BRAD WHITE:	Hello, and welcome to ICANN's first quarterly stakeholder call for 2016. I'm Brad White, ICANN's Director of Communications for North America. Today's call is going to last slightly more than an hour. Our agenda is as follows: we're going to start off with a [president's] overview from our CEO, Fadi Chehadé, followed by a policy update, followed by a management update and ending with a financial update.

The second half of this call, the final half hour will afford participants an opportunity to ask questions of the presenters. If you are on Adobe Connect, please type your question into the box labeled "Submit questions here." If you're on the phone, hit pound 3 and the operator will put you into the queue. Let me note at this point that while this call is occurring in English, it is being simultaneously translated into six additional languages: Spanish, French, Chinese, Russian, Arabic and Portuguese. So if you are on one of those lines, same thing. Just hit pound 3, then you can ask your question and we will then hear the interpretation in English.

Should we run out of time, or if you have additional questions after this call is finished, please e-mail them to engagement@icann.org. We do have some previously submitted questions that we'll take as time permits. This session is being recorded, and links to the presentation materials will be posted to the ICANN website. You can also find the link in the Adobe Connect box, the one that is titled Notes.

Lastly, I'd like to remind you to mute your computer and your phones. With that, I'll now hand it over to ICANN's CEO, Fadi Chehadé. Fadi?

Note: The following is the output resulting from transcribing an audio file into a word/text document. Although the transcription is largely accurate, in some cases may be incomplete or inaccurate due to inaudible passages and grammatical corrections. It is posted as an aid to the original audio file, but should not be treated as an authoritative record.

FADI CHEHADÉ: Thank you, Brad. The purpose and rationale of the ICANN quarterly stakeholder calls is to provide a predictable and regular window into ICANN's activities through a fact-based update on progress against our strategic objectives and our mission. This includes ICANN's role as coordinating body for names, numbers and fiscal parameters. Our fiscal year runs from July 1st to June 30th. This call will focus on the second quarter of fiscal year 16, which ended on the 31st of December. Today, I'm going to provide you with a short overview of highlights form the last quarter, covering seven efforts.

First, the beta KPI dashboard. Second, the strengthening of operational performance and excellence. Third, providing clarity around ICANN's contractual compliance rule and remit. Fourth, importance of the IANA stewardship transition in the context of maintaining the multistakeholder model by which ICANN operates. Fifth, enhancing ICANN's accountability through a robust suite of consistent review mechanisms. Sixth, what are we doing to more fully enable and support the community? And finally, seventh, our focus on immersed participation together with our partners in the Internet governance ecosystem.

Since launching the beta KPI – key performance indicator dashboard in August, we have been refining these key performance indicators to better measure and track our work. As part of our overall management discipline, I use this with my leadership team to bring facts and clarity to discussions, and we are sharing this with you so that you can also see and give us feedback on these key performance indicators. As a

reminder, we have five objectives, 16 goals and 28 identified key performance indicators in ICANN's five-year operating plan, which is the same structure of the dashboard itself.

Each month, we update the data on our website, and this is a summary of the dashboard as of the 31st of December. Please note that some reporting frequencies will vary depending on the KPI. For example, some may be updated monthly, quarterly or after ICANN meetings. Remember, this is a beta version, so please share your feedback and thoughts with us, that we have the right KPIs in place to track and monitor our work for you.

Now, moving on to ICANN's operational performance for the quarter. The fiscal year 17 operating plan and budget process is underway. Based on the five-year strategic plan and per our planning cycle schedule, we will be posting a draft of the five-year operating plan for public comments in March, as well as the draft annual FY17 operating plan and budget for your feedback and comments. This is one of the key opportunities for you to contribute an input to ICANN's planned activities.

Our financial position for the second quarter – I'm happy to report – is trending favorably versus planned, with estimated revenue approximately above budget, and our expenses lower than budget, resulting from contained hiring and timing of differences of project spend. On the internationalized domain names program, or IDNs as they're known, the community achieved a key milestone last quarter when the Arabic and Armenian label generation rules proposals were published for public comment which just closed yesterday. This process

is key to making a truly global and multilinguistic Internet, and I'm really pleased to see such hard work and dedication by our community to make all of this happen.

Another highlight from last quarter is the IANA function customer survey conducted by a third party, where the IANA department received a 94% overall satisfaction rate, up from 93% from last year's survey. You'll find a full report available on the IANA website.

On the organizational excellence front, we remained focused on a plan for continued improvements and will be conducting a second European Foundation for Quality Management – or EFQM – excellence model internal assessment later this year.

Now, I'll give you an update on contractual compliance activities. In the last quarterly stakeholder call, I informed you that 11 gTLDs successfully completed the March 2015 audit round. The full audit report is available on our website.

