will no longer insist on its position. However, the GAC expects that ICANN will continue to adhere to the rule of law and follow broad principles of natural justice. For example, if ICANN deviates from its agreed processes in coming to a decision, the GAC expects that ICANN will provide an appropriate mechanism for any complaints to be heard.

10. Providing opportunities for all stakeholders including those from developing countries

Main issues

1. Cost Considerations

“ GAC urged ICANN to set technical and other requirements, including cost considerations, at a reasonable and proportionate level in order not to exclude stakeholders from developing countries from participating in the new gTLD process.”

GAC: new gTLD applications from municipalities and local governments in developing countries

2. Language diversity

Key documents produced by ICANN must be available in all UN languages within a reasonable period in advance of the launch of the gTLD round. The GAC strongly recommends that the communications strategy for the new gTLD round be developed with this issue of inclusiveness as a key priority”.

3. Technical and logistics support

4. Outreach – as per Joint AC/SO recommendations

5. Joint AC/SO Working Group on support for new gTLD applicants.

On 10th December 2010 the GAC through its Cartagena GAC communiqué stated as follows: “The GAC welcomed an update on the work of the Joint AC/SO Working Group on support, and encourages the Working Group to continue their efforts, particularly with regard to further outreach with developing countries” further, the GAC urged ICANN to adopt recommendations of the Joint AC/SO Working Group.

Recommendations of the Joint AC/SO Working Group:

Who should receive Support?

- Non-governmental Organizations (NGOs), civil society and not-for-profit organizations
- Limited Community based applications such as cultural, linguistic and ethnic
- Applications in languages whose presence on the web is limited
- Local entrepreneurs, in those markets where market constraints make normal business operations more difficult
- Applicants located in emerging economies

Type of support:

- Cost Reduction Support
- Sponsorship and other funding support
- Modifications to the financial continued operation instrument obligation
- Technical support
- Logistical support
- Obligation Technical support for applicants in operating or qualifying to operate a gTLD
- gTLD Exception to the rules requiring separation of the Registry and Registrar function

6. Applications from Governments or National authorities (especially municipal councils and provincial authorities) – special consideration for applications from developing countries

GAC communiqué’s on the issue:

- i. Brussels Communiqué

The GAC commented that the new gTLD process should meet the global public interest consistent with the Affirmation of Commitments. It therefore urged ICANN to set technical and other requirements, including cost considerations, at a reasonable and proportionate level in order not to exclude developing country stakeholders from participating in the new gTLD-process. Key documents should be available in all UN languages. The GAC urges that the communications and outreach strategy for the new gTLD round be developed with this issue of inclusiveness as a key priority.

ii. Nairobi Communiqué

The GAC believed that instead of the then proposal of single-fee requirement, a cost-based structure of fees appropriate to each category of TLD would:

- a) prevent cross subsidization and
- b) better reflect the project scale,

This would improve logistical requirements and financial position of local community and developing country stakeholders who should not be disenfranchised from the new TLD round.

Further the board believes that :

- a. New gTLD process is developed on a cost recovery model.
- b. Experience gained from first round will inform decisions on fee levels, and the scope for discounts and subsidies in subsequent rounds.
- c. Non-financial means of support are being made available to deserving cases.
- i. Proposed that the following be entertained to achieve cost reduction:
 - Waiving the cost of Program Development (\$26k).
 - Waiving the Risk/Contingency cost (\$60k).
 - Lowering the application cost (\$100k)
 - Waiving the Registry fixed fees (\$25k per calendar year), and charge the Registry- Level Transaction Fee only (\$0.25 per domain name registration or renewal).
- ii. Proposed that the reduced cost be paid incrementally, which will give the applicants/communities from developing countries more time to raise money, and investors will be more encouraged to fund an application that passes the initial evaluation.
- iii. Believe that communities from developing countries apply for new gTLDs according to an appropriate business model taking into consideration the realities of their regions. ICANN's commitment towards supporting gTLD applicants in communities from developing countries will be a milestone to the development of the overall Internet community in Africa and other developing regions.

A. Other Developing world Community comments

Rolling out new gTLD and IDNs was done in a hurry and without basis on a careful feasibility study on the impact that this rollout will have on developing countries. For some representatives, this is a massive roll out of gTLDs and IDNs that will find many developing countries unprepared and unable to absorb it. There is the fear that there might be serious consequence in terms of economic impact to developing countries.

11. Law enforcement due diligence recommendations to amend the Registrar Accreditation Agreement as noted in the Brussels Communiqué

The GAC advises the ICANN Board to instruct ICANN staff to amend the final Draft Applicant Guidebook as follows:

Module 1:

1. Include other criminal convictions as criteria for disqualification, such as Internet-related crimes (felony or misdemeanor) or drugs.
2. Assign higher weight to applicants offering the highest levels of security to minimize the potential for malicious activity, particularly for those strings that present a higher risk of serving as venues for criminal, fraudulent or illegal conduct (e.g. such as those related to children, health-care, financial services, etc.)

Module 2:

1. Add domestic screening services, local to the applicant, to the international screening services.
2. Add criminal background checks to the Initial Evaluation.
3. Amend the statement that the results of due diligence efforts will not be posted to a positive commitment to make such results publicly available
4. Maintain requirements that WHOIS data be accurate and publicly available.

Explanation:

These amendments will improve the prospects for mitigating malicious conduct and ensuring that criminal elements are hindered from using the DNS for criminal and illegal activities. The GAC also strongly encourages, and will contribute LEA expertise to this activity, further work on the high level security zone requirements.

12. The need for an early warning to applicants whether a proposed string would be considered controversial or to raise sensitivities (including geographical names)

In conjunction with the GAC's proposed amendments to the Objections Procedures, to Community-based strings, and Geographic

Names, the GAC advises ICANN to reconsider its objection to an “early warning” opportunity for governments to review potential new gTLD strings and to advise applicants whether their proposed strings would be considered controversial or to raise national sensitivities.

Appendix: Background Material

1. Intellectual Property Rights

National governments have significant public policy concerns that the expansion of gTLDs will increase the level of fraud and abuse on the Internet, which will harm consumers, businesses, and other users of the Internet. The GAC advises the ICANN Board that the current proposed mechanisms to protect consumers and trademark rights from harm and abuse are inadequate and unacceptable. It is crucial that adequate mechanisms be adopted now -- and not after the first round of new gTLDs is introduced -- to ensure that the risk of such increased fraud and abuse is mitigated.

The GAC restates its previously articulated concerns that ICANN have in place an effective compliance program with sufficient staff and resources before ICANN launches the new gTLD program.

Why is this an issue of public policy concern for the GAC?

Trademark law protects consumers from deception and confusion and protects trademark owners' property rights from infringement. This dual basis, which is reflected in the laws of every GAC member country, mirrors the GAC's public policy concern in the rights protection issue.

The GAC acknowledges the potential commercial opportunities associated with the introduction of new gTLDs subject to a set of rules with adequate mechanisms for rights protection.

However, the GAC has nonetheless always regarded the risks to brand-owners associated with a major expansion of the gTLD space as a major public policy concern that must be carefully addressed to ensure that the opportunities and benefits outweigh the costs. In particular, many trademark owners will be forced to purchase second level defensive registrations in order to avoid misuse of their trademarks. Purchasing second level registrations will be costly and unlikely to prevent all possible misuse. The GAC notes that the significant cost burden for business arising from defensive registrations to protect brands and trade marks was described in the economic analysis undertaken by Katz, Rosston and Sullivan

The rights protection mechanisms to be established in the Applicant Guidebook are therefore crucial and must offer practical and

comprehensive approaches consistent with existing national legal frameworks and established best practice.

Once implemented in the first round of gTLD applications, ICANN should commission an independent review of the operation of the rights protections mechanisms in order to establish their effectiveness and practicability, to identify any deficiencies and scope for further improvement, and to make recommendations for public comment on how they might be changed prior to the second round of applications.

Relevant history:

The GAC's recent interaction with the Board on Protection of Rights Owners and consumer protection during 2010

The GAC noted in its Nairobi communiqué the recommendations of the Special Trade Marks Issues Review Team. The GAC Chair stated in his letter dated 10 March 2010 to the ICANN Chair regarding DAGv3 that it

is important to ensure that intellectual property rights are properly respected in the new gTLD space consistent with national and international law and standards. The GAC expects that the proposed Trademark Clearing House should be made available to all trademark owners, irrespective of the legal regime they operate under, and that an effective and sustainable Uniform Rapid Suspension (URS), with appropriate remedies, and a Post Delegation Dispute Resolution Policy are established to ensure appropriate trade mark protection. While these initiatives are broadly welcomed therefore in serving to help address the concerns of brand owners, the GAC believes that they require further refining. In particular, "substantive examination" should be re-defined so that registrations examined on "absolute grounds" are included in order to ensure broader availability of the URS.

The Chair of ICANN responded on 5 August 2010 as follows:

The GAC comments, in concert with other comments, were taken in account in version 4 of the Applicant Guidebook that, for the first time, included the set of proposed intellectual property rights protection mechanisms. In particular, ICANN has broadened the types of trademark registrations that must be honored in offering a "Sunrise" service and all new registries employing an IP Claims service must honor trademarks registered in all jurisdictions. The types of registrations offered protections have also been broadened for the Uniform Rapid Suspension Service, one of the new post-delegation rights protection mechanisms. The Post Delegation Dispute Resolution Policy has also been amended in response to specific recommendations from the ICANN community.

After due consideration of this response and the amendments contained in DAGv4, the GAC took the view, however, that the ICANN response to the GAC's advice and proposals were insufficient. This was communicated in the GAC Chair's letter of 23 September 2010 to the ICANN Chair, with particular reference to the Trademark Clearing House (TC) and the Uniform Rapid Suspension System (URS), as follows:

The GAC notes with great concern that brand-owners continue to be faced with substantial and often prohibitive defensive registration costs which constitute a negative impact on their business planning and budgeting over which they have no control. Consultations by individual GAC members with business stakeholders underline how this issue remains a fundamental downside to the expansion of the gTLD space, far outweighing any perception of opportunities for innovation and customer-orientated benefits from the creation of corporate brand TLDs.

In the current financial and economic climate, these consultations reveal that many individual brands and businesses and media entities – some with large families of brands - find themselves without a sound business case to justify high levels of expenditure on large numbers of domain name registrations, most of which they are unlikely ever to use. Many of those that do decide to commit valuable financial resources for acquiring such defensive registrations will need to take some difficult decisions as to how to prioritise their efforts to avoid as much abuse of their trademarks as possible, in the knowledge that they will not be able to prevent all the potential abuse of their brands that the new gTLD round will facilitate.

This problem is exacerbated by lack of awareness: a recent survey carried out by 'World Trademark Review' showed that over 50% of respondents did not understand the implications for them of the gTLD programme.

The GAC remains of the view, therefore, that more concerted attention needs to be paid by ICANN to mitigate the costs to brandowners of new gTLDs arising from the need to acquire defensive registrations. The GAC urges ICANN therefore to reach out more effectively to the business community to set out both the opportunities for corporate business and the cost implications for brandholders of the expansion of the gTLD space.

The GAC notes the efforts to enhance through process the protection of rights owners as recounted in your letter of 5 August and developed in version 4 of the DAG.

In particular the GAC welcomes the expansion of the Trademark Clearing House to allow all nationally registered trademarks including those not substantially reviewed. However, the GAC shares the views of the World Intellectual Property Organisation (WIPO) that ICANN should ensure that the Trademark Clearing House operates on non-discriminatory terms and not impose a validation fee depending on the source of the trademark. The GAC also recommends that the match criteria

for searches be extended to include results that combine a trademark and a generic term (e.g. “Kopdakcameras”).

The GAC also urges ICANN to ensure that all new rights protection mechanisms complement the existing UDRP mechanism. The GAC has serious concerns with regard to the way in which the draft Uniform Rapid Suspension System which governments had supported has evolved so as to require a much higher burden of proof while limiting marks eligible for a URS claim to only those which have been subject to substantive review or validated in the Clearing House with the associated cost and time implications. As a result, the GAC believes that the aim of achieving a light-weight mechanism has been compromised with the successive drafting of the URS, to the extent that it no longer serves as a viable alternative for rightsholders to the UDRP in securing the timely suspension of domain names.

The ICANN Chair responded in his letter of 23 November to the GAC Chair as follows:

The Board understands the concerns expressed by the GAC regarding the potential costs of defensive registrations, and notes that the community spent a significant amount of time considering this issue, notably through the Implementation Recommendation Team and the Special Trademark Issues Working Group. The Board considered the many recommendations and supports the resulting protections now outlined in the Applicant Guidebook. These include:

- The requirement for all new registries to offer a Trademark Claims service or a sunrise period at launch.*
- The establishment of a Trademark Clearinghouse as a central repository for rights information, creating efficiencies for TM holders, registries, and registrars.*
- The existing Uniform Domain Name Dispute Resolution Policy (UDRP) continues to be available where complainant seeks transfer of names. Compliance with UDRP decisions is required in all new, as well as existing, gTLDs.*
- Implementation of a Uniform Rapid Suspension (URS) system that provides a streamlined, lower-cost mechanism to suspend infringing names.*
- The requirement for all new gTLD operators to provide access to “thick” Whois data. This access to registration data aids those seeking responsible parties as part of rights enforcement activities.*

Following further individual GAC member national consultations with domestic rights protection agencies and stakeholders, and due consideration of

a) the ICANN Chair’s letter of 23 November 2010;

b) the non-adoption in the “final” version of the DAG of the GAC’s proposals for the TC and the URS contained in the GAC Chair’s letter of 23 September 2010;

- c) the briefing the GAC received in Cartagena from ICANN staff on the changes incorporated in the “final” version of the DAG;
- and d) the GAC’s discussions in Cartagena with the GNSO;

at its meeting with the ICANN Board in Cartagena the GAC expressed that it continued to have fundamental concerns about the inadequacy of the proposed rights protection mechanisms.

Furthermore, the Cartagena communiqué stated that

as a result of the GAC's exchange with the GNSO, the GAC is also mindful that major stakeholder groups within ICANN (such as the Business and Intellectual Property constituencies) do not believe the most recent version of the DAG reflects their advice and concerns.

2. Root Zone Scaling

1. Introduction

This scorecard summarizes the GAC’s remaining concerns that ICANN provide sufficient safeguards so that the expected scale and rate of change of introduction of new gTLDs will not have a negative impact on the security, stability and resilience of the DNS.

References are made to ICANN Chair’s letter to the GAC Chair of 23 November 2010 in response of the letter of 10th March 2010 from the GAC Chair (‘ICANN’s response’) and to and to the Draft Applicants Guidebook version 4 (‘DAG4’)

2. Root growth control and monitoring / early warning system

In ICANN’s response reference is made to the intention (DAG4) to delegate 200 to 300 TLDs annually, and that in no case more than 1000 new gTLDs be added to the root zone in a year.

The GAC understands that the robustness of the root server system and the way it will react following substantive additions can only be fully understood by the practice and experience of the first round. Therefore the establishment of a monitoring system, as recommended by the community and taken on board by ICANN, is fully supported by the GAC. According to ICANN’s response “(it will) ensure that changes relating to scaling of the root management systems don’t go unnoticed prior to those changes becoming an

issue” This addresses the GAC’s advice that there should be a control mechanism to allow for the mitigation of any strain or unwanted effects of a large scale introduction of new TLDs.

However, the GAC believes that the implications and processes needed to act upon the outcome of such an early warning system need to be elaborated further in the Applicant Guidebook. The GAC accordingly now tables the following questions and proposals for the Board’s consideration:

1. What will be the modus operandi when the system issues a warning that the introduction should slow down or even stopped?
2. There should be scenarios and system responses clearly set out so that ICANN reacts predictably and quickly when there are indicators that new additions and changes are straining the root zone system. The level of detriment should be graded and described, with the resulting restorative measures outlined. These would include stopping further additions for defined periods, more intensive monitoring and in extreme cases suspension of new gTLDs.
3. Such scenarios should be described in the Applicants Guidebook with detailed explanations of how applicants will be informed about potential slowing down or even stopping of their application If the situations are defined and documented then applicants should also be advised of the consequences in certain cases.

