



## **IANA Stewardship Transition Proposal Implementation Planning Status Report**

12 August 2016



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## Section I. Executive Summary

For 3.4 billion people around the world – 46 percent of the global population – the Internet has now become an indispensable part of daily life. By 2020, the Internet will connect more than 50 billion devices.<sup>1</sup> The Internet Corporation for Assigned Names and Numbers (ICANN) has worked with the National Telecommunications and Information Administration (NTIA) to perform the Internet Assigned Numbers Authority (IANA) functions needed to maintain the Internet’s Domain Name System (DNS) since 1998.

In 2014, NTIA announced its intention to take the final steps towards allowing the private sector to take the leadership for DNS management, a process that had been in motion for more than 16 years. What followed NTIA’s announcement was a two-year process that saw the global multistakeholder community, including private sector representatives, technical experts, academics, governments and individual Internet end users come together to formulate a proposal to replace NTIA’s historic stewardship under the IANA functions contract and to recommend enhancements to ICANN’s accountability mechanisms. ICANN, on behalf of the multistakeholder community, submitted the proposal and recommendations to NTIA for review on March 10, 2016.<sup>2</sup>

### NTIA Review and Recommendations

On June 9, 2016, NTIA, after working with other U.S. Government agencies to conduct a thorough review, announced that the proposal package developed by the global Internet multistakeholder community meet the criteria NTIA outlined in March 2014.<sup>3</sup> As outlined in its Fact Sheet,<sup>4</sup> NTIA found that the proposal package:

- **Supports and enhances the multistakeholder model** because it was developed by a multistakeholder process that engaged Internet stakeholders around the world, and built on existing multistakeholder arrangements, processes, and concepts.
- **Maintains the security, stability, and resiliency of the Internet DNS** because it relied on ICANN’s current operational practices to perform the IANA functions. The proposed accountability and oversight provisions bolster the ability of Internet stakeholders to ensure ongoing security, stability, and resiliency.
- **Meets the needs and expectations of the global customers and partners of the IANA services** because it was directly created by those customers and partners of the IANA functions. The accountability recommendations will ensure that ICANN will perform in accordance with the will of the multistakeholder community.
- **Maintains the openness of the Internet** because it required that the IANA functions, databases, operations, and related policymaking remain fully open and accessible, just as they are today.

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<sup>1</sup> <http://www.internetlivestats.com/internet-users/>

<sup>2</sup> <https://www.icann.org/en/system/files/correspondence/crocker-to-strickling-10mar16-en.pdf>

<sup>3</sup> <https://www.ntia.doc.gov/press-release/2014/ntia-announces-intent-transition-key-internet-domain-name-functions>

<sup>4</sup> <https://www.ntia.doc.gov/other-publication/2016/fact-sheet-ntias-assessment-iana-stewardship-transition-proposal>

- **Does not replace NTIA's role with a government-led or intergovernmental organization solution.** The proposal eliminates NTIA's verification and authorization role for root zone changes, and IANA functions performance oversight is replaced with direct customer stewardship via contracts, service-level expectations, community-led reviews, and increased transparency. The accountability provisions maintain the advisory role of governments within ICANN, and through bylaw changes, ensure that a government or a group of governments cannot capture or exercise undue influence over the DNS.

One of the components of NTIA's review process was to evaluate the proposal against the Committee of Sponsoring Organizations (COSO) of the Treadway Commission Internal Control Framework Assessment. The use of the COSO framework was aligned with the U.S. Government Accountability Office (GAO) recommendations of how NTIA could enhance its review.

The COSO assessment was favorable of the IANA Stewardship Transition Proposal, with no items flagged as deficient or "red." Of the 70 areas assessed, only 11 received a "yellow" rating, indicating attention is recommended. NTIA was clear that it is not requiring ICANN to address any of the recommendations flagged as yellow prior to the completion of the transition, however ICANN and the community chose to address each one, and all but three will be addressed in advance of September 30, 2016. The remaining three recommendations require either PTI to be in active operation, or coordination with community structures in place only after the transition.