Now the team is reviewing and validating the results from the 213 RAA audit that was launched in September 2015. The compliance function has also been focused on increasing engagement and awareness of the role and scope, and how they can help with domain registration issues. We have an excellent video, available in eight languages on our website, which I recommend watching. We continue our outgoing outreach and engagement efforts with a variety of stakeholders to facilitate dialog regarding voluntary actions to address abuse and illegal activity.

Moving on to the IANA stewardship transition, it was nearly two years ago the NTIA announced its intent to transition its stewardship of the

IANA functions to the global multistakeholder community, and the community has been working relentlessly ever since. The IANA Stewardship Transition Coordination Group, the ICG reached a key milestone in Dublin when it completed its proposal. The CCWG also made good progress in Dublin and continues to make the final preparations to its proposal on enhancing ICANN's accountability.

In December, the CCWG published a second public comment period, which received 90 comments from around the world. Here, you can see the geographic distribution of participation in this public comment period. Since December 31st, the CCWG is now reviewing and seeking consensus on outstanding issues raised in the public comment period, to gain approval from its six chartering organizations. This intensive work remains throughout January as well.

Everyone in our global community has worked so hard and dedicated countless hours, ideas, nights and weekends to this process, and now we are nearly there and are committed to finishing the journey together towards a global and independent ICANN. The two proposals developed by the multistakeholder community, one on the IANA stewardship transition and enhancing ICANN accountability, and the other from the ICG, will go jointly together from the board to the NTIA. It is already a triumph for the multistakeholder model, the anticipated delivery of a final proposal to the board is in February. We're now days away from this. Let's remind ourselves of the timeline and finish this important journey together.

I remain confident that the community proposal will meet the criteria of the NTIA and has the consensus and support of the community. Once

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the board hands the proposal to the NTIA in February, ICANN's work in facilitating the proposal development will culminate. From here, the NTIA will review the proposal, which we expect to take 60 to 90 days, this is phase two.

After this, we get to the implementation phase, phase three. Let's take a closer look at the implementation phase in the next slide. We have already begun preparing for the transition, so we are in many ways ready. There are several work streams, and much of what the dedicated implementation team that's already in place has started is what we call preplanning, since the proposals obviously are not finalized yet. Assuming receipt of the proposal in February, this slide lays out the work ICANN will need to implement.

ICANN seeks to engage its existing stakeholders and newcomers in a meaningful way, so they can fully engage in the multistakeholder model and its processes. The workload at ICANN is expanding, so not only do we need new active participants, we also need to support our volunteers to make it easier for them to participate. We are looking at the issue of attracting, retaining and supporting new talent under a framework we call the stakeholder journey.

The policy and global stakeholder engagement teams are working together on this key aspect of ICANN's future sustainability. Let's look at some other programs as well and initiatives to support the community. The NextGen program remains strong, with 85 applying to attend ICANN 55 in Marrakech, of which 30 were accepted from 17 countries. To help support NextGen participants, we've also selected two ambassadors

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from the NextGen Group in ICANN 54 to offer key insights to the ICANN 55 group.

We also had a record 380 applicants for the Fellowship Program for ICANN 55, of which 45 were accepted from 35 countries. Our educational and academic outreach efforts focus on building a global audience which is knowledgeable about the wider Internet ecosystem through training, panel discussion and learning platforms, including ICANN Learn, our online learning platform. At ICANN 54, we launched an upgraded ICANN Learn site, which allows for greater customization and personalization. Through these programs and tools, we are engaging with new stakeholders who are at the start of their relationship with ICANN, so we can build a solid foundation of engagement with the next generation of our community.

Let's move on to my last topic and update, Internet governance. ICANN participated in and supported the World Summit on Information Society, the WSIS UN review process, in partnership with our other sister Internet organizations. We work closely with them and all other ISTAR colleagues in the analysis and contribution of comments to this process, which supported a positive outcome and the renewal of the IGF mandate for ten years.

This collaborative process demonstrated further recognition and support of the multistakeholder model, and is sincerely a real triumph for our community and the multistakeholder model. ICANN continues to support and actively participate in several Internet governance dialog as well.

I participated in the second World Internet Conference in China, along with several ICANN board members and staff to ensure the global community is at the conference and understood ICANN's role and value of the multistakeholder model approach. ICANN also continues to support and actively participate in the global Internet Governance Forum, the IGF, as well as several regional and national IGFs. We provide financial and volunteer support for the IGF SA and the IGF secretariat, as well as support for IGF regional initiatives through the DSE regional teams, the most recent of which was the Arab IGF in Beirut.