The GAC recommends that the control mechanism should be carefully designed and there should be clearly understood (policy) implications reflected in the Applicant Guidebook before ICANN launches the round to open up the gTLD space. In view of the widely acknowledged unpredictability of all the effects of a massive introduction of gTLDs in the root zone system, the GAC also believes that there should be an in depth evaluation of the impacts of the first introduction round on the root zone system followed by a public comment period before a decision is taken to start the second round. The monitoring system for this purpose should therefore be fully operational from the start of the first round in order to deliver the necessary relevant data before the second round starts.

Therefore the GAC requests the Board,

4. to continue implementing a monitoring system and ensure that the processes that flow from its results are fully described in the Application Guidebook before the start of the first application round;
5. not to launch a second round of applications (1) unless there are indications from monitoring the root system that the first round did not in any way jeopardize the security and stability of the root zone system.

¹ assuming the first one does not exceed 200- 300 application

3. Operational and resource issues to avoid root change congestion and maintain continued integration of the system

The GAC expressed on several occasions its concern that the root change processes could face congestion at the operational level. ICANN's response made clear that the scaling effects can be absorbed by the root zone operators but that these effects are much more likely to be felt within the context of ICANN's internal systems, such as application processing, legal review, IANA process, etc. Therefore the GAC remains concerned as to whether both ICANN's internal systems and the resources of external actors can scale up sufficiently to meet the demands in order to process 200 to 300 applications a year.

The GAC accordingly now tables the following questions for the Board's consideration:

1. How will the necessary increase in resources be accomplished, is there flexibility to deal with changing demands, and how will ICANN avoid the possibility that other activities will be impacted by the possible diversion of resources to processing new gTLD applications?
2. How will ICANN address the specific needs of applicants from different, perhaps non-English speaking cultures, and with different legal environments?
3. How quickly would ICANN expect to complete contract negotiations for new gTLDs in a potential situation of 200 to 300 simultaneous applications and evaluations?
4. Are all the external actors (IANA, USG, root server operators, etc) sufficiently informed about what is expected from them in terms of work loadings and resources in order to fulfill their respective roles, in particular the pre-delegation checking, approvals, and implementation of potentially 200 to 300 root zone changes a year?
5. Following delegation of so many additional TLDs, what is ICANN's projection for the administrative workload for ICANN and IANA for processing requests for changes and additions to TLDs once they have been established in the root? What is ICANN's plan for resourcing these day-to-day operational functions, including staff requirements?

3. Geographic Names: Analysis of GAC's DAG4 comments and ICANN's answers

a) The GAC underlines that country and territory names should be excluded from applications until the ccPDP.

The Board will not consider such applications in the first round.

- The GAC reiterates its understanding that the IDN ccPDP and the use of country and territory names are related. Therefore the question, whether country and territory names need to be excluded has to be reconsidered before the next application round.

The GAC notes that ICANN considers that the use of country and territory names in general is out of scope of the IDN ccPDP, and therefore linking the two processes does not appear appropriate. ICANN therefore suggests that it is a possibility that the use of country and territory names may be considered after the first round of gTLD applications. Modalities for subsequent rounds will be determined by ICANN based on recommendations from the ICANN community and GAC Advice. It is important that GAC restates advice on this issue; see Annex B to Nairobi Communiqué. The GAC's main point was that strings that are a meaningful representation or abbreviation of a country or territory name should be treated outside the gTLD process. If they should be considered as new TLDs, they should be handled through a policy development process in ccNSO.

b) GAC reiterated its concern about insufficient protection of geographic names.

The Board does not refer to this concern.

For the GAC appropriate and free objection procedures would be acceptable to provide the protection of geographic names (see also c and e).

4. GAC's position on "Definition of geographic names"

The public comment period allows free of charge comments on every applied for string. Individual governments as the entire GAC can inform ICANN, which strings they consider to be geographic names. ICANN commits to process applications for strings that governments consider to be geographic names only if the respective government does support or not object to the use of that string.

GAC recalls that in cases in which geographic names correspond with generic names or brands, such a regulation would not exclude per se the use of generic names and brands as Top-Level Domains. It would, however, be in the area of responsibility of the adequate government to define requirements and safeguards to prevent the use of those Top-Level Domains as geoTLDs.

5. Providing opportunity for all stakeholders including those from developing countries

SUMMARY TABLE

A. GAC & ICANN Board Positions

No.	Issue Topic	GAC Position	ICANN Board Position	Remarks
1.	Recommendations of the Joint AC/SO Working Group	Supported	Supported	Board encouraged to adopt the recommendations
2.	Support on Technical operations and other requirements	ICANN to set technical and other requirements, including cost considerations, at a reasonable and proportionate level in order not to exclude developing country stakeholders from participating in the new gTLD-process	<ul style="list-style-type: none"> • New gTLD process is developed on a cost recovery model • Experience gained from first round will inform decisions on fee levels, and the scope for discounts and subsidies in subsequent rounds • Non-financial means of support are being made available to deserving cases. 	
3.	Concerns from the Internet Government Forum (IGF), Vilnius, Lithuania	Letter from GAC to ICANN 23 rd September 2010. The GAC reiterates its strong belief that the new gTLD process should meet the global public interest in promoting a fully inclusive and diverse Internet community and infrastructure, consistent with the Affirmation of Commitments. The GAC therefore urges ICANN to set		

No.	Issue Topic	GAC Position	ICANN Board Position	Remarks
		<p>technical and other requirements, including cost considerations, at a reasonable and proportionate level in order not to exclude stakeholders from developing countries from participating in the new gTLD process. Key documents produced by ICANN must be available in all UN languages within a reasonable period in advance of the launch of the gTLD round. The GAC strongly recommends that the communications strategy for the new gTLD round be developed with this issue of inclusiveness as a key priority.</p>		

B. Developing Countries/Communities Position.

No.	Issue Topic	Community Position	Joint SO/AC working Group Recommendation.	ICANN Board Position	Remarks
1.	Roll out of new gTLD's and IDN's.	Rolling out new gTLD's and IDNs was done in a hurry without basis on a careful feasibility study on the impact that this rollout will have on developing countries		The position of ICANN is that in no way this is a massive roll out and in fact there have been only 900 applications for new gTLD for a year and only 200 of them will be reviewed. ICANN holds the position that it has been fair and inclusive in its decision and that also it will help any country in this process	
2.	Eligibility for support	Developing communities strongly believe that entrepreneur applicants from developing countries, where the market is not wide enough for a reasonable profit making industry, are eligible for support. The African Community believe: <ul style="list-style-type: none"> • Entrepreneur applicants from African countries are 	Who should receive Support? <ul style="list-style-type: none"> • Governments, Municipal and local authorities from developing countries • Non-governmental Organizations (NGOs), civil society and not-for-profit organizations • Limited Community 	ICANN board is considering the proposals from the SO/AC joint working group.	

No.	Issue Topic	Community Position	Joint SO/AC working Group Recommendation.	ICANN Board Position	Remarks
		<p>eligible for support.</p> <ul style="list-style-type: none"> • Deem that Civil society, NGOs and non for profit organizations in Africa are the most in need of such support, • Believe that support is of utmost importance for geographic, cultural linguistic, and more generally community based applications. • Support to new gTLD applicants in Africa be prioritized • Support to be provided to applicants of new gTLDs in Africa should include, financial, linguistic, legal and technical • Proposed cost reduction: • Proposed that the reduced cost be paid incrementally, • Applications to be according to the 	<p>based applications such as cultural, linguistic and ethnic</p> <ul style="list-style-type: none"> • Applications in languages whose presence on the web is limited • Local entrepreneurs, in those markets where market constraints make normal business operations more difficult • Applicants located in emerging economies <p>Type of support</p> <ul style="list-style-type: none"> • Cost Reduction Support • Sponsorship and other funding support • Modifications to the financial continued operation instrument obligation • Technical support • Logistical support • Obligation Technical 		

No.	Issue Topic	Community Position	Joint SO/AC working Group Recommendation.	ICANN Board Position	Remarks
		<p>appropriate business models.</p> <ul style="list-style-type: none"> • Supplementary support and additional cost reduction for gTLDs applications from African countries. 	<p>support for applicants in operating or qualifying to operate a gTLD</p> <ul style="list-style-type: none"> • gTLDs Exception to the rules requiring separation of the Registry and Registrar function 		

Annex 2.2

ICANN Board Notes on the GAC New gTLDs Scorecard

4 March 2011

This document contains the ICANN Board's notes on the "GAC indicative scorecard on new gTLD outstanding issues" of 23 February 2011. Each GAC scorecard item is noted with a "1A", "1B", or "2":

- "1A" indicates that the Board's position is consistent with GAC advice as described in the Scorecard.
- "1B" indicates that the Board's position is consistent with GAC advice as described in the Scorecard in principle, with some revisions to be made.
- "2" indicates that the Board's current position is not consistent with GAC advice as described in the Scorecard, and further discussion with the GAC in San Francisco is required.

Item #	GAC Scorecard Actionable Item	Position	Notes
1.	The objection procedures including the requirements for governments to pay fees		
1.	Delete the procedures related to "Limited Public Interest Objections" in Module 3.	1B	The GAC indicated in Brussels that its concern relates to requiring governments to use this objection process. The Board and GAC therefore agreed that it would be consistent with GAC advice to leave the provision for Limited Public Interest Objections in the Guidebook for general purposes, but the GAC (as a whole) would not be obligated to use the objection process in order to give advice.
2.	Procedures for the review of sensitive strings		
2.1.1	1. String Evaluation and Objections	1B	A procedure for GAC review will be

ICANN Board Notes on the GAC New gTLDs Scorecard

	<p>Procedure Amend the following procedures related to the Initial Evaluation called for in Module 2 to include review by governments, via the GAC. At the beginning of the Initial Evaluation Period, ICANN will provide the GAC with a detailed summary of all new gTLD applications. Any GAC member may raise an objection to a proposed string for any reason. The GAC will consider any objection raised by a GAC member or members, and agree on advice to forward to the ICANN Board.</p>		<p>incorporated into the new gTLD process. The GAC may review the posted applications and provide advice to the ICANN Board. As discussed with the GAC, such advice would be provided within the 45-day period after posting of applications, with documentation according to accountability and transparency principles including whether the advice from the GAC is supported by a consensus of GAC members (which should include identification of the governments raising/supporting the objection).</p>
<p>2.1.2</p>	<p>GAC advice could also suggest measures to mitigate GAC concerns. For example, the GAC could advise that additional scrutiny and conditions should apply to strings that could impact on public trust (e.g. '.bank').</p>	<p>2</p>	<p>If the GAC were to provide suggested changes to mitigate concerns, we are concerned that the advice would lead to ad hoc changes to the evaluation process based on subjective assessments.</p>
<p>2.1.3</p>	<p>In the event the Board determines to take an action that is not consistent with GAC advice pursuant to Article XI Section 2.1 j and k, the Board will provide a rationale for its decision.</p>	<p>1A</p>	

ICANN Board Notes on the GAC New gTLDs Scorecard

2.2	<p>2. Expand Categories of Community-based Strings Amend the provisions and procedures contained in Modules 1 and 3 to clarify the following:</p>		
2.2.1	<p>“Community-based strings” include those that purport to represent or that embody a particular group of people or interests based on historical, cultural or social components of identity, such as nationality, race or ethnicity, religion, belief, culture or particular social origin or group, political opinion, membership of a national minority, disability, age, and/or a language or linguistic group (non exhaustive). In addition, those strings that refer to particular sectors, such as those subject to national regulation (such as .bank, .pharmacy) or those that describe or are targeted to a population or industry that is vulnerable to online fraud or abuse, should also be considered “community-based” strings.</p>	2	<p>Any community is eligible to designate its application as community-based. Bona fide community applicants are eligible for preference in the event of contention for a string.</p> <p>Also, ICANN has provided a community objection process in the event that there is "substantial opposition to it from a significant portion of the community." (A community objection may be lodged against any application, whether or not it is designated as community-based.)</p> <p>The GAC's list of groups and sectors appears to be an example of the kinds of communities that may be able to achieve standing to raise a community objection.</p>

ICANN Board Notes on the GAC New gTLDs Scorecard

			ICANN will review the standards for the community objection process to ensure that they are appropriate. Revised standards will be included in the forthcoming version of the Applicant Guidebook.
2.2.2	Applicants seeking such strings should be required to affirmatively identify them as “community-based strings” and must demonstrate their affiliation with the affected community, the specific purpose of the proposed TLD, and –when opportune evidence of support or non-objection from the relevant authority/ies that the applicant is the appropriate or agreed entity for purposes of managing the TLD.	2	<p>The GAC’s suggestion would require applicants to designate themselves as a community, even if they might not be.</p> <p>Strings may have many meanings, not all of which might implicate a community.</p> <p>Reducing the context for how strings may be used is contrary to an important goal of the new gTLD program, which is to help encourage competition, innovation and consumer choice.</p>
2.2.3	In the event the proposed string is either too broad to effectively identify a single entity as the relevant authority or appropriate manager, or is sufficiently contentious that an appropriate manager cannot be identified and/or agreed, the application should be rejected.	2	<p>The community objection process is intended to deal with applications where "there is substantial opposition" to the application "from a significant portion of the community."</p> <p>This GAC advice seems to suggest that</p>

ICANN Board Notes on the GAC New gTLDs Scorecard

			<p>unless everyone can agree on an appropriate applicant for a given string then the string should not be approved. Again, this seems contrary to the goal of increasing competition and providing additional choice to all consumers.</p> <p>Further, the phrase "sufficiently contentious" is vague and it is unclear who the GAC is suggesting would need to agree on an "appropriate manager." Thus, this suggestion does not seem to be workable in light of the goals of the new gTLD program.</p>
2.2.4	The requirement that objectors must demonstrate “material detriment to the broader Internet community” should be amended to reflect simply “material detriment”, as the former represents an extremely vague standard that may prove impossible to satisfy.	1B	Staff will return with revised wording to address this concern.
2.2.5	Individual governments that choose to file objections to any proposed “community-based” string should not be required to pay fees.	1B	ICANN will investigate a mechanism for the forthcoming round under which GAC members could be exempted from paying fees for objections in some circumstances (subject to constraints

ICANN Board Notes on the GAC New gTLDs Scorecard

			imposed by budget and other considerations).
3.	Root Zone Scaling		
3.1.1	The Board should continue implementing a monitoring and alerting system and ensure a) that ICANN can react predictably and quickly when there are indicators that new additions and changes are straining the root zone system, and	1A	<p>Root zone monitoring systems are currently in place. ICANN will work with root zone operators to identify relevant reporting metrics and establish a process to report such metrics to the GAC and the Internet community.</p> <p>Furthermore, a process will be implemented that enables the delegation of TLDs to be slowed or stopped in the event there is a strain to the root zone system.</p> <p>ICANN also commits to review the effects of the new gTLD program on the operations of the root zone system, and defer the delegations in the second round until it is determined that the delegations in the first round did not jeopardize root zone system security or stability.</p>
3.1.2	b) that the processes and possible resulting restorative measures that flow from its results are fully described in the Application		See 3.1.1 above.

ICANN Board Notes on the GAC New gTLDs Scorecard

	Guidebook before the start of the first application round.		
3.2	The Board commits to defer the launch of a second round or batch of applications unless an evaluation shows that there are indications from monitoring the root system etc. that a first (limited) round did not in any way jeopardize the security and stability of the root zone system.		See 3.1.1 above.
3.3	The Board commits to make the second round or batch of applications contingent on a clean sheet from full technical and administrative assessment of impact of the first round with recommendations which should go out to public comment for approval.		See 3.1.1 above.
3.4	The Board commits to avoid the possibility that other activities will be impacted by the possible diversion of resources to processing new gTLD applications.		ICANN commits that the operation of the IANA functions and ICANN's coordination of the root zone system will not be negatively affected.
3.5	The Board should ensure that ICANN can effectively address the specific needs of applicants from different, perhaps non-English speaking cultures, and with different legal environments.		See note on 3.4 above.