### Implementation of the Proposal Package

On June 9, 2016 with the release of NTIA's IANA Stewardship Transition Proposal Assessment Report, NTIA requested that ICANN submit an implementation planning status report by August 12, 2016.<sup>5</sup> ICANN and the various stakeholder groups have worked tirelessly to ensure that all the necessary implementation tasks are completed to allow the IANA functions contract to expire on September 30, 2016. ICANN and the multistakeholder community have completed all specific steps called out by NTIA in its letter. In addition, all other tasks in support of the IANA stewardship transition are either in a final review stage or awaiting approval, which will be completed in advance of September 30, 2016.

The following implementation tasks are complete:

- On May 27, 2016, the ICANN Board approved the revisions to the ICANN Bylaws.
- On June 24, 2016, ICANN signed the 2016 Supplemental Agreement with the Internet Engineering Taskforce (IETF).
- On June 29, 2016, ICANN signed the Service Level Agreement (SLA) with the five Regional Internet Registries (RIRs).
- On July 5, 2016, ICANN and Verisign successfully completed the 90-day parallel testing period on the Root Zone Management System.
- On August 9, 2016, the ICANN Board approved the amendments to the ICANN Articles of Incorporation.

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<sup>5</sup> <https://www.icann.org/en/system/files/correspondence/strickling-to-crocker-09jun16-en.pdf>

- On August 10, 2016, the membership of the Customer Standing Committee (CSC) was approved.
- On August 10, 2016, the Incorporation Documents for the “Post-Transition IANA” organization were filed and received by the California Secretary of State, under the name Public Technical Identifiers (which will be more commonly referred to as PTI).
- On August 12, 2016, the Root Zone Evolution Review Committee (RZERC) was formed.

Significant progress has been made on the following implementation tasks, which will be complete in advance of September 30, 2016:

- On August 18, 2016, the final PTI Bylaws will be published. These will incorporate comments received through the ICANN public comment process, which ran from July 12, 2016 to August 11, 2016. Once published, the PTI Bylaws will be ready for ICANN and PTI Board approval.
- On September 16, 2016, the ICANN-PTI Naming Function Agreement will be published. It is undergoing a 30-day ICANN public comment process, which will close on September 9, 2016. The final Agreement will be published on September 16, 2016. Once published, the Agreement will be ready for ICANN and PTI Board approval and signature.
  - The customer service complaint and escalation mechanisms defined by the domain names community were incorporated into the Naming Function Agreement.
- On September 16, 2016, the ICANN-PTI Services Agreement will be published. It is currently being reviewed and discussed with the community. Once published, the Agreement will be ready for ICANN and PTI Board approval and signature.
- Several agreements and documents are complete and ready for signature or Board approval, which will be complete in advance of September 20, 2016:
  - On August 2, 2016, the ICANN-PTI Protocol Parameter Subcontracting Agreement was completed and is ready for ICANN and PTI signature.
  - On August 9, 2016, the ICANN Board approved the Root Zone Maintainer Agreement. ICANN, Verisign, and NTIA will coordinate a date to sign it.
  - On August 11, 2016, the Service Level Expectations (SLEs) for the domain names community were completed and are ready for incorporation into the final Naming Function Agreement. The Naming Function Agreement requires ICANN and PTI Board approval.
  - On August 11, 2016 the ICANN-PTI Numbers Subcontracting Agreement was completed and is ready for ICANN and PTI signature.
  - On August 12, 2016, the PTI governance documents, including the conflict of interest policy, Board code of conduct and expected standards of behavior were completed after an ICANN public comment process and are ready for PTI Board adoption.

Of the 11 recommendations from NTIA based on its COSO assessment – recommendations from NTIA, but not requirements - all but three will be addressed in advance of September 30, 2016. The remaining three recommendations require either PTI to be in active operation, or coordination with community structures in place only after the transition.

## Conclusion

For almost 20 years, NTIA has worked to privatize the management and coordination of the DNS. Over the last two years, ICANN and the global multistakeholder community have built a comprehensive transition proposal package for that privatization, including enhancements to ICANN's accountability mechanisms in light of its changing historical relationship with the U.S. Department of Commerce (including NTIA). The continued secure and stable operation of the Internet DNS, under a multistakeholder model where no entity or country can exert control, is vital to ensuring that the Internet remains free and open, and continues to foster innovation.

