

TABLE OF CONTENTS – REFERENCE MATERIALS

Consent Agenda

SAC 062 advisory on Name Collision.....p. 2-3

Collection of Metrics to Examine Impact of New gTLDs on Competition, Consumer Trust and Choice.....p. 4-10

REFERENCE MATERIALS – ICANN BOARD PAPER NO. 2014.03.27.1d

TITLE: SAC 062: SSAC Advisory Concerning the Mitigation of Name Collision Risk

Discussion of Implementation Plan for SAC 062

ICANN staff has reviewed SAC 062 and recommends the Board to formally accept the advice. With respect to implementation of the SAC 062 advice, Recommendation #1 may be implemented following the model used to implement SAC 051: SSAC Report on Domain Name WHOIS Terminology and Structure, with regard to the development of a protocol replacement for WHOIS. The work (still undergoing) in the IETF is a good example of collaboration between ICANN and the IETF communities. However, it should be noted that work undertaken by the IETF/IAB would follow the internal processes instituted in that forum/group, which likely will result in ICANN acting as a participant in the process rather than in a supervisory role. ICANN does not expect an extra cost for working on this issue with the IETF/IAB since participating in these meetings and interacting with this community is already part of the normal course of business. Regarding the timeline for implementation, since ICANN would collaborate with the IETF/IAB, the timeline will be developed as ICANN begins its collaboration. Given previous experiences, it is likely that in a timeframe of 6 to 18 months the advice could be materialized in the form of a RFC.

With respect to Recommendations #2 and #3, ICANN is working with the community to develop a framework to address name collisions, which includes the specific measures in the mitigation strategy for name collision risks identified in SAC 062. The development of this framework is a follow-up action called for in the New gTLD Collision Occurrence Management Plan adopted by the NGPC on 7 October 2013. ICANN commissioned JAS Global Advisors LLC (“JAS”) to produce the follow up study, and to produce recommendations to be implemented by all new gTLD registries. The JAS study provides a set of recommendations that describe a comprehensive approach to reducing current and future DNS namespace collisions, including the measures recommended by the

SSAC in SAC 062. Currently, the recommendations in the JAS study are published for public comment. After the close of the public comment period, JAS will produce a final version of the study, taking into account public comments. The final JAS report is anticipated to be presented to the Board for consideration in May 2014. At that time, the Board will consider the final set of recommendations and the fiscal and security stability impacts of the recommendations.

Signature Block:

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REFERENCE MATERIALS - BOARD PAPER NO. 2014.03.27.1e

TITLE: **Recommendations for the Immediate Collection of Benchmarking Metrics for the New GTLD Program to Support the future AoC Review on Competition, Consumer Trust and Choice**

BACKGROUND

The Affirmation of Commitments (AoC) provides that, when New gTLDs have been in operation for one year, a review¹ will occur that examines the extent to which the introduction or expansion of gTLDs has promoted competition, consumer trust, and consumer choice.

In December, 2010, the Board [requested advice](#) from the ALAC, GAC, GNSO, and ccNSO on establishing the definition, measures, and three year targets for competition, consumer trust, and consumer choice in the context of the domain name system. This advice was requested to support ICANN's obligations under the AoC. The Board received an [Advice Letter](#) from the GNSO Council (11 January 2013), and an [Advice Letter](#) from the ALAC (13 April 2013), each advising ICANN to adopt specific metrics, and received no specific response from the GAC or the ccNSO in response to the Board's request.

Additional work was requested by the Board to analyze the feasibility, utility, and cost effectiveness of the GNSO's and ALAC's recommended metrics. The Board's resolutions ([2013.07.18.05 – 2013.07.18.07](#) and [2013.09.28.13 – 2013.09.28.14](#)) called for the creation of an Implementation Advisory Group (IAG) for the purpose of conducting preliminary work on the feasibility, utility and cost-effectiveness of adopting the recommendations of the GNSO Council and the ALAC, as well as analyzing other potential metrics to be made available for the future review team to be convened under the AoC. The IAG's letter to the Board dated 4 March 2014 (attached as **Exhibit A**) describes its interim recommendations and rationale for seeking Board action in Singapore with regard to those metrics that are time-sensitive and require