ICANN Board Notes on the GAC New gTLDs Scorecard

3.6	The Board should monitor the pace and effectiveness of ICANN’s management of contract negotiations for new gTLDs in a potential situation of 200 to 300 simultaneous applications and evaluations.	1A	
3.7	The Board is confident that all relevant actors (IANA, root server operators, etc) are sufficiently informed about what is expected from them in terms of work loadings and resources in order to fulfil their respective roles, in particular the pre delegation checking, approvals, implementation of potentially 200 to 300 root zone changes a year and expected post-delegation changes.	1A	
4.	Market and Economic Impacts		
4.1	Amend the final Draft Applicant Guidebook to incorporate the following: Criteria to facilitate the weighing of the potential costs and benefits to the public in the evaluation and award of new gTLDs.	2	It is not planned that information gathered as part of the application will be used to predict the net benefit of the prospective TLD – that would be too speculative to be of real value. However, during the discussions between the GAC and the Board in Brussels, the GAC indicated that the weighing of costs and benefits should

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			instead take place as part of the new gTLD program review as specified in section 9.3 of the Affirmation of Commitments.
4.2	A requirement that new gTLD applicants provide information on the expected benefits of the proposed gTLD, as well as information and proposed operating terms to eliminate or minimize costs to registrants and consumers.	1B	As clarified through the discussions with the GAC in Brussels, ICANN will continue to explore with the GAC during the ICANN Public meeting in March 2011 what data might be included in the application to provide useful input to later economic studies and community analysis.
4.3	Due diligence or other operating restrictions to ensure that Community-based gTLDs will in fact serve their targeted communities and will not broaden their operations in a manner that makes it more likely for the registries to impose costs on existing domain owners in other TLDs.	1A	ICANN will continue to work to ensure that post-delegation dispute mechanisms adequately address this concern.
5.	Registry – Registrar Separation		
	Amend the proposed new registry agreement to restrict cross-ownership between registries and registrars, in those cases where it can be determined that the registry does have, or is likely to obtain, market power.	2	ICANN sought to implement a marketplace model that would enhance competition, opportunities for innovation and increase choice for consumers while preventing abuses in cases where the registry could wield

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			market power. While lifting restrictions on cross-ownership, ICANN reserves the right to refer issues to appropriate competition authorities if there are apparent abuses of market power. As previously resolved by the Board, registry agreements will include requirements and restrictions on any inappropriate or abusive conduct arising out of registry-registrar cross ownership, including without limitations provisions protecting against misuse of data or violations of a registry code of conduct.
6.	Protection of Rights Owners and consumer protection issue		
6.1.1	<p>1. Rights Protection: Trademark Clearing House (TC)</p> <p>The TC should be permitted to accept all types of intellectual property rights that are recognized under the national law of the country or countries under which the registry is organized or has its principal place of business. The only mandatory requirement for new registry operators will be to recognize national and supranational trademark registrations issued before June 26, 2008 and</p>	1B	ICANN will update the Applicant Guidebook to permit the Trademark Clearinghouse to include intellectual property rights for marks in addition to registered trademarks and those protected by treaty or statute. Of those marks, registry operators will be required to recognize national, supranational and marks protected by treaty and statute as eligible for their sunrise and Trademark claims services (subject to proof of use as described

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	court-validated common law trademarks.		below relating to sunrise services). The Clearinghouse must clearly note when entering the marks into the database, which marks are registered trademarks. The proposed date cut-off will not be utilized as discussed with the GAC.
6.1.2	Sunrise services and IP claims should both be mandatory for registry operators because they serve different functions with IP claims serving a useful notice function beyond the introductory phase.	2	The IRT and STI suggested an either/or approach. Please advise reasons for advocating both.
6.1.3	IP claims services and sunrise services should go beyond exact matches to include exact match plus key terms associated with goods or services identified by the mark) e.g. “Kodakonlineshop”) and typographical variations identified by the rights holder.	2	ICANN recognizes that trademark holders have an interest in receiving notification in the event that strings are registered that include their mark and a key term associated with goods or services identified by the mark. This remains an area of discussion.
6.1.4	All trademark registrations of national and supranational effect, regardless of whether	1B	All trademark registrations of national and supranational effect, regardless of

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	<p>examined on substantive or relative grounds, must be eligible to participate in the pre-launch sunrise mechanisms.</p>		<p>whether examined on substantive or relative grounds, will be eligible for inclusion in the Trademark Clearinghouse and for the Sunrise/TM Claims service subject to the following.</p> <p>Registries that utilize a sunrise process must require submission of evidence of use of the mark by holders of all trademark registrations, regardless of the jurisdiction of registration.</p> <p>Use of the trademark may be demonstrated by providing a declaration from the trademark holder along with one specimen of current use. Further discussion should take place relating to proof of use.</p>
6.1.5	<p>Protections afforded to trademark registrations do not extend to applications for registrations, marks within any opposition period or registered marks that were the subject of successful invalidation, cancellation or rectification proceedings.</p>	1A	
6.1.6	<p>The IP claims service should notify the potential domain name registrant of the rights</p>	1A	<p>Agreed. Note: the notification to the rights holder will be sent promptly after</p>

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	holder's claim and also notify the rights holder of the registrant's application for the domain name.		the potential registrant has acknowledged the IP Claim and proceeds with the application to register the name.
6.1.7.1	The TC should continue after the initial launch of each gTLD.	2	The Trademark Clearinghouse will be an ongoing operation. The Sunrise and TM Claims service will operate only at launch (in accordance with the recommendations of the IRT and the STI). Trademark holders will continue to be able to subscribe to "watch" services that will be able to utilize the Centralized Zone File Access system to be able to efficiently monitor registrations across multiple gTLDs.
6.1.7.2	Rights holders, registries and registrars should all contribute to the cost of the TC because they all benefit from it.	1B	Rights holders will pay the Trademark Clearinghouse when the rights holders register their marks, and the registry will pay when administering its sunrise/trademark claims service.
6.2.1	2. Rights Protection: Uniform Rapid Suspension (URS): Significantly reduce the timescales. See attached table for proposed changes.	1A	

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6.2.2	The complaint should be simplified by replacing the 5,000 word free text limit + unlimited attachments [para 1.2] with a simple pro forma standardised wording with the opportunity for not more than 500 words of freeform text and limit the attachments to copies of the offending website.	1A	Note: The word limit will not apply to respondents.
6.2.3	Decisions should be taken by a suitably qualified 'Examiner' and not require panel appointments.	1A	Examiners will be appointed by the URS Provider. Only one Examiner will be appointed per URS proceeding.
6.2.4	Where the complaint is based upon a valid registration, the requirement that the jurisdiction of registration incorporate substantive examination (paras 1.2f (i) and 8.1a) should be removed.	1B	<p>There is no requirement that any registration of a trademark must include substantive evaluation.</p> <p>Each trademark registration must be supported by evidence of use in order to be the basis of a URS complaint.</p> <p>Use of the trademark may be demonstrated by providing a declaration from the trademark holder along with one specimen of current use. Further discussion should take place relating to proof of use.</p>

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6.2.5	If, as is expected in the majority of cases, there is no response from the registrant, the default should be in favour of the complainant and the website locked. The examination of possible defences in default cases according to para 8.4(2) would otherwise give an unjustified privilege to the non-cooperating defendant.	1B	An examiner will review the merits of each complaint to ensure that the standard is met, even in the event of a default. The examiner will not be required to imagine possible defenses – this provision will be removed from the Guidebook.
6.2.6	The standard of proof (para 8.2) should be lowered from “clear and convincing evidence” to a preponderance of evidence”.	2	The principle of the URS is that it should only apply to clear-cut cases of abuse. "Clear and convincing" is the burden of proof that was recommended by the IRT and endorsed by the STI.
6.2.7	The “bad faith” requirement in paras 1.2f), 1.2g) and 8.1c) is not acceptable. Complainants will in only rare cases prevail in URS proceedings if the standards to be fulfilled by registrants are lax. Correspondingly, the factors listed in paras 5.7a) (“bona fide”) and b) “been commonly known by the domain name”) can hardly allow a domain name owner to prevail over the holders of colliding trademarks.	2	The standard applied for the URS is based on the UDRP standard. Both require a finding of bad faith.
6.2.8	A ‘loser pays’ mechanism should be added.	2	A loser pays mechanism was

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			investigated, but ultimately was not adopted. The UDRP does not have a loser-pays mechanism. It is unlikely that complainants would ever be able to effectively collect based on clear-cut cases of abuse, since the names in question will already have been suspended. Notwithstanding, ICANN will monitor URS procedures once launched to see whether a loser pays mechanism or some other methodology to reimburse mark holders is feasible.
6.2.9	Registrants who have lost five or more URS proceedings should be deemed to have waived the opportunity to respond to future URS complaints (this amendment corresponds to the “two strikes” provision which applies to rights holders).	2	Due process principles require that every registrant should always have the opportunity to present a defense.
6.2.10.1	However, there should be a clear rationale for appeal by the complainant.	2	The Board has asked the GAC to clarify if it intended to refer to "complainant" (as opposed to respondent) in this statement. Every appeal will be decided de novo, and therefore the appeal process does not require a separate evaluation of the rationale for filing the appeal.

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6.2.10.2	The time for filing an appeal in default cases must be reduced from 2 years to not more than 6 months.	2	The IRT originally suggested a URS without any appeal process. The STI suggested the inclusion of an appeal process (without any mention of a limitation on the ability to seek relief from a default). In response to comments, the Applicant Guidebook was revised to include a two-year limitation period on the opportunity to seek relief from a default.
6.2.10.3	In addition, the examination of possible defences in default cases according to para 8.4(2) means an unjustified privilege of the non-cooperating defendant.	1A	
6.2.11	The URS filing fee should be US\$200-US\$300 and minor administrative deficiencies should not result in dismissal of the URS complaint.	1B	ICANN will negotiate with URS service providers for the best prices and services. The fee range mentioned will be a target.
6.2.12	A successful complainant should have the right of first refusal for transfer of the disputed domain name after the suspension period so that the complainant is not forced to pursue a UDRP proceeding to secure a transfer.	1A	A successful complainant should have the right of first refusal to register the disputed domain name after the expiration of the registration period and any extension of the suspension period. This right of first refusal upon expiration will not diminish the registration period, or the period of time available for the registrant to seek

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			relief from default, or in any other way harm the rights of any registrant.
6.2.13	The URS should go beyond 'exact' matches and should at least include exact + goods/other generic words e.g. "Kodakonlineshop".	2	As recommended by the IRT, the URS only applies to registrations that are identical or confusingly similar to protected marks as described in the Guidebook. As noted above, the URS is only intended to apply to clear-cut cases of abuse.
6.3.1	<p>3. Rights Protection: Post-delegation Dispute Resolution Procedure (PDDRP)</p> <p>The standard of proof be changed from "clear and convincing evidence" to a "preponderance of evidence".</p>	2	This was the standard developed by the IRT.
6.3.2	The second level registrations that form the underlying basis of a successful PDDRP complaint should be deleted.	2	The registrants are not parties to the proceedings, thus keeping a registrant from using the domain name or stripping the name from the registrant should be effected through an alternative proceeding, such as URS or UDRP. Note that to the extent registrants have been shown to be officers, directors, agents, employees, or entities under common control with

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			a registry operator, then deletion of registrations may be a recommended remedy.
6.3.3	The requirement of “substantive examination” in para 9.2.1(i) should be deleted.	1B	<p>There is no requirement that any registration of a trademark must include substantive evaluation.</p> <p>Each trademark registration must be supported by evidence of use in order to be the basis of a PDDRP complaint.</p> <p>Use of the trademark may be demonstrated by providing a declaration from the trademark holder along with one specimen of current use. Further discussion should take place relating to proof of use.</p>
6.3.4	A new para 6.1 a) be added: “being identical to the complainant’s mark in relation to goods and services which are identical to those for which the complainant’s mark is registered. This would not apply if the registrant has a better right to the mark. In particular the registrant will in normal circumstances have a better right if the mark has been registered prior to the registration of the complainant’s mark.”	(?)	(Clarification from the GAC requested.)

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6.3.5	Regarding the second level (para 6.2), the registrant operator should be liable if he/she acts in bad faith or is grossly negligent in relation to the circumstances listed in para 6.a)-d).	2	Changing the standard from requiring "affirmative conduct" to "gross negligence" would effectively create a new policy imposing liability on registries based on actions of registrants.
6.3.6	The requirement in para 7.2.3 lit.d) that the complainant has to notify the registry operator at least 30 days prior to filing a complaint is burdensome and should be reduced to 10 days if not deleted entirely.	2	The current requirement is in place to provide the registry with a reasonable amount of time to investigate and take appropriate action if a trademark holder notifies the registry that there may be infringing names in the registry.
6.3.7	Para 19.5 should be amended as follows: "In cases where the Expert Determination decides that a registry operator is liable under the standards of the Trademark PDDRP, ICANN will impose appropriate remedies that are in line with the Determination.	1A	ICANN agrees that it will impose appropriate remedies that are "in line" with the determination. It should be noted however that ICANN is ultimately responsible for determining the appropriate remedy.
6.4.1	4. Consumer Protection Amend the "Maintain an abuse point of contact" paragraph in the DAG to include government agencies which address consumer protection:	1B	

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6.4.2	A registry operator must assist law enforcement, government agencies and agencies endorsed by governments with their enquiries about abuse complaints concerning all names registered in the TLD, including taking timely action, as required, to resolve abuse issues.	1B	ICANN agrees that the registry operator must assist appropriately in law enforcement investigations. There might be a difference between local and International law enforcement agencies. There is a question about whether this requirement would be stronger than what is already required by law. Changes to the Guidebook will be made after consideration of those issues.
6.4.3	Ensure that ICANN's contract compliance function is adequately resourced to build confidence in ICANN's ability to enforce agreements between ICANN and registries and registrars.	1A	Augment ICANN's contractual compliance function with additional resources to support the program of contracts between ICANN and the registries and registrars.
6.4.4	Vetting of certain strings gTLD strings which relate to any generally regulated industry (e.g. .bank, .dentist, .law) should be subject to more intensive vetting than other non-geographical gTLDs.	2	ICANN has requested clarification from the GAC of the intended meaning of "generally regulated industries", but generally believes that <i>a priori</i> categorization of strings is inherently problematic.
7.	Post-Delegation Disputes		
7.1	Change the wording in the sample letter of Government support in AG back to the wording in DAGv4 and keeping the new	1B	ICANN will modify the suggested wording of the letter of support or non-objection, and make clear its

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	<p>paragraph 7.13 of the new gTLD registry agreement with the changed wording from “may implement” to “will comply”. E.g change the wording from “may implement” back to “will comply” with a legally binding decision in the relevant jurisdiction.</p>		<p>commitments to governments in additional text of the Applicant Guidebook. However, the registry agreement will continue to indicate that ICANN "may implement" instead of "will comply" with such decisions for legal reasons. As discussed previously with the GAC, ICANN’s commitment to comply with legally binding decisions is made to governments, not to registries, Therefore, it is not necessarily in the interests of ICANN, or of governments, to place that obligation in registry agreements, giving registry operators the ability, and perhaps duty, to force ICANN to implement decisions in every case. (ICANN has a mechanism to enforce its contracts with registry operators.)</p>
7.2	<p>In addition describe in the AG that ICANN will comply with a legally binding decision in the relevant jurisdiction where there has been a dispute between the relevant government or public authority and registry operator.</p>	1B	<p>The suggestion to change "court decision" to "legally binding decision" requires further discussion as it may in some cases amount to a redelegation request. Also, there could be multiple jurisdictions that have given their support to one application (e.g., multiple "Springfield"s), thus, it may not</p>

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			be appropriate to implement a particular action based on one such decision.
8.	Use of geographic names:		
8.1.1.1	1. Definition of geographic names Implement a free of charge objection mechanism would allow governments to protect their interest	1B	ICANN will investigate a mechanism for the forthcoming round under which GAC members could be exempted from paying fees for objections in some circumstances (subject to constraints imposed by budget and other considerations).
8.1.1.2	and to define names that are to be considered geographic names.	2	The process relies on pre-existing lists of geographic names for determining which strings require the support or non-objection of a government. Governments and other representatives of communities will continue to be able to utilize the community objection process to address attempted misappropriation of community labels. ICANN will continue to explore the possibility of pre-identifying using additional authoritative lists of geographic identifiers that are published by recognized global organizations.
8.1.2	This implies that ICANN will exclude an	1B	ICANN will continue to rely on pre-