ICANN, working with the multistakeholder community, confirms that all required IANA functions stewardship transition tasks specified in NTIA's June 9, 2016 letter are complete, and all other tasks in support of the IANA stewardship transition are either in a final review stage or awaiting approval, which will be complete in advance of September 30, 2016 to allow the IANA functions contract to expire.

The following pages of this report outline the tasks that ICANN and the multistakeholder community have defined to enable the transition to occur, and provide a status update on the implementation of these tasks.

## Section II. ICANN's Implementation Planning Process

ICANN began the planning process to determine the mechanisms that must be in place to allow the IANA Stewardship Transition to occur, by evaluating three different proposals:

- The proposal developed by ICANN and Verisign to address NTIA's request to remove the authorization role associated with root zone management.<sup>6</sup>
- The IANA Stewardship Transition Coordination Group (ICG) Proposal.<sup>7</sup>
- The Cross Community Working Group on Enhancing ICANN Accountability (CCWG-Accountability) Report.<sup>8</sup>

Based on these proposals, ICANN identified tasks, including system changes, procedural changes, organizational changes, and the creation or revision of contractual agreements or other legal documents, that must be completed to meet the requirements of the multistakeholder community.

These tasks were documented in comprehensive project plans, with ongoing community engagement built in to confirm that the implementation was aligned with the requirements of the proposals. The project plans also accounted for various interdependencies to help mitigate risks and move the tasks forward on schedule.

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<sup>6</sup> [https://www.ntia.doc.gov/files/ntia/publications/root\\_zone\\_administrator\\_proposal-relatedtoiana\\_functionsste-final.pdf](https://www.ntia.doc.gov/files/ntia/publications/root_zone_administrator_proposal-relatedtoiana_functionsste-final.pdf)

<sup>7</sup> <https://www.icann.org/en/system/files/files/iana-stewardship-transition-proposal-10mar16-en.pdf>

<sup>8</sup> <https://www.icann.org/en/system/files/files/ccwg-accountability-supp-proposal-work-stream-1-recs-23feb16-en.pdf>

These project plans, as well as regular progress and status updates, were made publicly available as part of ICANN's commitment to accountability and transparency.

To facilitate reporting to the groups directly involved in the process, as well as to the broader Internet community, ICANN's implementation work plan was organized into three separate tracks, reflecting the three different proposals that were developed:

- The Root Zone Management track contained tasks relating to changes to the Root Zone Management System (RZMS) that were necessary to remove NTIA's authorization process, parallel testing of the production and parallel test RZMS, and the development of an agreement with Verisign to serve as the root zone maintainer.
- The Stewardship Transition track contained tasks relating to the requirements of the ICG proposal, including: preparation of agreements with the operational communities; creation of a post-transition IANA, PTI entity; establishment of a Customer Standing Committee (CSC) and a Root Zone Evolution Review Committee (RZERC); and development of the customer service complaint and escalation mechanisms as well as Service Level Expectations for the domain names community.
- The Accountability Enhancements track contained tasks relating to the requirements of the CCWG-Accountability Work Stream 1 recommendations, including necessary updates to the ICANN Bylaws and Articles of Incorporation.

### Engagement with the ICANN Multistakeholder Community

Throughout the implementation planning process, ICANN provided regular status updates to the multistakeholder community, and collaborated closely with impacted stakeholder groups and their legal counsel to ensure that ICANN's implementation efforts aligned with the requirements of the proposals.

#### ***Regular Status Updates***

Maintaining a high level of transparency and accessibility, particularly to the stakeholders most closely involved in the transition proposal development process, was paramount for ICANN during the implementation planning period. ICANN provided regular status updates to ensure that the multistakeholder community remained engaged and informed of the progress made on each implementation task.