At the 2015 global IGF in João Pessoa, Brazil in November, ICANN hosted an open forum and an informational session on the IANA stewardship transition, as well as providing speakers to several sessions. In addition, we have always had an ICANN representative serve on the IGF Multistakeholder Advisory Group. With that, I'll now hand over to David Olive for the policy update.

DAVID OLIVE: Thank you, Fadi. I am David Olive, ICANN Senior Vice President for Policy Development Support, and I will provide an update on this past quarter's policy development activities. As you may know, ICANN's policy development work relating to the technical coordination functions are formed and refined by the ICANN community through its three supporting organizations, and influenced by four advisory committees in a bottom-up, multistakeholder, open and transparent process. Other Internet policy and technical organizations are also

involved in policy development. For example, the Internet Engineering Task Force and the Regional Internet Registries.

The policy update today will cover the generic name supporting organization or GNSO, and the country codename supporting organization, ccNSO as well as numbers resource organization and address supporting organizations and the Internet Engineering Task Force for a complete picture of the policy development activities during this second quarter. My colleague, Adiel will talk to you about these last few groups in detail.

Turning to the GNSO slide, we can see that the generic name supporting organization's activities are highlighted in this next slide. In addition to the topics listed here, work is still ongoing on implementation-relating issues resulting from the final transition proposal of the Cross-Community Working Group on naming related functions. Furthermore, substantial work in relationship to enhancing ICANN's accountability is ongoing with this group.

In the second quarter, the final issues report on the new generic top-level domain subsequent procedures was submitted to the GNSO council, which also formally initiated the formal policy development process on this important topic. The GNSO council adopted the charter for the Policy Development Working Group and the next generation top-level domain Registration Directory Services or RDS to replace WHOIS. The council also received the preliminary issues report on the review of all rights protection in the generic top-level domains.

Another report, the privacy and proxy service accreditation issues report was submitted, and the final report containing over 20 consensus recommendations to the GNSO council for its consideration. The council also adopted seven recommendations of the non-policy development process, dealing with data and metrics for policymaking activities. The generic name supporting organization currently has 12 Policy Development Processes in various stages of the PDP life cycle, including one on the use of the curative rights mechanism to protect the names of intergovernmental organizations and international non-governmental organizations.

This quarter also saw the adoption of the GNSO review of the Government Advisory Committee Dublin Communiqué and reference to a review of the GNSO chair and vice chair election procedure to the standing community on improvements. The council also saw the endorsement of GNSO applicants for the Competition, Consumer Trust and Consumer Choice review that is now starting, and the publication of an updated discussion paper on the new generic top-level domain application proceeds following the public comment on this initial version.

Moving on to the ccNSO slide, in the second quarter, the IANA Stewardship Transition and the ICANN accountability processes continue to be the major area of focus for the country code community, as you can see highlighted in this slide. The ccNSO council held two additional special meetings focused on the Cross-Community Working Group's accountability [third] proposal in order to ensure timely discussions if required. The ccNSO Council made clear that the direction of the Cross-Community Working Group is supported, however, it is

necessary that the Cross-Community Working Group's stewardship conditionality requirements will also be met.

Because of the importance of these two processes, and in close collaboration with the regional country code top-level domain organizations, critical efforts continue to be made to reach out to and engage the entire country code top-level community, including nine members of the ccNSO in this important decision-making process. This resulted in three regional organizations submitting comments, as well as individual country code top-level domains doing the same. For the Marrakech meeting in three sessions, we'll be covering about five additional hours do discuss this for the ccNSO community.

Relating to the IANA Stewardship Transition process, the ccNSO will likely launch its third policy development process in the near future. Although the scope has not yet been fully developed, it will focus on the retirement of country code top-level domains, a key process for which there is no policy in place as of yet, and on a review mechanism for decisions pertaining to the delegation, revocation and retirement of country code top-level domains.

In other areas, the Council Working Group will focus on providing recommendations on improving the second similarity review of the international country code top-level domain streams, and has been fully supportive of this work that has been started. This working group was established at the request of the ICANN board of directors, and as requested, the governmental advisory community and our security and stability advisory committee have been invited to participate in this effort as they see fit.

Following the successful launch and implementation of a repository with contact details, which allows e-mail transmissions in readiness for potential security incidents, the ccNSO Oversight Committee is overseeing the use and operation of the list, instituting a discussion on additional uses and extension of that important list. The Security and Advisory Committee and the ICANN Department for Security and Reliability are also liaising with this Oversight Committee.

This concludes my report, Fadi. I'd like to hand it over to Adiel, Vice President of Technical Engagement, to give us an update on behalf of the ASO, NRO and the IETF. Adiel?