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	<p>applied for string from entering the new gTLD process when the government formally states that this string is considered to be a name for which this country is commonly known as.</p>		<p>existing lists of geographic names for determining which strings require the support or non-objection of a government. This is in the interest of providing a transparent and predictable process for all parties. (See related note above.)</p>
8.1.3	<p>Review the proposal in the DAG in order to ensure that this potential [city name applicants avoiding government support requirement by stating that use is for non-community purposes] does not arise. Provide further explanations on statements that applicants are required to provide a description/purpose for the TLD, and to adhere to the terms and condition of submitting an application including confirming that all statements and representations contained in the application are true and accurate.</p>	2	<p>There are post-delegation mechanisms to address this situation. In addition, the "early warning" opportunity will offer an additional means to indicate community objections.</p>
8.1.4	<p>Governments should not be required to pay a fee for raising objections to new gTLD applications. Implement a free objection mechanism would allow governments to protect their interest.</p>	1B	<p>ICANN will investigate a mechanism for the forthcoming round under which GAC members could be exempted from paying fees for objections in some circumstances (subject to constraints imposed by budget and other</p>

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			considerations).
8.2.1	<p>2. Further requirements regarding geographic names</p> <p>The GAC clarifies that it is a question of national sovereignty to decide which level of government or which administration is responsible for the filing of letters of support or non-objection. There may be countries that require that such documentation has to be filed by the central government - also for regional geoTLDs; in other countries the responsibility for filing letters of support may rest with sub-national level administrations even if the name of the capital is concerned. GAC requests some clarification on this in the next version of the Applicants Guidebook.</p>	1A	<p>This principle is agreed, and this can be clarified in the Guidebook. ICANN invites governments to identify appropriate points of contact on this issue.</p>
8.2.2	<p>According to the current DAG applications will be suspended (pending resolution by the applicants), if there is more than one application for a string representing a certain geographic name, and the applications have requisite government approvals. The GAC understands such a position for applications that have support of different administrations or governmental entities. In such circumstances it is not considered appropriate</p>	1B	<p>ICANN will continue to suspend processing of applications with inconsistent/conflicting support, but will allow multiple applicants all endorsed by the same authority to go forward, when requested by the government.</p> <p>This area needs further discussion on the potential situations that could lead</p>

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	<p>for ICANN to determine the most relevant governmental entity; the same applies, if one string represents different geographic regions or cities. Some governments, however, may prefer not to select amongst applicants and support every application that fulfils certain requirements. Such a policy may facilitate decisions in some administrations and avoid time-consuming calls for tenders. GAC encourages ICANN to process those applications as other competing applications that apply for the same string.</p>		<p>to redelegation requests.</p>
<p>9.</p>	<p align="center">Legal Recourse for Applications:</p>		
<p>9.</p>	<p>Seek legal advice in major jurisdiction whether such a provision might cause legal conflicts – in particular but not limited to US and European competition laws. If ICANN explains that it has already examined these legal questions carefully and considering the results of these examinations still adheres to that provision, GAC will no longer insist on its position. However, the GAC expects that ICANN will continue to adhere to the rule of law and follow broad principles of natural justice. For example, if ICANN deviates from its agreed processes in coming to a decision,</p>	<p>1A</p>	<p>As discussed with the GAC, ICANN has examined these legal questions carefully and considering the results of these examinations still adheres to this provision. ICANN will clarify in the Applicant Guidebook that: if ICANN deviates from its agreed processes in coming to a decision, ICANN's internal accountability mechanisms will allow complaints to be heard.</p>

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	the GAC expects that ICANN will provide an appropriate mechanism for any complaints to be heard.		
10.	Providing opportunities for all stakeholders including those from developing countries		
10.1	<p>Main issues</p> <p>1. Cost Considerations</p> <p>Set technical and other requirements, including cost considerations, at a reasonable and proportionate level in order not to exclude stakeholders from developing countries from participating in the new gTLD process.</p>	TBD	<p>ICANN’s Board recognized the importance of an inclusive New gTLD Program and issued a Resolution forming a Joint Working Group (JAS WG) which is underway. ICANN would like to receive the report of the JAS WG as soon as possible. JAS WG is requested to provide a possible deadline for his work during the ICANN meeting in SFO allowing the Board to act.</p> <p>It is noted that one of the challenges in developing support mechanisms for applicants is to ensure that such support is actually received by those applicants with the most need, rather than being used advantageously by other participants. This issue has also been taken into account in the work of the JAS WG.</p>

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			The minimum technical requirements for operating a registry are expected to be consistent across applications.
10.2.1	2. Language diversity Key documents produced by ICANN must be available in all UN languages within a reasonable period in advance of the launch of the gTLD round.	1A	Some documents are already available in the 6 UN languages. The Final Application Guidebook will be also in due course, and the web site will be organize to find easily all the documents available in each language.
10.2.2	The GAC strongly recommends that the communications strategy for the new gTLD round be developed with this issue of inclusiveness as a key priority.	1A	
10.3	3. Technical and logistics support	1B	ICANN has agreed to provide certain mechanisms for technical and logistical support, such as assisting with matching needs to providers. ICANN is also considering setting up regional help desks to provide more responsive and relevant technical support to new gTLD applicants in developing countries.
10.4	4. Outreach – as per Joint AC/SO recommendations	1A	
10.5	5. Joint AC/SO Working Group on support for	TBD	This item from the GAC Scorecard

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	<p>new gTLD applicants. GAC urged ICANN to adopt recommendations of the Joint AC/SO Working Group.</p>		<p>appears to reflect the interim report of the JAS WG. ICANN is awaiting their final report. (ICANN would like to receive the report of the JAS WG as soon as possible.)</p>
<p>10.6</p>	<p>6. Applications from Governments or National authorities (especially municipal councils and provincial authorities) – special consideration for applications from developing countries The GAC commented that the new gTLD process should meet the global public interest consistent with the Affirmation of Commitments. It therefore urged ICANN to set technical and other requirements, including cost considerations, at a reasonable and proportionate level in order not to exclude developing country stakeholders from participating in the new gTLD-process. Key documents should be available in all UN languages. The GAC urges that the communications and outreach strategy for the new gTLD round be developed with this issue of inclusiveness as a key priority.</p> <p>ii. Nairobi Communiqué The GAC believed that instead of the then</p>	<p>TBD</p>	<p>This set of issues overlaps with and is addressed in the other items in this section.</p>

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	<p>proposal of single-fee requirement, a cost-based structure of fees appropriate to each category of TLD would:</p> <ul style="list-style-type: none">a) prevent cross subsidization andb) better reflect the project scale, <p>This would improve logistical requirements and financial position of local community and developing country stakeholders who should not be disenfranchised from the new TLD round.</p> <p>Further the board believes that :</p> <ul style="list-style-type: none">a. New gTLD process is developed on a cost recovery model.b. Experience gained from first round will inform decisions on fee levels, and the scope for discounts and subsidies in subsequent rounds.c. Non-financial means of support are being made available to deserving cases.i. Proposed that the following be entertained to achieve cost reduction:<ul style="list-style-type: none">• Waiving the cost of Program Development (\$26k).• Waiving the Risk/Contingency cost (\$60k).• Lowering the application cost (\$100k)• Waiving the Registry fixed fees (\$25k		
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	<p>per calendar year), and charge the Registry- Level Transaction Fee only (\$0.25 per domain name registration or renewal).</p> <p>ii. Proposed that the reduced cost be paid incrementally, which will give the applicants/communities from developing countries more time to raise money, and investors will be more encouraged to fund an application that passes the initial evaluation.</p> <p>iii. Believe that communities from developing countries apply for new gTLDs according to an appropriate business model taking into consideration the realities of their regions. ICANN’s commitment towards supporting gTLD applicants in communities from developing countries will be a milestone to the development of the overall Internet community in Africa and other developing regions.</p>		
10.7	<p>A. Other Developing world Community comments</p> <p>Rolling out new gTLD and IDNs was done in a hurry and without basis on a careful feasibility study on the impact that this rollout will have on developing countries. For some</p>	1B	<p>ICANN is investigating and intends to provide mechanisms for assisting with matching needs to providers, and will continue to investigate mechanisms for providing additional forms of support (such as providing documents in</p>

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	<p>representatives, this is a massive roll out of gTLDs and IDNs that will find many developing countries unprepared and unable to absorb it. There is the fear that there might be serious consequence in terms of economic impact to developing countries.</p>		<p>additional languages beyond the official U.N. languages).</p>
11.	<p style="text-align: center;">Law enforcement due diligence recommendations [to amend the Registrar Accreditation Agreement as noted in the Brussels Communiqué] (Note: ICANN will provide an update on the status of the RAA-related recommendations from law enforcement)</p>		
11.1	<p>Include other criminal convictions as criteria for disqualification, such as Internet-related crimes (felony or misdemeanor) or drugs.</p>	1B	<p>ICANN accepts the principle that screening should be as effective as possible. ICANN is willing to meet with law enforcement and other experts to ensure that all available expertise is focused on this issue. (ICANN notes however that there is no consistent definition of criminal behavior across multiple jurisdictions, and the existing proposed Applicant Guidebook consciously targets "crimes of trust".)</p>
11.2.1	<p>Assign higher weight to applicants offering the highest levels of security to minimize the potential for malicious activity, particularly for those strings that present a higher risk of serving as venues for criminal, fraudulent or illegal conduct (e.g. such as those related to</p>	1B	<p>ICANN could consider providing extra points in some aspects of the qualification evaluation scoring process. (ICANN notes however that a priori categorization of strings is inherently problematic.)</p>

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	children, health-care, financial services, etc.)		
11.3	Add domestic screening services, local to the applicant, to the international screening services.	1B	ICANN accepts the principle that screening should be as effective as possible. ICANN is willing to meet with law enforcement and other experts to ensure that all available expertise is focused on this issue. (ICANN is mindful that this particular recommendation could lead applicants to locate in certain regions in order to game the depth of domestic screening. International screening is likely to include the reports of local agencies and could therefore be duplicative.)
11.4	Add criminal background checks to the Initial Evaluation	1B	ICANN accepts the principle that screening should be as effective as possible. ICANN is willing to meet with law enforcement and other experts to ensure that all available expertise is focused on this issue. (ICANN notes that there is no consistent definition of criminal behavior across multiple jurisdictions, and the existing proposed Applicant Guidebook already addresses serious crimes of trust.)
11.5	Amend the statement that the results of due diligence efforts will not be posted to a	1B	ICANN will explore possible ways to make results public, but is concerned

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	positive commitment to make such results publicly available		that posting such information poses concerns about privacy that should be explored further.
11.6	Maintain requirements that WHOIS data be accurate and publicly available.	1A	From the Affirmation of Commitments: "ICANN additionally commits to enforcing its existing policy relating to WHOIS, subject to applicable laws. Such existing policy requires that ICANN implement measures to maintain timely, unrestricted and public access to accurate and complete WHOIS information, including registrant, technical, billing, and administrative contact information."
12.	The need for an early warning to applicants whether a proposed string would be considered controversial or to raise sensitivities (including geographical names)		
12.1	Reconsider its objection to an “early warning” opportunity for governments to review potential new gTLD strings and to advise applicants whether their proposed strings would be considered controversial or to raise national sensitivities.	1B	The principle of an early warning is already included in the Guidebook. The exact process needs to be discussed further – please see the Board’s notes above with respect to the GAC’s advice on “Procedures for the review of sensitive strings.”

Item	Subpoints	1A	1B	2	?
1	1		1		
2	8	1	3	4	
3	8	8			
4	3	1	1	1	
5	1			1	
6.1	8	2	3	3	
6.2	15	5	3	7	
6.3	7	1	1	4	1
6.4	4	1	2	1	
7	2		2		
8	7	1	4	2	
9	1	1			
10	8	3	2		3
11	6	1	5		
12	1		1		
Totals	80	25	28	23	9

Annex 2.3

Annex 2.3 – Analysis of the IBFed quoted GAC guidance

- The quote that IBFed has provided is from the GAC Scorecard here - <http://archive.icann.org/en/topics/new-gtlds/gac-scorecard-23feb11-en.pdf> (attached as Annexure 2.1)
- The quote is from section 2 of the above link. Section 2 in itself is called **“Expand Categories of Community-based Strings”**
- We quote the GAC scorecard statement:

“Community-based strings” include those that purport to represent or that embody a particular group of people or interests based on historical, cultural or social components of identity, such as nationality, race or ethnicity, religion, belief, culture or particular social origin or group, political opinion, membership of a national minority, disability, age, and/or a language or linguistic group (non-exhaustive). **In addition, those strings that refer to particular sectors, such as those subject to national regulation (such as .bank, .pharmacy) or those that describe or are targeted to a population or industry that is vulnerable to online fraud or abuse, should also be considered “community-based” strings.**”

- We draw your attention to the highlighted phrases –
 - GAC states that .bank is a “sector” or an “industry”, NOT a community
 - GAC further requests ICANN that **“In addition”** these **“sectors”** **“should also be considered”** by ICANN as community based strings – thus evidencing that ICANN did not intend for .bank to be a community string as per the AGB and GAC was specifically recommending that ICANN do so. The phrases “In addition” and “should ALSO be considered” clearly suggest that .bank was NOT considered as a community string by ICANN and that GAC wanted ICANN to change that.
 - Lastly the section that contains the above quote is itself called “Expand Categories of Community-based Strings”.
 - All of this evidences that the GAC believed that the current AGB did not find .bank to be a community-string and GAC was requesting ICANN to “Expand” the definition of “community-based strings” to include “.bank”
- We further submit that while IBFed quoted the GAC advice, they conveniently failed to provide ICANN’s response to this GAC advice. The response is available at - <http://archive.icann.org/en/topics/new-gtlds/board-notes-gac-scorecard-04mar11-en.pdf>. We have attached it herewith as Annexure 2.2.
 - We draw your attention to page 3, section 2.2.1 of the response of ICANN Board to this specific paragraph in the GAC advice. Please note the “Position” column contains “2”.
 - We draw your attention to the start of the document which states - “2” indicates that the Board’s current position is not consistent with GAC

advice as described in the Scorecard, and further discussion with the GAC in San Francisco is required.

- This means the ICANN Board responded to the above GAC advice stating explicitly that the ICANN Board does not agree with and their position is not consistent with the GAC's advice issued in the scorecard section 2.2 as quoted above. This clearly demonstrates that ICANN did not agree that sectors such as .bank should be considered as community-based strings directly.
- In the final version of the AGB, ICANN identified .bank as a "sensitive string" that might get a GAC Early Warning. This clearly shows that ICANN disagreed with GAC on the community status of the .bank string.

Annex 3.1

Annexure 3.1 - Analysis of IBFed's arguments as measured against the AGB criteria for community.

3.1.1 Rule: The objector must prove that the community expressing opposition can be regarded as a clearly delineated community. A panel could balance a number of factors to determine this, including but not limited to:

- The level of public recognition of the group as a community at a local and/or global level;
- The level of formal boundaries around the community and what persons or entities are considered to form the community;
- The length of time the community has been in existence;
- The global distribution of the community (this may not apply if the community is territorial); and
- The number of people or entities that make up the community. If opposition by a number of people/entities is found, but the group represented by the objector is not determined to be a clearly delineated community, the objection will fail.

3.1.2 Introduction

- Section 3.5.4 of the AGB states 4 tests that a community objector must pass. The first test is –

The **community** invoked by the objector is a clearly **delineated** community;

- In its objection IBFed invokes the “global banking community”
- We submit in response –
 - There is no “community” called the “global banking community”.
 - Banking is a sector or an industry but it is NOT a community
 - The banking industry is also not clearly delineated
- The ICANN test for what constitutes a community is well defined in the AGB and must be strictly interpreted. We submit that for the purpose of this objection the criteria to determine whether there exists a “global banking community” should be the same criteria as laid out in the AGB.
- Our arguments follow

3.1.3 Argument 1 - cohesion

- ICANN states that a community must demonstrate more of a cohesion
 - Cohesion as defined in the dictionary -

“the act or state of cohering; tendency to unite; 1670s, from L. cohæsus, pp. of cohæreere "to stick together"

By this definition, according to ICANN, there would be a “global banking

community” if all banks around the world cohesed or tend to unite or stick together

- There is no evidence existing or presented by IBFed, of cohesion between most banks around the world, let alone every single bank in the world. Banks may have common interests, but they do not “*tend to stick together*”
- Hence the purported “global banking community” cannot fall under the AGB definition of a community

3.1.4 Argument 2 – awareness and recognition

- The AGB requires that there be an “awareness and recognition” of a community among its “members”.
- Firstly the definition presupposes the existence of “members”. The dictionary definition of the word “member” states -

“A distinct part of a whole”

- Hence a “bank” would qualify as a “member” of an alleged “global banking community” if it was a “distinct part” of such a community
- Just being a licensed bank does not make it a “member” of an alleged “community”
- If this were the case then by extension of this logic one could argue that every license creates a community –
 - For eg: can everyone in the world who obtains a driving license be construed to be a “member” of a “global drivers community”
 - OR can every company in the world that obtains a “telecom license” be construed to be a “members” of a “global telecom community”
- A mere license obtained by an entity under a specific regime does not make it a member of a community
- Additionally ICANN states that - for there to exist a “global banking community” there must exist among global banks, an awareness and recognition of such a community (i.e. an awareness of cohesion)
- To illustrate this point further, we visited website home pages, and the “About Us” sections of 20 of the largest banks in the world. None of them carry any mention of a “banking community” or a “global banking community”. A few of them do mention the “banking industry” and / or the “banking sector”. These have been highlighted and evidenced in Annexure 3.3.
- Banks merely share a common attribute i.e. being a licensed bank. Sharing a common attribute does not make them a community.
- There is no evidence existing or presented by IBFed of any such “awareness and recognition” amongst any banks, let alone amongst all the 36,110+ banks in the

world (Annexure 1.5), of the existence of a “global banking community” of which they are “members”.