ICANN provided regular status updates to the community in a number of ways:

- ICANN participated in CWG-Stewardship and CCWG-Accountability calls to provide detailed updates<sup>9</sup> on ongoing work to complete implementation tasks, including scope, timeline, dependencies, and risks.
- ICANN published regular blog updates<sup>10</sup> to discuss progress on implementation more holistically, providing links to the documents and announcements published for each given implementation task.

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<sup>9</sup> <https://www.icann.org/stewardship-implementation#meetings>

<sup>10</sup> [https://www.icann.org/stewardship-implementation#blog\\_updates](https://www.icann.org/stewardship-implementation#blog_updates)

- ICANN hosted a monthly Transition Program Facilitation Management call<sup>11</sup> to ensure coordination across all the organizations impacted by ICANN's implementation progress. ICANN used these calls to provide updates on transition and implementation timelines with leaders of the community. The Transition Program Facilitation Management call participants included: The Chairs and Co-Chairs of the CWG-Stewardship, CCWG-Accountability, ICG, IANAPLAN WG, CRISP Team, ICANN's Supporting and Advisory Committees, NTIA, and the ICANN Board.

### ***Collaboration with Impacted Stakeholder Groups***

Throughout the implementation phase, ICANN worked with each impacted stakeholder group to complete the tasks identified as necessary for the IANA stewardship transition.

The implementation task specified by the protocol parameters registries community in the ICG proposal was the development of a Supplemental Agreement between ICANN and the IETF. As such throughout the implementation phase, ICANN engaged directly with the IETF to complete this task.

For the Internet number community, the implementation tasks specified by the Consolidated RIR IANA Stewardship Transition Proposal (CRISP) team in the ICG proposal were to develop a Service Level Agreement and establish a Review Committee. For the Service Level Agreement, ICANN engaged directly with the RIRs, and for the Review Committee, the RIRs undertook this work themselves.

For the domain names community, the Cross Community Working Group to Develop an IANA Stewardship Transition Proposal on IANA Naming Related Functions (CWG-Stewardship) specified several implementation tasks and accountability dependencies in the ICG proposal. During the implementation phase, ICANN engaged directly with the CWG-Stewardship and the group's external legal counsel to complete the implementation tasks specified by the domain names community. As part of its implementation oversight role, the CWG-Stewardship provided feedback on ICANN's implementation regarding alignment to the intent of the proposal.

Due to the heavy work load, at the ICANN55 meeting in Marrakech, the Implementation Oversight Task Force (IOTF) was formed to effectively respond to the fast-paced implementation planning work that commenced when the ICG and CCWG-Accountability's final proposals were approved and transmitted by the ICANN Board to NTIA on March 10, 2016. The IOTF consisted of the Co-Chairs of the CWG-Stewardship, the leads of the CWG-Stewardship Design Teams, the Chair of the ICG, representatives from the Internet number and IETF communities, and ICANN staff.

ICANN hosted calls with the IOTF to gather rapid, cross-community input on specific aspects of the implementation tasks. Once there was agreement among members of the IOTF on a way forward on an implementation task, the decision was taken to the operational communities as determined necessary by the operational communities for final consideration. For the domain names community, all discussions within the IOTF were brought to the full CWG-Stewardship for final consideration.

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<sup>11</sup> <https://www.icann.org/resources/pages/transition-facilitation-2015-09-23-en>



A total of 15 IOTF calls were held between March and July 2016. All call recordings and mailing list archives can be accessed on ICANN's implementation webpage.<sup>12</sup>

ICANN also engaged regularly with the CCWG-Accountability, including substantial engagement while revising the ICANN Bylaws and Articles of Incorporation. As reinforced in Annex H of the CCWG-Accountability Proposal,<sup>13</sup> a significant number of the CCWG-Accountability requirements involved updating those key governance documents.

A Bylaws Coordination Group<sup>14</sup> was formed after ICANN's 55<sup>th</sup> Public Meeting to coordinate community input into the development of the new ICANN Bylaws and Articles of Incorporation. The Bylaws Coordination Group was composed of representatives from the CCWG-Accountability, ICG, CWG-Stewardship, representatives from the Internet numbering and protocol parameters communities, and the ICANN Board. The group served as a key advisory body and liaison point between the Chartering Organizations of the CCWG-Accountability and the legal teams drafting the ICANN Bylaws and Articles of Incorporation. The Bylaws Coordination Group facilitated resolutions of issues flagged by the legal drafting team and reviewed the revised Bylaws prior to the ICANN Board's adoption of the Bylaws on May 27, 2016.