ADIEL AKPLOGAN: Thank you very much, David. I will now cover the ASO, NRO and the IETF update. I will start off this this update on the [inaudible] side of things. Last September, the election process started for ICANN Board Seat 10 which is currently a seat taken by Kuo-Wei. Five candidates have been nominated, and this is currently in the comment period. You can find more information about this process at the link provided there, and your inputs and comments are welcome.

Louis Lee was also reelected as chair of the ASO advisory committee for 2016, while Oscar Robles, CEO of LACNIC is now taking the position of the chair of the NRO EC also for 2016. There were also two new appointments to the ASO Advisory Council or the NRO Number Council this year. We have Nurani Nimpuno from RIPE NCC and Hartmut Glaser from LACNIC.

On the IANA Stewardship Transition precisely, in November, the NRO shared their comments regarding ICANN's mission statements in relation to the CCWG's work. You can view more about their comments at the link provided. The discussion is still ongoing, and contribution from the community is still welcome.

The NRO is also currently in discussion with all our operational community on the IANA intellectual property rights. You can learn more about that through the RIR mailing list or the IETF mailing list. This is part, of course, of the transition process. In preparation for this same stewardship transition, the RIR collectively has been developing an SLA, (Service Level Agreement) between them and ICANN, and this is being discussed currently with ICANN directly to finalize the SLA so that it's ready before the transition.

The final version of the RIR developed IANA Numbering Service Review Committee Charter has been published following several review and comments from the community in June. More information about that is also provided at the link. Furthermore, all the discussion and the process related to the SLA development by the NRO are also documented and published on the website for community review. As usual, there are several [inaudible] RIR meetings where you can learn more about these activities and get involved. We encourage you to attend either physically or remotely, as they all provide such service.

Let's move to the IETF update. As you know, ICANN, through its staff, have also continued to follow and participate to IETF work. We'll try to highlight a few of them that are relevant to this community and are relevant to activity happening in the ecosystem. Recent work that's

worth highlighting here and of particular relevance to ICANN community is the ongoing discussion to revisit the [RIRs] 67, 51 [inaudible] related to the reserve names, and particularly .onion. A design team that includes ICANN staff has been put in place to write a problem statement and see how this [inaudible] will evolve.

As part of IANA Stewardship Transition efforts, the IETF trust is tentatively considered as the future holder of the IANA-related trademark and domains on behalf of the name, number and protocol community, these are the operational community. Work is underway right now to finalize that. I'd also like to call out the next IETF meeting where you can learn more about them and all their efforts, and the next meeting, for the first time ever, is happening in the southern hemisphere in a developing country, precisely in Buenos Aires, Argentina.

All support and participation will be very much appreciated. The IETF Internet Architecture Board, the IAB, has issued a statement on the RDAP Operational Profile during the ICANN public comment period. The IAB also issued a statement on the CCWG Accountability Draft Report, and [co-authored] the RFC 7720, which is also BCP 40 with the RSOC on the topic of DNS root server protocol requirements. The RSOC issue in tandem its advice, RSOC 001, on operational consideration for root servers.

Lastly, Warren Kumari was reappointed on the ICANN Technical Liaison Group. This is the end of the update on the ASO and the IETF. I will now hand over to Akram Atallah for the management update. Thank you.

AKRAM ATALLAH

Thank you, Adiel. I'm Akram Atallah, president of the Global Domains Divison, and I'll now give a brief management update for FY16 Q2 on behalf of ICANN. Next slide, please.

In this section, I'll give an IT and Internet technology update, view metrics from the global domains division, take a look at the contractual compliance metrics from the quarter, and share some of our global stakeholder engagement efforts. Let's move on to the IT update.

We continue to harden ICANN's operations by examining our processes and systems. You'll recall that in mid year 2015, we committed to scanning and remediating our portfolio of software services. With the exception of one service, which has been remediated but is slated to be tested and placed back in service in the next few days, we have remediated our portfolio of digital services for non-security vulnerabilities. We now have a vulnerability scanning [inaudible] program, leveraging each service which will be scanned and remediated for new and emergent strats as required on an ongoing and regular basis.

On the salesforce.com platform, which our applicants and GDD registry portal operate on, you'll recall that in the first quarter, we had received advice from experienced consultants who reviewed our design and approach. The consultants provided us with several detailed deliverables, including a blueprint design with a strong foundation that significantly strengthens security, a solution architecture that models ICANN's stated requirements for future functionality, plus an

organization structure to meet the broader business needs. During the last quarter, we have completed building the foundation. Services for the contracted parties community are now in the process of being built on this stronger, more secure and scalable foundation. Delivery of these new service capabilities is expected over the next few quarters.