3.1.5 Argument 3 – public recognition and formal boundaries

- Quoting from section 3.5.4 of the AGB, which covers the guidance ICANN offers to the panel to determine if the invoked community exists as a delineated community. The guidebook offers 5 factors. We draw your attention to the first 2 of those -

(1) The level of public recognition of the group as a community at a local and/or global level;

(2) The level of formal boundaries around the community and what persons or entities are considered to form the community;

- We submit that there is no public recognition of a “global banking community” at large
 - We submit that there is such a thing as a “global banking sector” but that does not make a community.
 - We conducted a Google search on the terms “banking industry”, “banking sector” and “banking community”. The results are attached herewith as Annexure 3.4.
 - A google search for the term “banking community” does not bring up any single website that mentions the existence of a “global banking community”. In fact the search only yields results for “community banking” which is a type of banking.
 - However a search of the terms “banking industry” and “banking sector” provide many relevant results that describe banking as an industry or sector.
 - This demonstrates that there is no public recognition of an alleged “global banking community”.
 - We further submit that the IBFed itself acknowledges that there is a “banking industry” and / or a “banking sector” in its communications. However, none of these communications contain any mention of the “global banking community” that it claims to represent. In the course of our research, we found 2 newsletters issued by the IBFed during 2012, which mention the banking “industry” and “sector”. These are attached as Annexure 3.5. Additionally, two letters sent by the IBFed to the IOSB and to HM Treasury also mention the “banking industry” and “financial sector”. They do not however call it the “banking community”. These are attached as Annexure 3.6.
 - Additionally, IBFed’s Memorandum and Articles of Association submitted as part of their Objection also mentions the “financial services industry”. Interestingly, it does not claim to represent the purported “global

- banking community” as part of its objectives. These communications would lead any unbiased individual to conclude that IBFed itself does not construe banking as a community but rather an industry or sector.
- As such IBFed has failed to provide any evidence of such public recognition at a global level.
 - There aren’t consistent formal boundaries as to what persons or entities are considered to be banks -
 - Regulations, licensing processes, guidelines and laws around banking are diverse and different in each country in the world and hence there is no consistency with respect to what entities are considered as banks across countries, and hence there cannot be a *global* banking community.
 - Annexure 3.2 provides examples of the widely differing rules and regulations that apply to banks in different countries.

3.1.6 Argument 4 – delineation

- Section 4.2.3 of the AGB on page 4-11 says:

"Delineation" relates to the membership of a community, where a ***clear and straight-forward membership definition*** scores high, while an ***unclear, dispersed*** or unbound definition scores low."
- We draw your attention to the highlighted terms above in ICANN’s definition of delineated
 - ICANN requires that for a community to be delineated there must be a clear and straightforward membership definition which cannot be “unclear” and “dispersed”
 - The definition of a bank is unclear and dispersed
 - Annexure 3.2 provides examples of the widely differing rules and regulations that apply to banks in different countries

Annex 3.2

Annexure 3.2 - Examples of substantial variations in banking regulations show that a common standard to clearly delineate membership does not exist

India: The Central Bank (RBI) recently announced guidelines that allowed real estate focused firms and brokerages to apply for a banking license in addition to the original guidelines that did not allow such entities to apply for a banking license.

Banking regulations have also witnessed substantial and sudden changes. In 1969, the Government of India issued an ordinance ('Banking Companies (Acquisition and Transfer of Undertakings) Ordinance, 1969') and nationalized the 14 largest commercial banks with effect from July 1969. These banks contained 85% of bank deposits in the country. A second dose of nationalization of 6 more commercial banks followed in 1980. With the second dose of nationalization, the Government of India controlled around 91% of the banking business of India.

Cyprus: A Bank that does not have a banking license from the Central Bank of Cyprus is still allowed to provide banking services in Cyprus as long as it is a credit institution that is authorized and supervised by competent authorities of another member state of the EU. For a regular banking license, any suitable legal entity established in Cyprus, whose controllers are identified to be suitable and reputable can apply for a banking license if the entity has a certain minimum initial capital and a business plan.

The Cayman Islands: Different types of banking licenses are awarded by Monetary Authority based on the type of entity applying for the license. For example: "A" Licenses are usually issued only to branches or affiliates of established international banks. Unrestricted "B" licenses are awarded to entities seeking to carry on an offshore banking business, while restricting it from a list of other businesses. Restricted "B" licenses are usually given out only to Private Banks and carry more restrictions.

Belize: The Central Bank of Belize has laid out a simple 1 page procedure to apply for and obtain an International Banking License (https://www.centralbank.org.bz/docs/fss_1.1.2_international_banks/international-bank-application.pdf).

United Kingdom: The United Kingdom Financial Services Authority (FSA) on their website state:

"There is no definition of a 'bank' in the Financial Services and Markets Act 2000. Various organizations have told us that it would be helpful if the FSA could nevertheless publish a list of regulated firms which businesses and the public would think of as banks, similar to that which the Bank of England (until May 1998) and the FSA (from June 1998 until November 2001) used to publish under the Banking Act 1987. In response to this demand, we are now publishing such a list, which is based on the definition of 'bank' in the Glossary to the FSA's

Handbook.

The list of banks published by the FSA is intended to be used solely as a guide. The FSA does not warrant, nor does it accept any responsibility for, the accuracy or completeness of the list or for any loss which may arise from reliance by any person on information contained in the list.”

Source:

http://www.fsa.gov.uk/pages/library/other_publications/banks/index.shtml

Evidently, even the UK banking regulator (at a national level) does not have a definition for a bank and does not have the ability to provide a clear list of membership of banks comprising the UK financial services / banking industry.

Differences between US & EU Retail Banks: Research conducted by the World Savings Banks Institute and the European Savings Banks Group details the differences between only US and EU retail banks over a 162 page report: [http://www.wsbi.org/uploadedFiles/Publications_and_Research_\(ESBG_only\)/Research/078%20EU-US%20STUDY%20FINAL\(1\).pdf](http://www.wsbi.org/uploadedFiles/Publications_and_Research_(ESBG_only)/Research/078%20EU-US%20STUDY%20FINAL(1).pdf).

If it took over 162 pages to detail the differences between US and EU retail banks, we assert that a claim of common regulatory framework is not sufficient to create a community.

Annex 3.3



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11.04.13

DenizBank to purchase Citibank's Turkey Consumer Business

Istanbul, 11th April, 2013 – DenizBank as part of the Sberbank group and Citibank A.Ş. (Citi) signed an agreement in which DenizBank will purchase Citi's consumer banking business (including certain banking activities and assets, the stock purchase is not implied). The transaction, subject to customary and regulatory approvals, is expected to close in the third quarter of 2013.

Under the agreement, DenizBank will take over a portfolio consisting of over 600,000 customers, over TL 1.2 Billion (over \$ 650 Million) in gross assets, over TL 1.5 Billion in deposits (over \$ 800 Million), as of December 31, 2012, as well as, 22 consumer branches in Turkey and about 1,700 Citi consumer banking employees.

In September 2012, Sberbank completed the acquisition of DenizBank AS which is ranked 5th among private and 9th among all Turkish banks by consolidated total assets.

###

Sberbank of Russia
Alexander Baziyan
Public Relations
Tel. +7(495) 957 5721
media@sberbank.ru

Sberbank of Russia is the largest bank in Russia and holds almost one third of aggregate Russian **banking sector** assets. The Central Bank of the Russian Federation is the founder and principal shareholder of Sberbank owning 50% of the Bank's authorized capital plus one voting share. The rest of the shares are held by international and domestic investors. More than 100 million individual customers bank with Sberbank and about 1 million of businesses. The Bank has the largest distribution network in Russia with more than 18,000 offices as well as subsidiaries in 20 countries including the CIS, Central and Eastern Europe and Turkey.

The Bank holds the general banking license No.1481 issued by the Bank of Russia.
The official website is www.sberbank.ru.



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Stuart Gulliver,
HSBC Group Chief Executive

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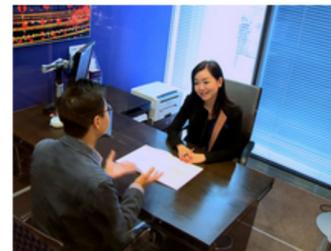
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HSBC is investing USD100 million to help provide one million people with access to clean water.

Fast facts The bronze lions at HSBC's headquarters are named after former chief managers Stephen and Stitt.



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A bank that grows in the rhythm of Brazil

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Born a innovative bank

A story driven by a determination to offer banking products and services to all citizens, throughout the Brazilian territory



Agency Marília, SP - 1943

- ✓ Founded in Marília on March 10, 1943
- ✓ First bank to put its managers in the area of Customer Service
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- ✓ Starts expanding to southern Brazil with 7 branches in Paraná

Bradesco was founded by Amador Aguiar, with an innovative vision: to be a democratic bank, present in the whole country in the service of their economic and social development.

For this, caters to immigrants, farmers and small traders, beyond the traditional audience of banking houses, formed by businessmen and large landowners.

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With the growth of operations, Headquarters is transferred to the center of the capital city and the bank's shares begin trading on the Stock Exchange.

Images of the time

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Slideshow



Agency Marília, SP - 1943



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ICBC 2011 Business Review

In 2011, Industrial and Commercial Bank of China Limited ("ICBC") remained committed to serve the real economy during an extraordinarily difficult year. The Bank forged ahead business re-orientation and development advance by better aligning the diversified needs of financial services from customers. Through spreading effort on a global scale and integrated operation, ICBC stepped up its reform backed by robust corporate governance practices and risk management. ICBC was well-positioned to remain as the world's largest bank by market value, customer deposit.

[Business Review]

At the end of the year, ICBC had 408,859 employees under payroll. ICBC provided a wide range of financial products and services to 4.11 million corporate clients and 282 million individual customers through 16,648 outlets across China, 239 overseas subsidiaries and a global network of more than 1,669 correspondent banks as well as Internet Banking, Telephone Banking and Self-service Banking. ICBC established strong presence by its commercial banking operation and rapid expansion to markets worldwide. ICBC held the top slots in the country in many business areas of commercial banking.

At the end of 2011, total assets reached RMB 15,476.868 billion, representing an increase of RMB 2,018.246 billion, or 15.0% over the end of previous year; Total liabilities reached RMB 14,519.045 billion at the end of 2011, up RMB 1,882.08 billion, or 14.9% from a year earlier. Having a 25.6% increase against previous year in net profit to RMB 208.445 billion in 2011, ICBC defended its position as the world's most profitable bank. Return on average total assets and return on weighted average equity on par with the international standard, were at 1.44% and 23.44% respectively. Earnings per share rose RMB 0.12 from a year earlier to RMB 0.6. Ratio of non-performing loans fell to 0.94 percent, down 0.14 percentage points against previous year. Bad loan balance and ratio "both declined" in the twelve years in a row. ICBC scaled up its capital strength and sustainable development by securing capital adequacy ratio and core capital adequacy at 13.17% and 10.07% respectively.



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601398 (Shanghai)	4.04	- (-)

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We are a leading commercial bank in China providing a comprehensive range of commercial banking products and services. Our business consists of three principal business segments: corporate banking, personal banking, and treasury operations. We are among the market leaders in China in a number of products and services, including infrastructure loans, residential mortgage and bank cards.

We have an extensive customer base, with established banking relationships with many of the largest business groups and leading companies in industries which are strategically important to China's economy. At the end of 2011, the Bank had a network of 13,581 branches and sub-branches in Mainland China, maintained overseas branches in Hong Kong, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul, New York, Ho Chi Minh City and Sydney, and representative offices in Taipei and Moscow, and owned multiple subsidiaries, such as CCB Asia, CCB Financial Leasing, CCB International, CCB Trust, Sino-German Bausparkasse, CCB London, CCB Principal Asset Management, and CCB Life. The Group provides comprehensive financial services to its customers.



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Welcome

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Documents such as this are rare these days in corporate America. Most companies have a set of vision and values, but few for as long as we've had ours. Even fewer have resisted fads and stayed faithful to their founding language. Only a handful of companies have made measurable progress toward an unchanging vision, not just for a year or two but for more than two decades.

And in the past two decades, a lot has changed. We've seen advances in technology and communications we could not have imagined 20 years ago. We've seen our nation's population grow more diverse and the globalization of almost every aspect of our lives. We've seen periods of economic growth and decline, with the effects of the worst economic downturn since the Great Depression still with us. We've seen the collapse of major financial institutions and the arrival of a new wave of industry regulations. Through all of this, we've seen the needs and interests of our customers and stakeholders change, and we've adapted right along with them.

Our progress has not been perfect. The expectations of others, and the even higher expectations we have of ourselves, have not always been met. When we make mistakes we admit them, we learn from them, and we keep moving forward with even more understanding and a deeper commitment to doing what's right.

We first published *The Vision & Values of Wells Fargo* in the early 1990s as Wells Fargo's predecessor, Norwest Corporation. Since then, we've grown from a network of small Midwestern banks into a national company with a growing global presence. Today, many of our team members trace their heritage to legacy companies that are now part of the Wells Fargo brand. Each of these companies brought with it new geographies, new capabilities and inspiring stories. All have found a common cause in adopting our vision and values.

We believe in our vision and values just as strongly today as we did the first time we put them on paper, and staying true to them will guide us toward continued growth and success for decades to come. As you read more about our vision and values, you will learn about who we are, where we're headed and how every Wells Fargo team member can help us get there.

We've become one of the nation's largest financial institutions, serving one in three U.S. households and employing one in 500 working Americans. We have team members in more than 35 countries outside the U.S., serving 70 million customers in more than 130 countries around the world. In a cover story early in 2012, *Forbes* noted that we are "The Bank That Works." The magazine also ranks us among the top 10 companies in the world based on a composite of sales, assets, profits and market value. We're now in the top 10 among all U.S. companies in profits and in the top 15 in U.S. market value. The reason for this is simple. We've never lost sight of putting our customers first and helping them succeed financially.

Regardless of our growing size, scope and reach, our common vision and distinct values form the fabric that holds us together wherever we are, whatever we do. As members of the same team, it doesn't matter what our respective responsibilities are, our levels or titles, what businesses we're part of, or where we live and work.

Our shared vision and values unite us as One Wells Fargo.

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- ▶ We operate in more than 60 countries.
- ▶ We have 260,000 employees.
- ▶ We serve millions of consumers, small businesses and many of the world's most prominent corporate, institutional and government clients.
- ▶ We are a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity.
- ▶ Our stock is a component of the Dow Jones Industrial Average.

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The POBC Issues Two Industry Standards Established by ABC

2013.04.15

The People's Bank of China (PBOC) recently issued two industry standards which presided over by Agricultural Bank of China Limited (ABC). They are entitled the Documentation Norms for Software Test of the Banking Industry (JR/T 0101-2013) and the Descriptive Norms for Product Specification of the Banking Industry (JR/T 0102-2013), respectively. The issuance of these industry standards confirms that ABC is capable of taking the lead in creating industry standards that have impactful and lasting significance.