### ***Publication of Documents and Discussion Materials***

All documents, blog posts, project plans, status updates and recordings of discussions were published on ICANN's dedicated implementation page. Additionally, ICANN created project-based web pages for certain implementation tasks to provide more detailed information on those implementation activities.

### **Engagement with the Broader Internet Community**

During the NTIA review period, many ICANN community, staff, and Board members participated in and contributed to dozens of regional events, media briefings, roundtables and informational webinars to build awareness of the IANA stewardship transition. ICANN's participation in these events was primarily aimed at providing details and context for the community's proposals, answering questions, sharing developments about the status of the NTIA review process and giving updates on ICANN's implementation planning efforts.

In Washington, D.C., the U.S. House of Representatives Energy and Commerce Subcommittee on Communications and Technology held a hearing in March 2016 during which the majority of stakeholders on the panel testified in support<sup>15</sup> of the transition. The U.S. Senate Committee on Commerce, Science, and Transportation held a hearing<sup>16</sup> in May 2016 during which the majority of stakeholders on the panel indicated their support for the consensus proposals and warned of the consequences of delaying or postponing the transition.

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<sup>12</sup> <https://www.icann.org/stewardship-implementation>

<sup>13</sup> <https://community.icann.org/pages/viewpage.action?pageId=58723723&preview=/58723723/58723813/Appendix%20H%20-%20Bylaws%20Drafting%20Process%20%26%20Implementation%20Timeline.pdf>

<sup>14</sup> <http://mm.icann.org/pipermail/bylaws-coord/>

<sup>15</sup> <http://energycommerce.house.gov/hearings-and-votes/hearings/privatizing-internet-assigned-number-authority>

<sup>16</sup> <http://www.commerce.senate.gov/public/index.cfm/2016/5/hearing-to-examine-iana-transition-to-global-multistakeholder-community>

The hearing record also includes letters from the business community<sup>17</sup> and civil society groups<sup>18</sup> supporting the transition.

Several companies and trade associations, including the U.S. Chamber of Commerce, the Internet Association, Microsoft, Amazon, Google, Dell, HP Enterprise, Facebook, Intel and Cisco, among others, and stated, signed the letter from the business community to Congress:

*Our companies and trade associations are proud and active members of this community. We have worked with representatives from civil society, government, and the technical community to craft a proposal that enables the U.S. Government to seamlessly transfer stewardship of the Internet's addressing system to its global stakeholders.*

The civil society groups, including Access Now, the Center for Democracy & Technology, Human Rights Watch, and Public Knowledge, among others. It stated:

*It is the view of the undersigned civil society organizations that the IANA transition will confirm the legitimacy of multistakeholder approaches to Internet policy and governance, will result in a stronger and more empowered community within ICANN and ensure that the Internet community and not ICANN or one government is responsible and accountable for the stability, security and resiliency of the Internet going forward. This multistakeholder transition both protects the Internet and best serves stakeholder interests. Blocking or delaying the transition would strengthen the hand of those who do not believe in or support an open Internet and would encourage further government intervention and control.*

## Section III. Detailed Task Implementation Status

### Root Zone Management

In a letter sent on March 4, 2015, NTIA officially requested that Verisign and ICANN work together to develop a proposal on how best to transition NTIA's administrative role associated with root zone management in a manner that maintains the security, stability, and resiliency of the Internet's DNS. In August 2015, ICANN and Verisign submitted a proposal<sup>19</sup> in response to NTIA's request that contained two primary elements. The ICG proposal also reflects these elements.

#### ***Updates and Parallel Testing of the Root Zone Management System***

In the proposal submitted to NTIA in August 2015, ICANN and Verisign proposed a parallel testing period to confirm that the production Root Zone Management System (RZMS) and the parallel test version of the RZMS (that has had the NTIA authorization step removed) produced identical output for every root zone file published.