Lastly, we're replacing our finance, procurement, project accounting and HR systems with a new, cloud-based enterprise resource planning, or ERP platform. The project will commence in February, and we anticipate having this core capability in place in November of this year. This platform will help ICANN staff to configure and operationalize systems and processes. The data and improved reporting that the ERP brings will allow us to simplify and improve how we share information with you, the community.

Ultimately, you'll have greater visibility into ICANN's operations. Now, let's look at the Internet technology update. We continue to focus on the Internet technology area, which is central to ICANN's work. Last quarter, we initiated a new project called Identifier Technologies Health Indicators to define what a healthy system of indicators looks like, and develop various metrics to track its health. We'll be holding a session at ICANN 55 in Marrakech to engage the community on this important work.

In addition, we are finalizing the output from the root zone DNSSEC key signing key update design team, which has developed recommendations for changing the global anchor of trust for DNSSEC, known as the Key Signing Key, or KSK. The document is undergoing a final review by the design team prior to publishing on the ICANN

website, which will be used as the basis for developing the implementation plan to update the KSK.

Lastly, we continue to participate in an ongoing engagement and outreach effort on the topic of anti-abuse and other security, stability and resiliency training and sessions around the world. Now, let's look briefly at the available contractual compliance metrics from the last quarter.

This slide is a snapshot highlighting some of the key performance measures for the contractual compliance functions. During the last quarter, our Contractual Compliance Team received approximately 11,700 potential noncompliance issues and resolved or closed around 11,300 issues. The average time from beginning an investigation to resolving and closing the matter was about nine-and-a-half days in Q2, compared to the Q1 average of about 11 days. Please refer to the link provided on the slide for the full monthly dashboard.

I will now turn to the global domains division update. During the second quarter of financial year 2016, 112 new generic top-level domains were delegated, bringing the total to 871. 26 registry agreements were signed for a total of 1218, and four contention sets were resolved, bringing the total to 211 resolved contention sets. Currently, only 22 contention sets, representing 52 applications, have yet to be resolved. Over 90% of these contention sets have been resolved by applicants. By the end of the last quarter, ICANN's authorized auction provider had contacted 14 auctions to address instances where applicants could not resolve contention among themselves.

One auction was conducted during the quarter, which brought the net fund generated by auctions approximately $16.9 million. Yesterday, another auction was held for the gTLD .shop, for a winning price of $41,501,000. It is important to note that these funds are maintained separately from ICANN's operations budget and the Internet community is currently working to determine how these funds should be used.

In December 2015, ICANN published a report of public comments on a paper titled New gTLD Auction Proceeds Discussion. After comments were considered, staff updated the paper and distributed it along with related public comments to ICANN's supporting organizations and advisory communities so that next steps could be considered.

Another important New gTLD Program initiative that is currently underway is the facilitation of comprehensive reviews that will help determine how well the original goals of the program are being met, and what lessons learned can be incorporated into future rounds. ICANN's affirmation of commitments mandates a review of the impact of the program on competition, consumer trust, consumer choice and other areas.

During the last quarter, ICANN solicited expressions of interest and 72 community members and independent experts applied to serve on the review team. The Competition, Consumer Trust and Consumer Choice Review Team was seated in December and conducted its first meeting in January. In addition, ICANN conducted public comment periods on several reports that will be considered by the Competition, Consumer Trust and Consumer Choice Review Team. These reports include the phase one assessment of the comparative effects associated with the

New gTLD Program and the New gTLD Program implementation review draft report.

We also opened a public comment period on a study plan and proposed methodology for examining the root systems. Comments are due by the 3rd of February. Search for CDAR under the public comments section of ICANN.org to offer feedback.

One of the primary goals of the New gTLD Program is to increase choice in the domain name space. Through the introduction of internationalized generic top-level domains, the program is supporting ICANN's efforts to build a truly multilingual Internet.

Internationalized domain names consist of characters from Arabic, Chinese, Cyrillic, Devanagari, and many other scripts. These domains open the Internet to the millions of people around the world who would prefer to navigate the web and digest contents entirely in local languages. ICANN's Internationalized Domain Names Program is tackling the linguistic and technical challenges associated with introducing the world's many languages into the domain name system. Staff and the community are partnering to create a framework for determining how to construct and use new characters. This is made difficult by the fact that certain scripts can be used slightly differently to create the same words. Each script presents unique challenges, so teams of volunteers called Generation Panels have been assembled to develop recommendations for determining how individual scripts can be used online. ICANN supports these volunteers and helps facilitate the development of these recommendations.

After community review and approval, these rules will be combined into the Label Generation Ruleset which will govern all characters in use in the domain name system.

During the same quarter of FY16, ICANN published the first version of the Label Generation Ruleset for the Root Zone for public comments. This first version of the Ruleset contains code points and variants for the Arabic script to be followed by future versions that will add additional scripts as they become available.