The announcement stated that these financial industry standards are part of new technical rules issued by an appropriate industry department with authorization from the State Council and as such, shall be jointly observed and continuously used within the financial industry. These standards are the comprehensive reflection of science, techniques, and experience, and provide important guidance and norms for financial businesses and techniques. Upon being tasked by the China Financial Standardization Technical Committee (CFSTC) in 2011, ABC built a dedicated work group to carry out industry standards by unique characteristics of the industry's standards and practices.

The new standard requires the compiling of documents in accordance with the Documentation Norms for Software Test of the Banking Industry (JR/T 0101-2013), requirements that can effectively improve the visibility of the process, activities and tasks of the test, and thus improve the manageability of the test. This standard complies with national standards and integrates foreign advanced standards and international standards into national industry standards, including the latest results of the standardization of software test documentation. Its great significance lies in improving the software test and document quality of the Chinese banking industry and effectively accumulating software test assets for repeated use.

Based on the analysis of existing non-credit banking products, the Descriptive Norms for Product Specification of the Banking Industry (JR/T 0102-2013) summarizes and standardizes financial product information be provided for customers, and from the perspective of the customer, by a bank when they are contracting or using a banking product. It specifies the contents of banking product so that customers can more accurately understand the product they are contracting for or using. It also helps customers to understand returns, charges, and risks of banking products. The issuance of the standard conforms to the rapid development of the domestic banking industry offering diverse banking products into the market.

MORE	
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百年中行 全球服务

Bank of China was established in February 1912 under the approval of Sun Yat-sen.

From 1912 to 1949, functioning as the central bank, the foreign exchange bank and the specialized foreign trade bank successively, it maintained stable development in line with the mission of serving the people and rejuvenating the national financial industry.

After the founding of the republic, Bank of China became a specialized foreign exchange and international trade bank, making significant contributions to the development of China's foreign economy and trade as well as domestic economy.

In 1994, it turned into a wholly state-owned commercial bank. The demutualization process of Bank of China started in 2003. In August 2004, Bank of China Limited was established and then listed on Hong Kong Exchanges and Clearing Limited and Shanghai Stock Exchange in June and July 2006 respectively, becoming the first Chinese commercial bank listed in both the mainland and Hong Kong.

As the most internationalized and diversified bank in China, Bank of China provides full range of financial services in China's mainland, Hong Kong, Macau and other 31 countries. It mainly operates the commercial banking business including corporate banking, personal banking and financial market business. It also conducts investment banking business via Bank of China International Holdings Limited, its wholly-owned subsidiary, as well as the insurance services via another wholly-owned subsidiary Bank of China Group Insurance Company Limited and its subordinate and associate companies. Bank of China is also engaged in fund management services via Bank of China Investment Management Co., Ltd., direct investment and investment management via Bank of China Group Investment Limited, its wholly-owned subsidiary, and aircraft leasing via BOC Aviation Pte. Ltd. Bank of China ranked the eleventh in terms of core capital among the "World Top 1000 Banks" in the British magazine *The Banker* in 2009.

Over the past century, Bank of China has won wide recognition from the industry with its brand image of pursuit to excellence, sound management, focus on customers and meticulous working manner. With the new historic opportunities, Bank of China will keep forward towards the strategic goal of a first-class international bank in a sustainable way.

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OUR MISSION: ENABLING PROGRESS

Citi works tirelessly to serve individuals, communities, institutions and nations. With 200 years of experience meeting the world's toughest challenges and seizing its greatest opportunities, we strive to create the best outcomes for our clients and customers with financial solutions that are simple, creative and responsible. An institution connecting over 1,000 cities, 160 countries and millions of people, we are your global bank; we are Citi.

THE FOUR KEY PRINCIPLES:

These are the values that guide us as we perform our mission.

Common Purpose

One team, with one goal: serving our clients and stakeholders.

Responsible Finance™

Conduct that is transparent, prudent and dependable.

Ingenuity

Enhancing our clients' lives through innovation that harnesses the breadth and depth of our information, global network and world-class products.

Leadership

Talented people with the best training who thrive in a diverse meritocracy that demands excellence initiative and courage.



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OUR STORY

Who We Are

We're focused on listening to our customers, helping connect them to what matters most.

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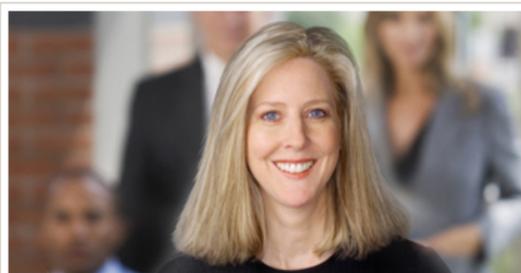
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A Global Company with a Local Focus

We have a strong commitment to the communities and regions in which we live and work. Through our lending, investing, advising, transacting and employment, we provide valuable resources to our customers and clients around the world.

Our Company >

Our vision is to become the world's finest financial services company. How will we know when we've reached that point? When our customers and clients tell us we have. [More](#)



Connecting people to what matters most through lending, investing and giving.

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What We Stand For >

Everyone who works here shares a commitment to helping the customers, clients, communities and shareholders we serve. Our values and operating principles drive our business decisions, guide our activities and focus our resources. [More](#)



We are working to be a more streamlined company, operating with less complexity and more transparency.

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Our Team >

Our team is committed to helping provide opportunities for our customers and clients throughout their financial lives. Each team member brings the expertise, judgment, leadership and diversity of thought and experience required to make decisions for all of our stakeholders. [More](#)



We're proud of our employees' collective experience and expertise.

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Our History & Heritage >

The financial institutions that are part of Bank of America's legacy have been instrumental in helping communities and businesses develop and prosper for more than 200 years. [More](#)



Helping communities, economies and nations has been a part of our culture for over 200 years.

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Life's better when we're connected

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WE SERVE APPROXIMATELY **57 MILLION** CONSUMERS AND U.S. SMALL BUSINESSES

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About the Group



- **The largest bank in the Eurozone and one of the largest in the world.** Banco Santander is a global, multi-national bank in 2012 was confirmed for the third time in recent years, such as the Best Bank in the World, according to the annual ranking of *Euromoney*. At the end of last year, Santander was the largest in the Eurozone and one of the thirteen largest in the world by market capitalization: 63.000 million euros.
- **Commercial Banking.** Based on a business model that focuses on products and commercial banking services to individuals, small businesses and companies, Santander now serves over 100 million customers a global network of 14,400 offices, the largest banking International. Manages funds of EUR 1,388 billion for all customer segments, has more than 3.3 million employees and 187,000 shareholders.
- **Ten major countries.** Founded in 1857 in the Spanish city of Santander by 76 businessmen linked to the regional economy and Spain's colonial trade with America, over one hundred Banco Santander rose during the twentieth century all rungs of the financial ladder to become the twenty-first century global banking leader concerning good management and solvency of the sector, with a strong presence in ten countries on two continents, Europe and America, and businesses in more than forty different markets. Today, Santander is the largest financial group in his home country, Spain, and also in Latin America, a continent where its most important markets are Brazil, Mexico, Chile and Argentina. It has gotten very relevant positions in the UK, Germany, Portugal, Poland and the northeastern United States. It also offers consumer financing services, in addition to these major markets in the Nordic countries plus the Netherlands, Austria, Italy and Belgium.
- **The most liquid shares of the stock.** Their actions are the most liquid of the Eurostoxx, listed on the Madrid, New York, London, Lisbon, Mexico, Sao Paulo, Buenos Aires and Milan. Listed on 63 different indices.
- **Ability to generate profits and capital strength.** Santander's position in international banking is unique and allows you to increase your income sustained year after year, while generating value for shareholders, customers and society. In 2012, in a severe global economic crisis, Santander increased its profit before provisions up to 23.559 million euros, a figure that is among the three largest international banking. Santander ended the year with a ratio of *core capital* and 10.33% far exceeded the most stringent tests of financial strength required by all national and international organizations.

Corporate Headquarters

Ciudad Grupo Santander
Avda de Cantabria s / n
28660 Boadilla del Monte
Madrid-Spain **General Information** Phone: 902
November 22, 11 (from Spain)
Phone: 91 289 00 00 (from outside Spain)

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Itaú is an international bank with operations in the Americas, Europe and Asia, providing services in a wide range of business segments. Find us:

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About Itaú

Itaú is the largest Latin American bank and one of the largest banks¹ on the planet, with approximately 100,000 employees and operations in 20 countries throughout the Americas, Asia and Europe. We are a universal bank with a range of services and products serving the most varied client profile - both individuals and companies of all sizes, from major transnational groups to local micro-entrepreneurs. In Brazil, we have nearly 5,000 full-service branches and 28,000 ATMs.

We are recognized for our governance practices and our management, which is focused on the generation of economic, social and environmental value. With shares trading on the São Paulo (BM&FBovespa), Buenos Aires and New York stock exchanges, our company has been a component of the Dow Jones Sustainability World Index portfolio for the past 13 years. For the past four years, Itaú has been a recipient of FT/IFC Sustainable Finance Awards: elected Sustainable Bank of the Year - Emerging Markets in 2009 and 2010, Sustainable Bank of the Year in 2011 and, in 2012, Sustainable Bank of the Year - Americas.

Our strategy is shaped by our vision, which is: To be the leading bank in sustainable performance and customer satisfaction.

For Itaú, sustainable performance means to create shared value for employees, customers, shareholders and society, to ensure the longevity of the business.

• Itaú's recurring net income reached \$6,850 billion (R\$ 14 billion) in 2012. Our total assets amounted to \$496,415 billion (R\$ 1,014.425 trillion), an increase of 19.2% in relation a 2011.

For nearly a decade now, Itaú has been the most valuable brand name in Brazil, valued at over \$10,765 billion (R\$22 billion) (Interbrand, 2012).

• We seek to mitigate the impacts of our operations and therefore we take actions that stimulate the entire value chain and generate important transformations along our value chain. We do it by incorporating socio-environmental criteria in all our businesses lines: credit, investments and insurance.

• We support our customers so that they have a healthier and more sustainable financial life, through our products and services, and through financial literacy programs.

• Itaú's micro-credit operation fosters financial inclusion, entrepreneurship and local development in socially vulnerable communities.

• We invest in the development of the people that work with us. One of the organization's principal strategic themes is meritocracy, which aims to recognize and enhance the importance of our teams in a fair and transparent organizational climate.

We aim to inspire and mobilize our stakeholders to change. In January 2012, we launched a publicity campaign inviting customers to opt for paperless, digital statements. Between January and March 2012, more than 600 thousand customers signed up for the Paperless Itaú campaign.

• Itaú's social and cultural investments came to more than \$13,5 million (R\$ 27,7 million) in 2012. The bank has been a pioneer in supporting art and culture since the creation of the Instituto Itaú Cultural in 1987, and Itaú currently owns one of Brazil's largest private art collections.

This is Itaú, the global Latin American bank.

¹ Bloomberg, December 31, 2012

Watch the video below and get to know the bank that understands Latin America



Macroeconomic reports



Macroeconomic reports

Here you can read news, discover the latest market trends and follow emerging investment stories in Latin America. Our reports provide a political and economic perspective on the entire region, including its ever-increasing impact on the rest of the world. It's valuable information for those investors who are always searching for inspiration and opportunity.

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News



Itaú to sponsor Sony Open tennis for fifth consecutive year

In 2013, for the fifth consecutive year, Itaú Unibanco will serve as a sponsor for the Sony Open, considered one of the world's top five tennis tournaments. Taking place in Miami on March 18-31, the Open will award \$10.3 million to participating players. This year Itaú clients worldwide will have access to the tournament's VIP restaurant, the Champions Club, only by presenting the credit or debit card.

[Click here](#)



Itaú Unibanco records assets exceeding R\$1 trillion and posts top efficiency ratio

Itaú Unibanco posted recurring net income of \$14.0 billion in 2012, while its total assets grew by 19.2%, to more than R\$1 trillion. The bank's efficiency ratio reached 45.5%, highest among Brazilian banks. Loan delinquencies displayed a notable downward trend in 2012, with the 90-day NPL ratio dropping to 4.8% as of December.

[Download the full report](#)



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About us



BNP Paribas is a leader in banking and financial services in Europe. The Group is present in 80 countries, and employs close to 200,000 people, half of which are based in its four domestic markets: Belgium, France, Italy and Luxembourg.

The three main activities of BNP Paribas are complementary, providing strategic strength and assuring the bank financial solidity:

- Retail Banking
- Investment Solutions
- Corporate & Investment Banking.

By placing the customer firmly at the heart of its operations, "the bank for a changing world" has positioned itself as a **responsible company** at the service of its customers. It defines itself through its rigorous approach to managing risk, its capacity to adapt and its ability to innovate.

The registered office is located at 16 Boulevard des Italiens 75009 Paris, France.

1st BANK OF THE EUROZONE Global 2000 Forbes 2011 |
 1st AMONG FRENCH ENTERPRISES Global 2000 Forbes 2011 |
 11th Of the world leading companies Global 2000 Forbes 2011

Best bank in developed Europe Global Finance, 2011 |
 5th IN THE GLOBAL BANKING SECTOR Global 2000 Forbes 2011 |
 188,600 employees, including more than **40,000** in Europe (31/12/2012)

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Brands and locations



Corporate and Social Responsibility



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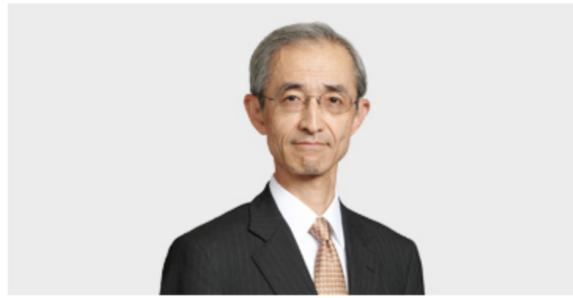
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- > A Company
- > An Investor / a Shareholder
- > A Job Applicant
- > A Journalist
- > A Supplier

About MUFG



Message from Management

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Business Strategy



Corporate Vision, CI



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Major Related Companies

Stock Price CODE(8306)

16/04 15:00	TSE 1st	
Last Trade	639	
Change	-24	Stock Chart
Market Cap (Unit Yen, 100m)	90,473	
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Our history dates back over 175 years. We are committed to building lasting partnerships with our customers, shareholders and communities in 32 countries in Australia, New Zealand, throughout Asia and the Pacific, and in the Middle East, Europe and America.

We provide a range of banking and financial products and services to around 8 million customers. We employ 48,000 people worldwide.

Business strategy

We aim to become a super regional bank. This involves growing our presence in the Asia Pacific region and source 25-30% of earnings from our Asia Pacific Europe and America Division by 2017, while also being very focused on growth in our core domestic businesses in Australia and New Zealand.

We have a coherent strategy to drive competitive advantage:

Geographic

- Balanced exposure to Asia's growth
- Regional connectivity
- Growing financial services market
- Strong domestic markets

Building super regional capabilities

- Bench strength/talent
- Technology operations hubs
- Global core brand
- Governance and risk management
- Building leading product capability

Customer focus

- Deep understanding of customer needs
- Resources, agribusiness, infrastructure
- Trade and investment flows
- Migration/people flows/education



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AT A GLANCE

The Goldman Sachs Group, Inc. is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals.

Founded in 1869, the firm is headquartered in New York and maintains offices in all major financial centers around the world.

WE REPORT OUR ACTIVITIES IN THE FOLLOWING FOUR BUSINESS SEGMENTS:

INVESTMENT BANKING

We provide a broad range of investment banking services to a diverse group of corporations, financial institutions, investment funds and governments. Services include strategic advisory assignments with respect to mergers and acquisitions, divestitures, corporate defense activities, risk management, restructurings and spin-offs, and debt and equity underwriting of public offerings and private placements, including domestic and cross-border transactions, as well as derivative transactions directly related to these activities.