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<sup>17</sup> <http://blogs.intel.com/policy/files/2016/04/Business-Open-Letter-supporting-IANA-Transition-VersionV.pdf>

<sup>18</sup> <https://www.accessnow.org/cms/assets/uploads/2016/05/CSstatementonIANAtransitionMay2016-1.pdf>

<sup>19</sup> [https://www.ntia.doc.gov/files/ntia/publications/root\\_zone\\_administrator\\_proposal-relatedtoiana\\_functionsste-final.pdf](https://www.ntia.doc.gov/files/ntia/publications/root_zone_administrator_proposal-relatedtoiana_functionsste-final.pdf)

The parallel testing would take place over a continuous 90-day period and would be considered successful as long as no unexplained differences in root zone files were identified between the production and parallel test RZMS. In the event that an unexplained difference was found, the issue(s) would be addressed and the 90-day parallel testing period would be restarted.

Before the parallel testing period could begin, ICANN and Verisign spent a period of time making necessary system code changes to remove NTIA's authorization step and prepare for parallel testing. After the code changes were completed, the parallel testing period started on April 6, 2016.<sup>20</sup> During the 90-day testing period, daily comparison reports<sup>21</sup> of the zone files were published on Verisign's website. Additionally, monthly summary reports were also made available.<sup>22 23 24</sup>

The parallel testing period successfully completed on July 5, 2016.<sup>25</sup> During the testing period, there were no unexplained differences in the root zone files generated from the production and parallel test systems.

The successful completion of the 90-day parallel testing period is a key step in ensuring the continued secure and stable operation of the Internet's root zone post-transition.

### **Root Zone Maintainer Agreement**

Concurrent to the work on updates and parallel testing of the RZMS, ICANN and Verisign discussed and negotiated terms of a Root Zone Maintainer Agreement (RZMA).<sup>26</sup> The RZMA is intended to ensure stable, secure, and reliable maintenance of the root zone post-transition. ICANN and Verisign agreed upon terms of the RZMA, which were published for a 30-day public review period starting on June 29, 2016.<sup>27</sup>

Under the RZMA, Verisign will continue to provide services for root zone maintenance, root zone signing management of the root zone's zone signing key, and distribution of the root zone file and related files to the root zone operators at a nominal fee. The RZMA will have an eight-year term, which is intended to promote the security, stability and resiliency of root zone maintenance operations by having Verisign continue its current role for the term of the agreement.

The RZMA also provides the community the ability – through a consensus-based, community-driven process – to require ICANN to transition the root zone maintenance function to another service provider after three years. It also allows for the community to recommend changes to service level agreements and the RZMS as root zone management evolves.

As required by the ICG proposal, the RZMA was posted for a 30-day public review period on June 29, 2016. On August 9, 2016, the ICANN Board passed a resolution<sup>28</sup> approving the RZMA, and directed ICANN staff to move forward with signing the agreement. ICANN will

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<sup>20</sup> <https://www.icann.org/news/announcement-2016-04-08-en>

<sup>21</sup> <http://www.verisign.com/rzms-parallel-ops/index.html>

<sup>22</sup> [https://www.icann.org/iana\\_imp\\_docs/23-1st-rzms-parallel-testing-monthly-report-v-06may16](https://www.icann.org/iana_imp_docs/23-1st-rzms-parallel-testing-monthly-report-v-06may16)

<sup>23</sup> [https://www.icann.org/iana\\_imp\\_docs/55-rzms-parallel-testing-monthly-report-2-v-06jun16](https://www.icann.org/iana_imp_docs/55-rzms-parallel-testing-monthly-report-2-v-06jun16)

<sup>24</sup> [https://www.icann.org/iana\\_imp\\_docs/77-rzms-parallel-testing-monthly-report-3-v-06jul16](https://www.icann.org/iana_imp_docs/77-rzms-parallel-testing-monthly-report-3-v-06jul16)