In order to have a script considered for the Label Generation Ruleset, a community must submit a proposal for its label generation rules for public comment. The Arabic and Armenian script communities accomplished this milestone during the quarter. In addition, volunteers representing the Thai, Cyrillic, and Ethiopic script communities formed new Generation Panels. Currently, 20 of the 28 scripts prioritized for use in the Internet's rules are now in various stages of completion.

Like generic top-level domains, country code top-level domains can also be internationalized. Countries and territories can request to operate their namesakes in local scripts to the IDN ccTLD Fast Track process. To date, 48 ccTLD strings have been successfully evaluated for operation by 38 countries and territories.

Though internationalized domain names exist in the domain name system today, they are not always handled the same way online. ICANN is coordinating a community-driven effort to address this issue.

Universal acceptance is a foundational requirement for a multilingual Internet. It is also key to unlocking the potential of new generic top-

level domains to foster competition, consumer choice, and innovation in the domain name industry. To achieve universal acceptance, Internet applications and systems must treat all top-level domains in a consistent manner, including new gTLDs and internationalized TLDs. Specifically, all applications and systems must accept, validate, sort, process, and display all domain names.

The Universal Acceptance Steering Group is a community-based team working to help software developers and website owners with their systems to keep pace with an evolving domain name system. In the years since it has formed, the UASG has worked to define and promote universal acceptance. In the last quarter, the UASG participated in numerous industry events, held an all-day workshop and public session at ICANN 54, published a fact sheet, and continued to develop a variety of technical documentation it expects to publish within the next few months. The group recently met face-to-face to cement its goals for 2016 and make progress on existing work streams.

Now I'd like to discuss GDD service and support statistics for the quarter. The IANA department works with its customers to maintain registries of globally unique identifiers, such as the domain name root system, Internet protocol address space, and other Internet protocol parameters. Each year ICANN contracts a third party to survey IANA functions customers, and the results of the 2015 survey were published in December. Notably, 94% of survey participants reported being satisfied or extremely satisfied with the service they received – up from 93% from last year's survey. The full report is available on IANA.org.

In the second quarter, ICANN processed 438 name-related requests, a 10% increase over the previous quarter. It also processed 1002 protocol-related requests, a 5% increase over the previous quarter. But it processed 0 number-related requests. This was expected because allocation of remaining IPD4 addresses only occurs two times per year, and IPD6 allocations that have been made are so large that additional numbers are not needed at this time.

We also addressed 420 general inquiries – an increase of approximately 10% over the previous quarter – and conducted one root zone key signing ceremony. These ceremonies which occur four times per year are required to maintain the DNSSEC of the root zone.

Now let's take a look at how our Global Support Center performed during the quarter. Case Volume Trending is the ratio of cases open to cases resolved. In the second quarter, 2764 cases were opened and 2297 were resolved. Positive trends in case volume and productivity over the past few quarters have led to a decrease in case backlog. At the end of the last quarter, approximately 140 cases remained unresolved. In contrast, the first quarter ended with 300 cases unresolved. The Global Support Center expects to maintain its case backlog within a manageable rate.

Status Frequency measures how quickly we respond to our customers after receiving communications from them. Our goal is to respond within seven days in 80% of cases. ICANN exceeded its service level target in the last quarter by providing status updates within the seven-day window in approximately 92% of cases.

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The Resolution Time Target measures the amount of time it takes to resolve a query, and the goal is 80% of cases resolve within seven days. We exceeded the service level target as well. Approximately 90% of cases were resolved within the seven day window.

Now moving on to the Stakeholder Engagement and Outreach, globalizing ICANN and engaging with stakeholders worldwide is a core part of ICANN's strategy. This slide shows some of these engagement efforts, and in the previous quarter ICANN held over 173 events that reached an estimated 22,250 people. These engagement efforts helped build relationships and regular dialog with stakeholders and encouraged participation in ICANN's processes and structures. Please visit the link on this slide for more information on regional engagement efforts.

That concludes the management update. I'd like to hand it over now to Xavier, our CFO for the financial update. Thank you.

XAVIAR CALVEZ: Thank you, Akram. I will present our financial information for the first six months of our 2016 fiscal year, running from July to December, 2015. We will compare this information to our current budget and to last year. We will start with an overview of ICANN's financial structure to help understand the information that follows.

The financial information in the slides that follow include in blue on this slide the ICANN operations, which comprises baseline revenue and expenses, and initiatives. In orange, we will then provide an overview of the New gTLD Program. And we will conclude with a status of the funds under management in grey on this slide.