¹ 9.3 Promoting competition, consumer trust, and consumer choice: ICANN will ensure that as it contemplates expanding the top-level domain space, the various issues that are involved (including competition, consumer protection, security, stability and resiliency, malicious abuse issues, sovereignty concerns, and rights protection) will be adequately addressed prior to implementation. If and when new gTLDs (whether in ASCII or other language character sets) have been in operation for one year, ICANN will organize a review that will examine the extent to which the introduction or expansion of gTLDs has promoted competition, consumer trust and consumer choice, as well as effectiveness of (a) the application and evaluation process, and (b) safeguards put in place to mitigate issues involved in the introduction or expansion. ICANN will organize a further review of its execution of the above commitments two years after the first review, and then no less frequently than every four years. The reviews will be performed by volunteer community members and the review team will be constituted and published for public comment, and will include the following (or their designated nominees): the Chair of the GAC, the CEO of ICANN, representatives of the relevant Advisory Committees and Supporting Organizations, and independent experts. Composition of the review team will be agreed jointly by the Chair of the GAC (in consultation with GAC members) and the CEO of ICANN. Resulting recommendations of the reviews will be provided to the Board and posted for public comment. The Board will take action within six months of receipt of the recommendations.

immediate action in order to ensure that the relevant data is collected for the purposes of establishing a benchmark at the commencement of the New gTLD Program.

The IAG plans to provide additional recommendations as they complete their analysis.

In its deliberations, the IAG has reached consensus on a number of recommended metrics for which baseline data (i.e., an assessment of a particular metric as new gTLDs are beginning to enter the space) is needed to make a meaningful assessment of the program. These include metrics concerning aspects of consumer trust (such as perceptions about the DNS and security risks), consumer choice (such as understanding of various registration options and restrictions), and competition (such as pricing practices and structures). The group believes there is a sense of urgency to initiate work on the subset of metrics where historical data may be lost or become infeasible to obtain if data collection activities do not begin now.

The Interim Recommendations call for the immediate collection of certain metrics to establish a benchmark of the current state of the generic domain name sector prior to the widespread adoption and use of new gTLDs. These recommendations cover the following two areas:

1. A global consumer survey conducted immediately to gather baseline measurements in the areas of consumer trust and consumer choice. The IAG recommends that the Board authorize funding up to the amount of ^{Confidential Negotiation Info} to generate and conduct a baseline survey in the short term, and direct staff to secure qualified providers for design and execution of the survey. This consumer survey methodology would be repeated at a later point to examine the differences in consumer perspectives. The IAG believes that although the estimated cost of such an exercise is substantial, it is representative of the scope of work necessary to obtain statistically relevant and meaningful data.¹
2. An economic study to take into account the impact of new gTLDs on competition in the DNS ecosystem, including consideration of relevant pricing data.² The economic study would take into account the wholesale and retail prices (including aftermarket prices) for domain names now and at a later point; take into account TLD startup/launch phases as well as ongoing operations; and include an analysis of the findings in light of the competitive conditions of the domain name sector. The terms of the study would require strict confidentiality and use of data only in aggregate form. The group recommends that the Board authorize funding up to ^{Confidential Negotiation In} to generate and conduct an economic study in the short term, and direct staff to secure qualified providers for design and execution of this study.

Recommendations to Mitigate Abuse of Pricing Data.

Although obtaining price-related information is always sensitive and prone to risks of anti-competitive behavior stemming from possible misuse of the data, Staff

¹ See **Exhibit A** for additional information on the scope of the survey sought by the IAG and the rationale for initiating it immediately.