INSTITUTIONAL CLIENT SERVICES

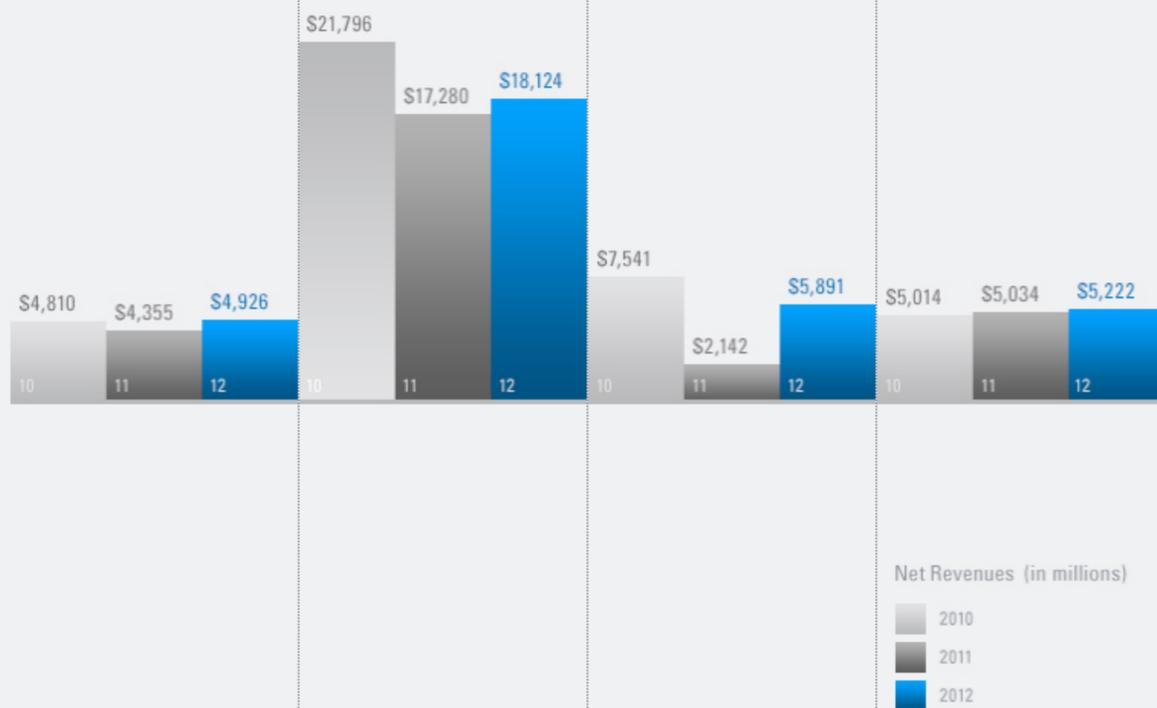
We facilitate client transactions and make markets in fixed income, equity, currency and commodity products, primarily with institutional clients such as corporates, financial institutions, investment funds and governments. We also make markets in and clear client transactions on major stock, options and futures exchanges worldwide and provide financing, securities lending and other prime brokerage services to institutional clients.

INVESTING & LENDING

We invest in and originate loans to provide financing to clients. These investments and loans are typically longer-term in nature. We make investments, directly and indirectly through funds that we manage, in debt securities and loans, public and private equity securities, real estate, consolidated investment entities and power generation facilities.

INVESTMENT MANAGEMENT

We provide investment management services and offer investment products (primarily through separately managed accounts and commingled vehicles, such as mutual funds and private investment funds) across all major asset classes to a diverse set of institutional and individual clients. We also offer wealth advisory services, including portfolio management and financial counseling, and brokerage and other transaction services to high-net-worth individuals and families.



STORIES OF PROGRESS

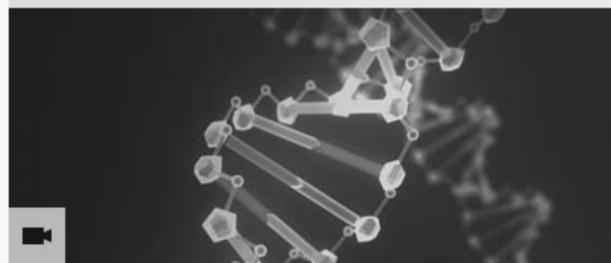


LEADERSHIP



CITIZENSHIP
KABEH SUMBO

Kabehe Sumbo joined 10,000 Women at the 2012 Clinton Global Initiative Annual Meeting to share her story as a graduate of the 10,000 Women program and a business owner in her native Monrovia, Liberia.



WHO WE ARE
PROGRESS IS: HELPING A BIOTECH COMPANY BRING NEW MEDICINES TO MARKET

When Human Genome Sciences needed advice and financing, it turned to Goldman Sachs. Watch video.

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UBS in a few words

We draw on our [150-year heritage](#) to serve private, institutional and corporate clients worldwide, as well as retail clients in Switzerland. Our business strategy is centered on our pre-eminent [global wealth management](#) businesses and our leading universal bank in Switzerland. Together with a client-focused [Investment Bank](#) and a strong, well-diversified [Global Asset Management](#) business, we will expand our premier wealth management franchise and drive further growth across the Group.

Headquartered in Zurich and Basel, Switzerland, UBS has [offices](#) in more than 50 countries, including all major financial centers, and employs approximately 63,000 people. Under Swiss company law, UBS is organized as an Aktiengesellschaft, a corporation that has issued [shares of common stock](#) to investors. UBS AG is the parent company of the UBS Group (Group).

The operational structure of the Group comprises the Corporate Center and five business divisions: Wealth Management, Wealth Management Americas, Investment Bank, Global Asset Management and Retail & Corporate.

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Global presence



UBS is present in all major financial centers worldwide. It has offices in over 50 countries, with about 36% of its employees working in the Americas, 35% in Switzerland, 17% in the rest of Europe and 12% in Asia Pacific.

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Our divisions

UK Personal Banking

The UK Personal division comprises of retail, corporate and commercial banking and wealth management services.

UK Corporate Banking

Serving UK corporate and commercial customers from SMEs to UK based multi nationals.

Direct Line Group

Direct Line Group is number one in the UK for both home and motor policies. The subsidiary is made up of several well-known brands including Direct Line, Churchill and Privilege. It sells and underwrites personal lines and SME insurance over the telephone and online, as well as through brokers, RBS Group bank branches and partnerships.

US Retail & Commercial Banking

US Retail & Commercial Banking provides financial services through [Citizens Financial Group](#). Citizens provides RBS with geographic balance, diversifies its opportunities for growth, and contributes to the Group's capital and funding ratios.

Ulster Bank

Ulster Bank provides a comprehensive range of financial services across the island of Ireland. It serves the needs of its 1.9 million personal and business customers through a network of 236 branches and has a business banking presence in every county.

Markets & International Banking

The investment banking arm of the Group offers a broad range of services enabling major corporations and institutions to achieve their global financing, transaction services and risk management objectives.

Wealth (Private Banking)

Wealth Management offer banking and investment services to wealthy private and business customers in the UK and around the world. It covers RBS Coutts, Coutts & Company and Adam & Company.

Our functions

Business Services and Central functions

The Group's supporting functions include Business Services, Human Resources, Communications, Finance and Group Strategy which supports the customer-facing operations of our brands in providing technology infrastructures, telephony support, lending and money transmission services, global purchasing reporting, budgeting and forecasting and property management.

Non-Core Division

The Group has been restructured to ensure we are better equipped to deal with the challenges facing our industry. The Restructuring and Risk division has been formed as part of this process.

It consists of

- Non-Core & Asset Protection Scheme
- Global Restructuring Group
- Group Risk
- Group Legal & Secretariat.

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About us

Deutsche Bank is a leading global investment bank with a strong and profitable private clients franchise. A leader in Germany and Europe, the Bank is continuously growing in North America, Asia and key emerging markets. With more than 78,000 employees in over 70 countries worldwide, Deutsche Bank offers unparalleled financial services throughout the world. The Bank competes to be the leading global provider of financial solutions for demanding clients creating exceptional value for its shareholders and people.

Deutsche Bank in India is a fully integrated financial services provider to Indian corporate, institutional and individual clients. Our services include on-shore investment banking, institutional equities broking, asset and private wealth management, retail banking and business processes outsourcing.

Over the years, recognition of our performance has come in the form of various awards which include:

- Best Sub-Custodian India 2009 - The Asset
- Best Bank in India 2008 - The Asset
- Best Equity House in India 2008 - The Asset
- Best Cash Management Specialist 2008 - The Asset
- Best Private Bank in India 2008 - Asiamoney
- Financial Express Award for Growth 2008 & 2007 - Financial Express

[A](#) [A](#) [A](#)[Refer this webpage](#)

Annex 3.4

Annex 3.4: Google searches

a. Google search on the term “Banking Sector”

The screenshot shows a Google search for "banking sector". The search results include:

- A news snippet from [www.cpnnews.in/business-news/banking-sector](#) with the text: "The move comes even as ICICI Bank suspended 18 officials, pending inquiry into the money laundering allegations, while Axix Bank, the third private sector ...".
- A link to "Ottawa to explore more competition in banking sector - The Globe ..." from [www.theglobeandmail.com](#) with the subtext "Globe Investor" and "6 hours ago - Budget signals willingness to ease hurdles for new entrants."
- A link to "TMF: Banking Sector" from [boards.fool.co.uk/banking-sector-50033.aspx](#) with the subtext "The Motley Fool Discussion Boards: The Best Financial Community on the Web."
- A link to "Domestic credit provided by banking sector (% of GDP) | Data | Table" from [data.worldbank.org/indicator/FS.AST.DOMS.GD.ZS](#) with the subtext "Domestic credit provided by banking sector (% of GDP). Domestic credit provided by the banking sector includes all credit to various sectors on a gross basis, ...".

Below the search results, there is a section titled "Searches related to banking sector" with several related search terms:

- [banking sector stocks](#)
- [banking sector analysis](#)
- [spanish banking sector](#)
- [banking sector p/e ratio](#)
- [jobs in banking sector](#)
- [banking sector size by country](#)
- [banking sector definition](#)
- [banking sector assets to gdp](#)

The Google logo is displayed at the bottom of the search results, with a "Next" button and a page number "1".

b. Google search on the term “Banking Industry”

The screenshot shows a Google search for "banking industry". The search results include:

- A link to "FPC must leave no room for doubt about strength of UK banking industry" from [The Guardian \(blog\)](#) with the subtext "- 2 days ago".

Below the search results, there is a section titled "Ads related to banking industry" with two advertisements:

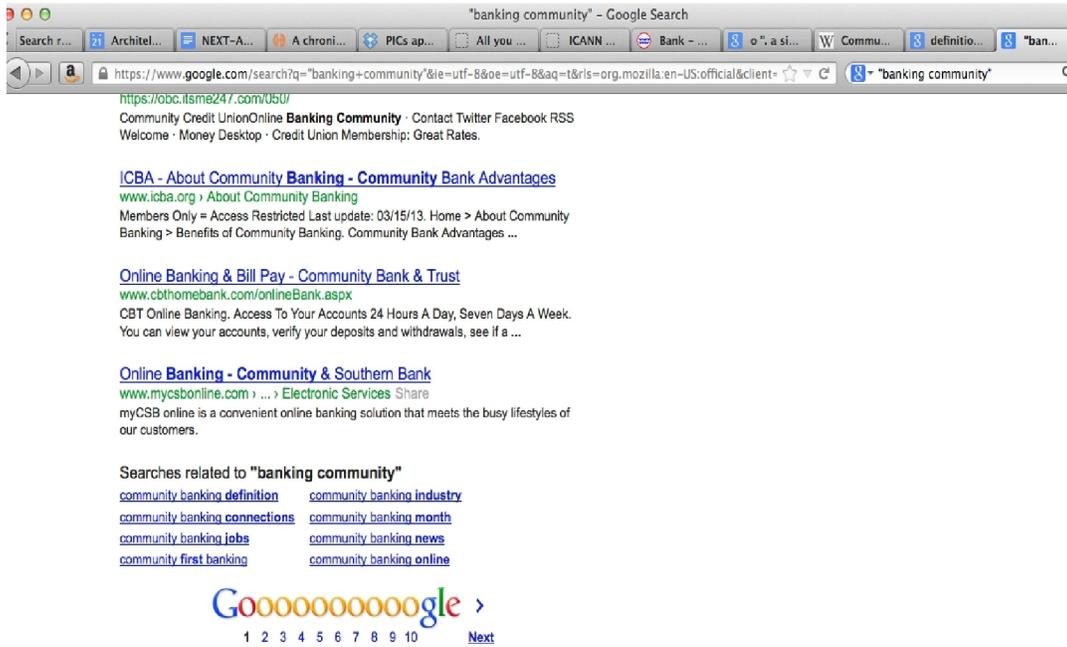
- Bank of America®**
[www.bankofamerica.com/](#)
Checking, Credit Card, Home Loans & Savings Solutions. Learn More Here.
11,127 people +1'd or follow Bank of America
Checking - Home Loans - Credit Card - Open a Merrill Edge Account
- BB&T Business Banking**
[www.bbt.com/business-100-offer](#)
Sign up for Business Checking & Money Market Accounts* & Get \$100!

Below the ads, there is a section titled "Searches related to banking industry" with several related search terms:

- [banking industry trends](#)
- [banking industry jobs](#)
- [banking industry analysis](#)
- [banking industry overview](#)
- [history of banking industry](#)
- [banking industry trends 2012](#)
- [banking industry regulations](#)
- [banking news](#)

The Google logo is displayed at the bottom of the search results, with a "Next" button and a page number "1".

c. Google search on the term "Banking Community"



Annex 3.5

Newsletter

2012 Summer Edition



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Engagement with the International Standards Setters

The IBFed continues to pursue its programme of engagement with the International Standard Setters. Highlights from recent months include:

(FSB)

- In May IBFed attended a workshop held by the FSB to review the common data template for Global Systemically Important Banks (G-SIBs). In a [letter](#) sent to the FSB after the workshop, we expressed our concerns that Authorities may rush to seek and collect transaction information that is currently not available from the accounting information systems that banks maintain at parent level. We also urged that the various reporting initiatives at global, regional and national level be aligned.
- IBFed has joined a new FSB joint private sector 'Enhanced Disclosure Task Force' (EDTF) to develop principles for further improving the content and consistency of disclosures provided by financial institutions. The Chairman of the IBFed Accounting Working Group, Dirk Jaeger of the German Bankers Association, serves as the IBFed's representative on this high level group. The draft report is expected to be finalized in mid September with the final report expected to be issued in October.
- IBFed responded to an FSB report on repos and secured lending in June. With respect to securities lending markets, the IBFed argued for increased transparency for these types of transactions with particular emphasis on globally consistent disclosures. However, we are concerned by FSB comments that appear to indicate that when an agent lender indemnifies a loan against borrower default, there could be

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implications for market stability. We also raised concerns with regard to reinvestment of cash collateral and urged the

- FSB to exercise caution and fully consider both current practices and regulatory requirements before imposing duplicative regulation on this market. Click [here](#) to read the letter.

(BCBS)

- In April, Bank CEOs were invited to meet with members of the Basel Committee for Banking Supervision (BCBS). The meeting concentrated on the Committee's current consideration of the liquidity regime. Discussion on a number of other issues, including the fundamental review of the trading book, systemic banks (GSIBs, DSIBs) and the implementation of the Basel framework provided clarification of some points but no great breakthrough in terms of accommodating industry views.
- IBFed member banks participated in a meeting of the BCBS's Standards Implementation Group (SIG) Taskforce in April, which is considering risk data aggregation. Industry participants provided valuable input in three areas a) governance and data architecture, b) data aggregation capabilities and c) risk reporting. The BCBS published a further consultation paper (*Principles for effective risk data aggregation and risk reporting*) on 28 June.
- In May, IBFed was invited to attend an informal meeting between banking regulators and industry participants to discuss the outline of the BCBS's planned review of non internal model approaches for measuring counterparty credit risk (CCR) exposures. IBFed was invited to attend a meeting of the BCBS's Contingent Capital (and bail-in) working Group. The meeting was a chance for industry representatives to offer their views on: (1) whether banks should issue contingent capital/bail-in instruments; (2) how the instruments should be structured; and (3) how the instruments should be viewed from a regulatory perspective.
- In June, the American Bankers Association, representing IBFed, attended a joint industry meeting with the BCBS Trading Book Group in Washington. The meeting took account of the industry's preliminary views on the BCBS's proposal (*Fundamental review of the trading book*) with the main discussions focused on the boundary between the trading book and banking book under the standardized approach.
- In August, IBFed responded to the BCBS consultation on a framework for dealing with domestic systemically important banks. We noted that the most effective policy tools to address the threats posed by systemic risk are improved supervision and resolution frameworks. Additional loss absorbency, though swifter to implement, can only be a complementary measure as it implies a cost in terms of economic growth. For this reason, the IBFed remarked that the currently proposed D-SIB framework should not replace nor take priority over the current improvements in

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supervision and resolution tools. The letter can be found [here](#).