Let's start with an overview of our revenue sources for ICANN operations. ICANN's revenue results mainly from two drivers. First, the number of domain name annual registrations, and second, the number of parties under contract with ICANN driving annual fixed fees to registries and registrars. On the left, the number of domain name registrations are collected from registrants through registries and registrars, and represents 68% of our revenue through per-registration fees of 18 to 25 cents. On the right, the number of contracted parties drives various annual fixed fees representing 30% of our revenue. The other income, consisting of contributions and sponsorships represents the last 2% of ICANN's revenue.

We will now compare this revenue for the first six months of FY16 to the budget into last year. The revenue for the [half] is over budget by $3 million at $56 million, primarily as a result of the following: On the left, the volume of domain name registrations which drives the transaction fees are slightly above budget. Registry fixed fees are consistent with budget.

Next the registrar's fixed fees reflect a continued unexpected volume of applications for registrar accreditation over the past six months, triggering a one-time accreditation fee to ICANN. ICANN budgets conservatively for these fees due to their unpredictable nature. If registration volumes continue to meet expectations, the first [half] favorable variance of revenues would likely lead the full year revenue to be above budget.

We will now review the expenses for the company's baseline operations. Our main category of expenses is personnel costs,

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representing 54% of our total expenses. This corresponds to an average headcount of 298 staff members to support our baseline activities, excluding the headcount supporting initiatives and the New gTLD Program. Travel and meeting costs include the costs of travel, lodging, and venue rental for various meetings, and represents 12% of our costs. The professional services cost category represents 14% of baseline expenses, and include primarily contractor services, legal fees, language services for transcription and translation and interpretation. Administration costs include primarily rent and other facilities costs for all ICANN locations and network and telecommunication costs.

Let's now compare these expenses to budget and last year. Total estimated expenses combining both operating and capital spend amounted to $46 million compared to a budget of $54 million, resulting in an underspend rounding to $9 million. Personnel costs were lower than budget due to lower than expected headcount through house mainly driven by budgeted hirings occurring slower than planned.

Travel costs were also below budget reflecting both fewer trips taken and lower costs per trip than originally anticipated, notably for travel to ICANN 54 in Dublin.

Professional Services including capital expenses were lower during the first half of the year, reflecting on one hand a focus on supporting the USG Stewardship Transition activities, and on the other hand timing differences across various projects. For example, in the area of DNS engagement related activities and programs, security and technical projects, or IT projects.

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Now let's review the expenses resulting from the approved initiatives. The estimated expenses for the USG Stewardship Transition Initiative reflect the extensive activity over the past six months, as was discussed earlier in this presentation. We will focus on this initiative's expenses on the next slide.

The expenses on the Public Responsibility Initiative were underbudget for the first half of the year, mainly due to delayed projects for which activity will accelerate in the next months.

The IT Infrastructure Strengthening Initiative is progressing with [some] timing differences.

Lastly, the preparations of the next round of new gTLD has not yet started, as the reviews on the current round are ongoing.

Looking now more specifically at the USG Stewardship Transition costs breakdown on the next slide. This graph shows the expenses for this initiative for the first six months of the year by main category of costs. Over half of the total costs consist of the external legal advice supporting the community-led working groups. Other costs include the costs of meetings held during the [half], other professional services and the cost of supporting staff.

The costs of external legal advice was mainly unbudgeted, as the expense of the legal support used for this project was unknown at the time the FY16 budget was developed. This valuable support triggers a level of expense that is a concern and is being closely monitored.

Let's now see how revenue and expenses net out for the first six months of the year. Overall, ICANN operations revenues and expenses inclusive of initiatives show a break-even position for the first [half], resulting from a baseline excess of $10 million fully offset by initiatives expenses. This compares to a budgeted deficit of $9 million at this stage of the fiscal year. As baseline expenses are expected to track closer to plan over the next months, it is likely that FY16 closes on the deficit as planned.

We will now review the financial information relative to the New gTLD Program. The New gTLD Program is a $360 million multi-year program to create new top-level domains. The program is fully funded through application fees collected in 2012. The program has entered its fifth year, and after more than three years of evaluation and delegation work from FY13 to FY15, over $200 million have been spent to evaluate applications and to refund withdrawn applications. Approximately $70 million of further evaluation expenses and refunds are expected to be processed through the remainder of the program, leaving an estimated $89 million of remaining funds to cover for future unexpected expenses including risk mitigation.

We will now focus on the program's results for the first half. In total and by category, expenses are lower than budgeted during the first half, mainly driven by contracting activities occurring at a lower cost than originally budgeted.

Let's now look at the status of the funds under management. The New gTLD Program-related funds on the left include the new gTLD funds representing the portion of application fees not yet spent as we just

discussed. The second component of the New gTLD Program-related funds is the proceeds of auctions. This graph does not take into account the most recent auctions that Akram referred to in the earlier part of this presentation.