² See **Exhibit A** for additional information on the rationale for initiating the proposed economic study immediately.

acknowledges the group's view that the data may be relevant to an overall assessment of market conditions. To mitigate this risk, if an economic study is to be conducted, Staff recommends following strict guidelines as described below:

- A third party (e.g., an economic research firm) should be engaged in the collection of the data under strict confidentiality requirements. No other parties, including any member of ICANN staff, should have access to the raw data. The vendor contract should prohibit the vendor from using the raw data for anything outside of creating an anonymized report, and specifically state that no one from any registrar or registry shall have access to the compiled data.
- The economist's questions to the registrars and registries should be for data in ranges rather than specific price points and the vendor should emphasize to the registrars and registries that they should not provide specific price points. For example, quantify the number of registrations in the following ranges: \$.01 - \$5, \$5.01 - \$10, \$10 - \$20, and so on.
- The economist should further aggregate the data and only publish it in aggregated form, and not mention any specific registrars or registries.
- The economist's report should not identify market shares or other competitive information, and should not report the number of registrations by registrar.
- The economists should couple the aggregated pricing information with an informed analysis of how such data affects the competitive landscape of the DNS sector.

Signature Block:

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4 March 2014

To: Mr. Steve Crocker
Chair - ICANN Board

Re: Interim Recommendations from the Implementation Advisory Group for Competition,
Consumer Trust and Consumer Choice (IAG-CCT)

Dear Steve,

This letter is in response to the Board's resolution in Durban (Resolutions [2013.07.18.06](#) and [2013.07.18.07](#)) calling for the convening of a volunteer group (the IAG-CCT) to provide recommendations for the collection of metrics in advance of a future AoC Competition, Consumer Trust and Consumer Choice Review Team. Reflected below are the interim recommendations from the IAG-CCT for the immediate collection of certain time-sensitive data elements to establish a benchmark of the current state of the generic domain name sector prior to the widespread adoption and use of new gTLDs.

Background

In December, 2010, the Board requested advice from the ALAC, GAC, GNSO, and ccNSO on establishing the definition, measures, and three year targets for competition, consumer trust, and consumer choice in the context of the domain name system (<http://www.icann.org/en/groups/board/documents/resolutions-10dec10-en.htm#6>). This advice was requested to support ICANN's obligations under the AoC to review the extent to

which the introduction or expansion of gTLDs has promoted competition, consumer trust, and consumer choice.¹

In 2013, the Board (Resolutions [2013.07.18.06](#) and [2013.07.18.07](#)) called for the convening of a volunteer group to advance the work on the set of proposed metrics provided by the [GNSO](#) and [ALAC](#). Specifically, the IAG-CCT was tasked with:

- (i) Evaluating and reporting to the Board on the feasibility, utility and cost-effectiveness of adopting the recommendations of the GNSO Council and the ALAC;
- (ii) Evaluating other inputs, including historical data regarding metrics used to evaluate earlier rounds of New gTLDs (2000, 2004);
- (iii) Engaging with the GNSO, ALAC and staff in an effort to reach agreement on the metrics; and
- (iv) Proposing a set of metrics to be compiled by ICANN for use in the future AoC Review of the New gTLD Program.

The IAG-CCT was convened in late 2013 and has commenced its consideration on the feasibility, utility and cost-effectiveness of adopting the recommendations of the GNSO Council and the ALAC, as well as analyzing other potential metrics to be made available for the future CCT review under the AOC.

¹ 9.3 Promoting competition, consumer trust, and consumer choice: ICANN will ensure that as it contemplates expanding the top-level domain space, the various issues that are involved (including competition, consumer protection, security, stability and resiliency, malicious abuse issues, sovereignty concerns, and rights protection) will be adequately addressed prior to implementation. If and when new gTLDs (whether in ASCII or other language character sets) have been in operation for one year, ICANN will organize a review that will examine the extent to which the introduction or expansion of gTLDs has promoted competition, consumer trust and consumer choice, as well as effectiveness of (a) the application and evaluation process, and (b) safeguards put in place to mitigate issues involved in the introduction or expansion. ICANN will organize a further review of its execution of the above commitments two years after the first review, and then no less frequently than every four years. The reviews will be performed by volunteer community members and the review team will be constituted and published for public comment, and will include the following (or their designated nominees): the Chair of the GAC, the CEO of ICANN, representatives of the relevant Advisory Committees and Supporting Organizations, and independent experts. Composition of the review team will be agreed jointly by the Chair of the GAC (in consultation with GAC members) and the CEO of ICANN. Resulting recommendations of the reviews will be provided to the Board and posted for public comment. The Board will take action within six months of receipt of the recommendations.