<sup>25</sup> <https://www.icann.org/news/announcement-2016-07-14-en>

<sup>26</sup> [https://www.icann.org/iana\\_imp\\_docs/63-root-zone-maintainer-agreement-v-1-0](https://www.icann.org/iana_imp_docs/63-root-zone-maintainer-agreement-v-1-0)

<sup>27</sup> <https://www.icann.org/news/blog/root-zone-management-transition-update-preservation-of-security-stability-and-resiliency>

<sup>28</sup> <https://www.icann.org/resources/board-material/resolutions-2016-08-09-en#2.c>

coordinate with Verisign and NTIA to set a date for the signing of the RZMA. The RZMA will go into effect upon expiration of the current IANA functions contract.

The RZMA and successful completion of the 90-day parallel testing period complete the tasks identified by ICANN and Verisign as necessary to remove NTIA's administrative role associated with root zone management in a manner that maintains the security, stability, and resiliency of the Internet's domain name system.

### Stewardship Transition

In the ICG proposal, the operational communities identified the items that needed to be implemented prior to the expiration of the IANA functions contract.

#### ***Protocol Parameters Registries Community***

Since 2000, a Memorandum of Understanding (MoU) has been in place between ICANN and the IETF. Under the MoU, ICANN performs a set of functions involving assignment of protocol parameters used in IETF standards. Every year, the parties agree to append the MoU with a Supplemental Agreement that defines service levels for the performance of the protocol parameters registries function. A series of Supplemental Agreements to the MoU have been entered into between 2007 and 2014.

In the ICG proposal, the IETF community expressed satisfaction with the current arrangements with ICANN, and proposed to maintain the existing MoU. In particular, the IETF community proposed that the IANA protocol parameters registry updates continue to function day-to-day as they have been doing for the last decade or more, and to continue relying on the system of agreements, policies, and oversight mechanisms already in place between by the IETF, ICANN, and the Internet Architecture Board for the provision of the protocol parameters-related IANA functions.

In the ICG proposal, the IETF community required that a new Supplemental Agreement between ICANN and the IETF community be completed. Specifically, the IETF leadership requested that the new Supplemental Agreement include:

- An acknowledgement from ICANN that the protocol parameters are in the public domain.
- A commitment from ICANN to a smooth transition to subsequent operators if the case should arise.

To implement this task, ICANN and the IETF leadership engaged in negotiations for a 2016 Supplemental Agreement. In addition to containing SLA for the performance of the protocol parameters registries function, the 2016 Supplemental Agreement explicitly states that: "ICANN does not claim any right to the contents of the protocol parameter registries as these are in the public domain." It also contains a provision that ICANN will provide reasonable best efforts and cooperation to effect an orderly and efficient transfer to a successor, if the case should arise, at no cost to the IETF.

On May 27, 2016, the ICANN Board issued a resolution<sup>29</sup> approving the 2016 IETF MoU Supplemental Agreement for signing. On June 24, 2016, ICANN and representatives of the IETF signed<sup>30</sup> the 2016 Supplemental Agreement.<sup>31</sup> The Supplemental Agreement will only come into effect at the time of the transition.

By entering into the 2016 Supplemental Agreement with the IETF community, ICANN has completed the implementation task specified by the IETF community in the ICG proposal.

### ***Internet Number Community***

The IANA functions contract currently defines requirements for reporting and performance of the IANA numbering services. In absence of the IANA functions contract, the Internet number community proposed the creation of an SLA between ICANN and the five RIRs under which ICANN would continue performing the IANA numbering services. The SLA will hold a similar role to the current IANA functions contract, and directly reflect and enforce ICANN's accountability to the Internet number community. Additionally, to provide oversight of the SLA, the Internet number community recommended the formation of a Review Committee to advise the Numbering Resource Organization (NRO) Executive Committee in its periodic review of ICANN's performance against the SLA.

To fulfill the first requirement, ICANN worked with the NRO Executive Committee to draft the SLA. The drafting of the SLA was initiated by the RIRs, and each draft was made available for public comment. The first draft of the agreement was published in May 2015 and the final signature draft was published in May 2016.