The new gTLD funds decreased during the half as a result of the evaluation expenses incurred in the application withdrawals refunded. Over the six month period covered in this presentation, the auction proceeds are unchanged as a result of no auction concluded during that period.

The ICANN operations funds under Management on the right reflect a decrease mainly due to the funding of the USG Transition initiative from our reserve fund. This concludes the financial presentation, and I will hand it back to Brad who will moderate the question and answer session.

BRAD WHITE: Xavier, thank you very much. We don't have any questions in the queue at this point nor do we have any on the phone lines, but we do have a few that were submitted earlier. And Fadi, the first question is directed at you. What is happening regarding your departure as ICANN CEO and has your successor been selected?

FADI CHEHADE: Thank you, Brad. The process is still in progress and I do not have any particular comment to add to that, but the process is proceeding smoothly and the Board continues with its focus on this very important

succession. But I can't give any details at this stage. Our chairman will deliver these details once the board has information on that.

But I think important to say that ICANN as an institution, as an organization, is under very clear organizational controls. We have a great team in place, myself committed to ensuring that the continuity of the decision-making processes and the controls and the management of the organization is here until my last day and certainly the depth of our top management team should assure everyone that there should be absolutely no concern. However, I have every expectation that the process will concluded in a positive and productive way. Let's just let it go through its course.

BRAD WHITE: Thank you, Fadi. The next question is directed at Xavier. How much has been spent on the IANA Stewardship Transition and how does this compare to what was budgeted?

XAVIER CALVEZ: Thank you, Brad. And thank you for the question. We have seen in the previous slides that USG Stewardship Transition Initiative containing all the activities pertaining to this project includes a spend for the [half] for the first six months of the year of approximately $8.6 million, of which $3.9 million were budgeted for during the first six months of the year. So $8.6 million compared to $3.9 million budgeted for. This is a very significant variance and as we indicated, this variance between actual costs and budget is primarily driven by the spend on external legal advice which was mainly unbudgeted. Thank you.

BRAD WHITE: Thank you, Xavier. Final question directed at David Olive. In light of recent and increased terrorist related attacks, what safety and security precautions or measures is ICANN taking at its public meetings?

DAVID OLIVE: Thank you, Brad. That's a very good question and of concern to the community. As you might know, there are extensive preparations for each ICANN meeting, regular interdepartmental meetings of the ICANN staff, as well as consultations with the various communies and community leaders as they prepare for this. And recently on the 26th of January we had a briefing of our community leaders in preparation for ICANN 55 in Marrakech, and where we raised and talked about some of these issues. And security of course is a primary and important focus of all of our preparations.

And regarding ICANN 55, we are in a constant and ongoing communications with our hosts and the Moroccan government to assess any security concerns surrounding the upcoming meeting. And we've been working with a respected global security consulting firm which gives us ongoing updates on potential risks.

As of this date, the assessment of these various security experts is that there is only a low, repeat low, risk of any type of terrorist activities in Morocco. But needless to say, we recognize the changing global security landscape and are instituting some new security measures for all ICANN meetings beginning with the ICANN 55 meeting in Marrakech. And there is a blog by our Vice President for Meetings Nick Tomasso that talks

about some of these details of additional checking and security measures. I'll refer that and I'll put that link in the chat so that people can know that we are constantly monitoring this and we look forward to a successful ICANN 55 meeting in Marrakech knowing that these secure measures and enhanced measures are in place and will work for us. Thank you.

BRAD WHITE: Thank you very much, David. So seeing no other questions in the queue and seeing none on the phone line, I'll ask Fadi if you have any closing comments and then we'll shut this down.

FADI CHEHADE: Thank you, Brad. And thanks to all of you who took the time to attend the quarterly stakeholder call. On a personal note, this is my last quarterly stakeholder call. This is a process we brought forth to increase the accountability and transparency and accuracy of ICANN's reporting outside of any press or necessarily positioning, but rather an open call where everyone including our friends in the community, in the press, and the global stakeholders to hear directly from us how ICANN is performing against the plans you have asked us to put in place.

I am very proud of the team that puts this call together and the team that delivers these good results quarter after quarter. And I hope that this great tradition will continue so that we can continue keeping you all in full view, and full participation in the great work that ICANN does quarter after quarter. So thank you again for taking the time and

participating, and I look forward to see those of you who will be joining us in Marrakech. Thank you all. Bye-bye.

BRAD WHITE: Thank you very much, Fadi. I'd like to remind folks that if you have any questions after we terminate this call, please submit them via e-mail to engagement@icann.org, and the presentation materials that occurred during this call will be posted on the ICANN website.

And with that, goodbye to everyone and thank you.

[END OF TRANSCRIPTION]