Interim Recommendations

In its deliberations, the IAG-CCT has reached consensus on a number of recommended metrics for which baseline data (i.e., an assessment of a particular metric as new gTLDs are beginning to enter the space) is needed to make a meaningful assessment of the program. The group believes there is a sense of urgency to initiate work on the subset of metrics where historical data may be lost or become infeasible to obtain if data collection activities do not begin now.

Accordingly, the IAG-CCT is providing to the Board a set of Interim Recommendations in advance of its full report on all metrics developed by the GNSO and ALAC. The proposal calls for the immediate collection of certain metrics to establish a benchmark of the current state of the generic domain name sector prior to the widespread adoption and use of new gTLDs. These recommendations cover the following two areas:

1. A consumer survey conducted immediately to gather baseline measurements in the areas of consumer trust and consumer choice. As these are complex areas for which it is difficult to develop measurable data, a number of approaches have been considered. While not an exclusive element of assessing the New gTLD Program's impact, the survey ensures that data from a key stakeholder group (Internet end-users) can be factored directly into the analysis. As consumer attitudes and usage of the DNS may change, the group believes that a baseline is not attainable any other way. Consultations with survey experts indicate that later surveys using a retroactive approach will be less effective. Accordingly, the group recommends that the Board authorize funding up to the amount Confidential Negotiation Information to generate and conduct a baseline survey in the short term, and direct staff to secure qualified providers for design and execution of the survey. This consumer survey methodology would be repeated in at a later point to examine the differences in consumer perspectives. Any consumer survey would first require a thorough scoping exercise to define sampling methods to ensure a global reach, including the number and types of countries to be sampled, languages in which the survey would be conducted, types of respondents necessary for a valid sample; and definition of major terms, such as consumer, trust, choice, end users and potential end users, registrants and potential registrants. The noted estimated cost of such an exercise is substantial but representative of the scope of work necessary to obtain statistically relevant and meaningful data.
2. An economic study to take into account the impact of new gTLDs on competition and consumer choice in the DNS ecosystem, including consideration of relevant pricing data. This will be an important element for consideration by the Review Team, and the group believes that data may be difficult to obtain retroactively. The economic study would take into account the wholesale and retail prices (including aftermarket and premium domain prices) for domain names now and at a later point, along with any relevant services associated with the domain names offered by a registry; take into account the

pricing structures from TLD startup and launch phases to general availability and beyond; and include an analysis of the findings in light of the conditions of the domain name sector. The terms of the study would require strict confidentiality and use of data only in aggregate form. Accordingly, the group recommends that the Board authorize funding up to ^{Confidential Negotiation Info} to generate and conduct an economic study in the short term, and direct staff to secure qualified providers for design and execution of this study.

Rationale

Although the group's work is still ongoing, these proposed surveys are viewed as necessary to be conducted immediately, while the New gTLD program is still in an early stage, as the data is not likely to be available in the future if not explicitly collected by ICANN. The group recognizes that these are significant investments and supports careful scoping and design phases to ensure that these activities support the important goal of analyzing competition, consumer choice, and consumer trust.

Given that the New gTLD Program is now operational, it is critical to capture this baseline data soon so as not to miss a window of public opinion. Further, the group strongly believes that public opinion data on issues of consumer trust is a data set that ICANN has long lacked and long needed to analyze its work. This baseline detail would serve to satisfy not only the Affirmation of Commitments review, but also benefit other community work, as a data set that could be applicable in a number of areas relating to consumer trust of the DNS.

As noted above, these recommendations are intended to ensure that relevant data is available to the future Review Team, as well as the broader community, to support the future examination of the New gTLD Program that will occur under the AoC. The data to be collected from these surveys is critical to supporting an accurate examination of the extent to which the introduction of gTLDs has promoted competition, consumer trust, and consumer choice.

Sincerely,

A handwritten signature in black ink that reads "Jonathan Zuck". The signature is written in a cursive, slightly slanted style.

Jonathan Zuck
Chair
Implementation Advisory Group for Competition, Consumer Trust and Consumer Choice