(IOSCO)

- IBFed was present at a meeting of the IOSCO Technical Committee and Industry stakeholders in April. The IBFed Financial Markets Working Group met at the Annual IOSCO Conference in Beijing on this occasion. IBFed Chairman, Wim Mijs met privately with IOSCO Secretary General, David Wright, whilst there. There were also meetings with the Standing Committee Chairmen during the course of the week.
- In June, IBFed joined with other trade associations to respond to proposals from IOSCO regarding suitability requirements for the distribution of complex financial products. The response welcomed the engagement of IOSCO but argued that a focus on “complex” financial products rather than all financial products would be difficult to implement and administer for regulatory authorities, firms and customers and would ultimately lead to worse outcomes. We therefore strongly suggested that in adopting final principles, IOSCO take an approach that is applicable to all securities, collective investment schemes and related derivative instruments and the balance of risk and reward associated with them and that the references to “complex” financial products be largely dropped from the principles and guidance. Click [here](#) to read the letter.
- IBFed has [commented](#) on an IOSCO consultation regarding the regulation of Money Market Funds. In responding, we stated that we could not support bank-like regulation of MMFs or their products. The response argued that unnecessary or inappropriate policy responses could further stifle financial markets and impose additional burdens for investors and highlighted the steps already taken to mitigate risks around MMFs.
- We also [commented](#) on the consultation paper prepared by IOSCO on “Principles for the Regulation of Exchange Traded Funds”. While supporting the high-level principles, we encouraged IOSCO to focus on the development of practical principles that are clear for market and advisory professionals and are consistent with broader regulatory principles regarding collective investment schemes and, in doing so, avoid isolated initiatives that create additional regulatory complexity.

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IBFed Los Cabos G20 summit letter

On 13 June IBFed wrote to the Chairman of FSB ahead of the G20 summit held in Los Cabos.

While recognising that great progress had been made towards the objective of strengthening the financial sector, we noted that the development of considered and consistent proposals took time and both the industry and regulatory community would benefit if the FSB took steps to develop policies and processes which provided adequate time for third party stakeholder consultations. We also expressed our concerns that the sheer volume of additional proposed regulatory reform measures underway was undermining the quality and consistency of regulation.

We urged the G20 to encourage member jurisdictions to implement their agreements in accordance with the time tables agreed and to avoid a regulatory race which would restrict the ability of banks to support their clients and provide finance to the economy at a time when increased bank participation in the economy is needed and should be supported.

At the same time, we welcomed the steps taken to broaden the circle of countries engaged in work to promote international financial stability via the creation of the regional consultative groups at the Financial Stability Board and looked forward to the results of the study underway to assess the implications of the reforms on emerging and developing markets.

Click [here](#) to read the letter.

Strengthening FSB Capacity, Resources and Governance

At the Los Cabos Summit in June, the G20 Leaders endorsed the recommendations and the revised FSB Charter for placing the FSB on “an enduring organizational footing, with legal personality”, strengthened governance, greater financial autonomy and enhanced capacity to coordinate the development and implementation of financial regulatory policies. The leaders called for full implementation of the recommendations by their next meeting and substantial progress by the November 2012 Finance Ministers and Central Bank Governors’ meeting.

The FSB has established a High-Level Working Group in order to meet this mandate. The main recommendations of the Working Group include:

- (i) preserving the FSB’s flexible, responsive, member-driven, multi-institutional and multi-disciplinary character, active involvement of senior-level officials from finance ministries, central banks and supervisory authorities, and nexus between the political level and regulatory policy making of the SSBs;

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- (ii) pursuing a gradual approach to the institutionalisation of the FSB by establishing it as an association under the Swiss law to provide it a legal personality, with the functional immunities needed for its effective operation as a policy making body while maintaining strong and well-functioning links with the BIS;
- (iii) strengthening its continuing role in reducing the likelihood of financial crises through vulnerability assessment, effective and forward looking coordination of international standard setting, reviewing regulatory policies within a macroprudential perspective and comprehensive monitoring of members' implementation of international financial standards and agreed G20 and FSB commitments and recommendations;
- (iv) as needed to regulatory gaps that pose risk to financial stability, developing or coordinating development of standards and principles, in collaboration with the relevant SSBs and other stakeholders, as warranted, in areas which do not fall within the functional domain of another international standard-setting body, or on issues that have cross-sectoral implications, in line with the current practice; and
- (v) improving its governance, transparency and accountability arrangements through amendments to its charter, setting up Rules of Procedure and establishing a Standing Committee on Budget and Resources for effective financial governance.

Meet Our Members: Federation of Brazilian Banks



Mr Murilo Portugal Filho,
President of the Federation of
Brazilian Banks

The Federation of Brazilian Banks (FEBRABAN) is the leading trade association for the Brazilian banking industry. It represents 121 out of 160 banks registered at the Brazil Central Bank, comprising banks of all types and size: large retail banks, wholesale banks, as well as small niche institutions. It encompasses state-owned banks, private owned Brazilian banks, alongside with foreign owned banks.

The Federation was founded on November 9th 1967, and during the last four and a half decades Brazil has experienced major changes. Its economy has become stronger, larger, more stable and dynamic. The Brazilian banking industry has participated and contributed to this process. Banks that operate in Brazil are solid, well capitalized, liquid, profitable, and are subject to more stringent regulation and supervision than international standards require.

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Based on September 2011 figures, the banking system's capital adequacy ratio is 17 percent, with Tier 1 capital at 12.8 percent of risk-based assets. Average return on assets is around 1.5 percent and return on equity 14 percent. Liquid assets are 32.1 percent of total assets. Brazilian banks are also at the cutting-edge of information technology (IT). The banking industry is the number one IT user in Brazil, with annual investments of around US\$ 9 billion in information technology. Last year 24 percent of all transactions were done through the Internet, even though the branch network continues to grow at an average 3.0 percent per year over the last 10 years, and comprises 21,300 branches and 13,000 attending posts.

FEBRABAN is a member of the Latin American Banks Federation, the Institute for International Finance and now the IBFed. The day to day work of FEBRABAN comprises representation of the banks with the federal government, the federal legislative and judicial branches, state and municipal administrations, consumer protection groups and civil society organizations. FEBRABAN works through 30 technical committees that are in charge of the preparation, disclosure and discussion of policy proposals aiming at increasing the efficiency and the soundness of the system, and improving the quality of service. In addition to policy advocacy, FEBRABAN provides the **banking sector** certain services characterized by economies of scale and lack of competition amongst banks. FEBRABAN has recently set up a centre for registering corporate derivatives exchange and over-the-counter operations and also central registry and clearing house for interbank loans sales.

FEBRABAN coordinates studies, surveys and initiatives to monitor the public image of the sector, improve relations with consumers' organizations, and promote financial education. It is also establishing a system of self-regulation of banks. The Banking Security and the Digital Fraud Prevention Committees develop proposals and measures to prevent bank robbers and hackers. Through the National Federation of Banks (FENABAN) which was incorporated to FEBRABAN in 1983, FEBRABAN conducts, on behalf of the industry, the annual national wage negotiations with trade unions. The banking industry National Collective Labour Agreement encompasses all banks and is unique in Brazil, being a paradigm in the Brazilian labour market.

Since the late 1960's, FEBRABAN's role as the main representative of the banking industry has thrived and spread to issues ranging from the implementation of Basel III to the promotion of the biggest Southern Hemisphere Information Technology congress for financial institutions.

FEBRABAN's main aim is to contribute to the economic, social and sustainable development of Brazil by seeking continuous improvement of the banking system and its relations with the government and the whole society. Society is changing ever more towards transparency and dialogue and banks need to play an important part in this process. In a modern society, the success of banks is inextricably linked with that of the business and people they serve.



**International
Banking Federation**

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IBFed Board Meeting in Johannesburg

On 2nd October 2012, the 32nd Board meeting was hosted in Johannesburg by the Banking Association South Africa. The Board discussed how to deepen its relationship with the international standard setters - such as the Financial Stability Board, Basel Committee and IOSCO - in order to enhance its ability to promote the IBFed's views on the reform of the **financial sector**.

The Board had the pleasure to meet and exchange views with South African policy makers and regulators on their priority issues. In particular, the Board met with Nhlanhla Musa Nene, the **Deputy Minister of Finance of South Africa**, to discuss his views on how the work of the multilateral institutions like the Basel Committee, G20 and FSB needed to increasingly focus on solving the issues that were of specific concern to emerging and developing economies. The Board also met with officials at the South African Reserve Bank, including the **Governor Gill Marcus**, for a discussion centred on their efforts to promote the soundness of the banking system in a manner consistent with the need to support economic growth.

IBFed Working Group Activities

Prudential Supervisory WG

On 29th and 30th November, the Prudential Supervisory Working Group (PSWG) held meetings in Basel. Topics covered in the meeting included:

- Regulatory Developments in the EU and the US – bridging the gap between Dodd Frank and CRR/CRD, Volker, Vickers and Liikanen;

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- Investigation into the cumulative effects of regulatory change on banks and the real economy;
- Large Exposure Regimes and the development of an international framework;
- Basel III capital disclosure and implementation of reconciliation requirements;
- Cross border application of regulations including the swaps provisions of the Commodity Exchange Act that were enacted by Title VII of the Dodd-Frank Act; and
- Confidentiality of Supervisory Reporting Data.

On 30th November PSWG held meetings with the secretariat of the Financial Stability Board Basel and Committee on Banking Supervision on the following points:

- Development of a international resolution framework and macroprudential supervision;
- Shadow banking;
- RWAs and the tendency to move away from RWA towards leverage ratio;
- Capital requirements for bank exposures to CCPs (central counterparties);
- The reform of the prudential requirements for the Trading Book;
- Securitisation;
- Operational Risk;
- Large Exposures; and
- Finalisation of Liquidity Risk Framework.

On 7th December, the PSWG responded to the FSB Consultation on Recovery and Resolution Planning. IBFed welcomed the FSB's objective of providing further guidance to supervisors and resolution authorities on Recovery and Resolution Planning and ways to make the FSB Key Attributes requirements operational. The response expressed support for using firm-specific Crisis Management Groups to coordinate cross-border resolution and encouraged further international cooperation to make such groups as effective as possible. Click [here](#) to read the full letter.

Accounting WG

The Accounting Working Group (AWG) held meetings in London on 13th and 14th November. Topics discussed at the meetings included:

- The launch of an IBFed Classification and Measurement Taskforce that will lead the preparation of IBFed's response to the IASB and FASB consultations, including the IASB Exposure Draft [Classification and Measurement: Limited Amendments to IFRS 9](#) issued in November 2012;
- The launch of an IBFed Impairment Taskforce to evaluate the FASB and the IASB models for impairment and prepare a single response to the Exposure Drafts from the FASB and IASB;
- Hedging (Impact of the delay in the publication of the consultation documents on IFRS 9 implementation); and
- The report of the Enhanced Disclosure Task Force of the Financial Stability Board.

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The AWG also took the opportunity to consider the implementation of IFRS 9 at international level with representatives of the IASB and Big 4 audit firms from different continents. The meeting on 14th November considered:

- The consequences of the re-introduction of a third measurement category, accounting for liquidity and balance sheet management portfolios and how to ensure consistency in interpretation; and
- Understanding the differences between the FASB and IASB impairment model. (At its November 2012 meeting, the IASB discussed possible clarifications to the criteria for recognition of lifetime expected losses. A public IASB Education Session on the FASB's alternative model was also held in November, and will be provided by the FASB).

As a follow up to this meeting, the AWG provided the IASB with written [comments](#) on its draft proposals for general hedge accounting, which identified concerns regarding:

- The use of hypothetical derivatives to measure the hedged item's risk: and
- The scope of grandfathering of existing IAS 39 requirements for macro hedging strategies.

Appointment of WG Chairman

The Board confirmed at its meeting in Johannesburg that Yvonne Willemsen of the Dutch Banking Association would be appointed the chairman of **International Financial Crime Working Group** and Stephen Kenneally of the American Bankers Association would become the chairman of the **Value Transfer Networks Working Group**.

Engagement with the International Standards Setters

FSB

The Enhanced Disclosure Task Force (EDTF) was established by the Financial Stability Board in March 2012 following an international roundtable on improving risk disclosures. The primary objectives of the EDTF were to: develop fundamental principles for enhanced risk disclosures; recommend improvements to current risk disclosures including ways to enhance comparability; and to identify examples of best or leading practice by global financial institutions. The Task Force was co-chaired by Hugo Banziger (Former CRO, Deutsche Bank), Russell Picot (Group Chief Accountant, HSBC) and Christian Stracke (PIMCO) and additionally had work streams chaired by Dirk Jaeger (Chair, IBFed Accounts Working Group) and Will Widdowson (Chair, IIF Special Accounting Group).

The IBFed Accounting Working Group and the Prudential Supervision Group Working Group reviewed the initial draft of the EDTF recommendations and, to coincide with the publication of the

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EDTF report [Enhancing the Risk Disclosures of Banks](#) on 29th October, issued a [statement](#) which noted the importance of banks providing investors and other users of their published financial information with high quality, decision-useful information about the key risks they face and the way these are managed and mitigated.

BCBS

The Prudential Supervision Working Group organised two meetings in October with subcommittees of the Basel Committee.

The first was a meeting with the Taskforce on Colleges of supervisors. This Taskforce is seeking to re-consider its [Principles](#) for the operation of colleges. Jointly with the Institute of International Finance (IIF), IBFed submitted a paper prior to the meeting which drew upon the member banks experience with colleges. This was well received and will be considered as the Task Force finalises a report to the BCBS on the current state of colleges based on their own survey and our input. This report may make recommendations to change, revise or develop the Principles and it is possible that they may consult the associations again in the first quarter of 2013.

The second was a follow up meeting on Risk Data Aggregation. IBFed recently responded jointly with IIF, the Global Financial Markets Association (GFMA), and the Clearing House Association L.L.C. to the Basel Committee's Consultative Document on Principles for Effective Risk Data Aggregation and Risk Reporting. This [paper](#) formed the basis of the discussion with the BCBS Risk Data Aggregation Task Force in October. At the meeting we stressed the industry's broad directional agreement with the proposed Principles, but also the importance of attending to the detailed comments that had been offered. We also noted the importance of stressing that implementation of the Principles would depend on materiality considerations, and that it would be important, as envisioned in the proposal, for home supervisors to begin discussions on expectations in 2013 if the 2016 deadline is to be met.

IOSCO

IBFed Chairman, Wim Mijs, on behalf of the IBFed Financial Markets Working Group (FMWG) travelled to Madrid on 21st September to meet with David Wright, the Secretary General of the International Organisation of Securities Commissions (IOSCO). IOSCO has a full work programme and has launched a number of public consultations during the course of 2012 on issues such as Exchange Traded Funds, Money Market Funds, Securitisation and Suitability requirements for the distribution of complex products, amongst other things. The discussion with the Secretary General followed on from previous IBFed meetings with IOSCO, held at the IOSCO Annual Conference in Beijing in May and at the IOSCO industry stakeholders meeting in Madrid. Working Group members have also expressed their wish to align their 2013 meeting with the next IOSCO annual conference to be held in Luxembourg.

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FATF

The mandate of the Financial Action Task Force (FATF) was renewed in April 2012. Specifically, its mandate includes:

- Developing and refining the FATF Recommendations;
- Assessing and monitoring implementation of the FATF Recommendations; and
- Identifying high-risk jurisdictions.

The new mandate recognises that private institutions have a vital role to play in the fight against money laundering and terrorist financing and in maintaining and improving FATF guidance. Representatives of the IBFed International Financial Crime Working Group met with the FATF secretariat on 6th December as part of this process. Discussion covered the FATF work-streams on the Risk Based Approach Guidance, PEPs (Politically Exposed Persons), new payment methods and beneficial ownership. They also considered future strategic issues of relevance to global efforts to combat financial crime:

- FATF's work with G20 and other international bodies;
- Challenges for financial crime information sharing at global level;
- Financial Inclusion and financial crime compliance;
- Regulatory compliance vs. detection of financial crime; and
- Correspondent banking in the context of trade finance issues and the customer due diligence requirements.



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