The final SLA<sup>32</sup> contains performance expectations, and specifies escalation paths and dispute resolution mechanisms in the event of non-performance. The term of the SLA automatically renews every five years, unless either ICANN or the RIRs elect to not renew for any reason (with or without cause) by providing six-months' notice prior to the expiration of the then-current term. In the event of non-renewal or termination, the RIRs will select a successor operator to deliver the numbering services.

On May 27, 2016, the ICANN Board approved<sup>33</sup> the SLA for signing. On June 29, 2016, ICANN and the RIRs signed<sup>34</sup> the SLA.<sup>35</sup> The SLA will only come into effect at the time of the transition.

To fulfill the second requirement, the RIRs initiated a community process and formed the Review Committee.<sup>36</sup>

By executing the SLA with the RIRs and establishing a Review Committee, ICANN and the RIRs have completed the tasks specified by the Internet number community in the ICG proposal.

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<sup>29</sup> <https://www.icann.org/resources/board-material/resolutions-2016-05-27-en#1.d>

<sup>30</sup> <https://www.icann.org/news/announcement-2016-06-29-en>

<sup>31</sup> [https://www.icann.org/iana\\_imp\\_docs/59-2016-icann-ietf-mou-supplemental-agreement-v-1-0](https://www.icann.org/iana_imp_docs/59-2016-icann-ietf-mou-supplemental-agreement-v-1-0)

<sup>32</sup> [https://www.icann.org/iana\\_imp\\_docs/61-service-level-agreement-for-the-iana-numbering-services-v-1-0](https://www.icann.org/iana_imp_docs/61-service-level-agreement-for-the-iana-numbering-services-v-1-0)

<sup>33</sup> <https://www.icann.org/resources/board-material/resolutions-2016-05-27-en#1.c>

<sup>34</sup> <https://www.icann.org/news/announcement-2016-06-29-en>

<sup>35</sup> <https://www.nro.net/wp-content/uploads/ICANN-RIR-SLA-signature25May16.pdf>

<sup>36</sup> <https://www.nro.net/news/final-version-iana-numbering-services-review-committee-charter>

### ***Domain Names Community***

The IANA functions contract defines requirements for reporting and performance of the IANA naming services. In absence of the IANA functions contract, the domain names community proposed the following:

- Creation of a post-transition IANA entity (PTI) as an affiliate of ICANN, and the development of a contract granting PTI the right to perform the IANA naming function.
- Establishment of a Customer Standing Committee (CSC) to monitor PTI's performance against agreed upon contractual requirements and service level expectations. The CSC replaces NTIA's current operational oversight role.
- Establishment of a standing committee to make recommendations to the ICANN Board regarding proposed architectural changes to the root zone. ICANN Board approval of the changes, at the recommendation of this standing committee, would replace NTIA's current approval role for root zone architectural changes.
- Establishment of a series of issue resolution mechanisms to ensure that problems with the performance of the IANA naming function are resolved effectively. These issue resolution mechanisms would ensure that similar mechanisms currently provided for under the IANA functions contract would continue to be in place post-transition.

### ***Post-Transition IANA***

The domain names community specified the following tasks for post-transition IANA (PTI) in the ICG proposal:

- Incorporation of PTI as an affiliate of ICANN and a California public benefit corporation with ICANN as the sole member.
- Development of a Naming Function Agreement granting PTI the right to perform the IANA naming function.
- Development of two subcontracting agreements between ICANN and PTI regarding the performance of the IANA numbering registry and protocol parameter registry services.
- Development of a services agreement between ICANN and PTI that would set forth the direct and shared services arrangements that ICANN will provide PTI to operate and perform the IANA functions.
- Establishment of a set of new Service Level Expectations (SLE) for the performance of the IANA naming function.

### ***PTI Incorporation***

ICANN worked with the CWG-Stewardship and its external legal counsel to develop Articles of Incorporation for PTI. The PTI Articles describe the purpose of PTI, ICANN's role as the sole member, as well as other legal specifications relating to the corporate and non-profit standing of PTI.

The PTI Articles were posted for a 30-day public comment period beginning on July 1, 2016. At its meeting on August 9, 2016, the ICANN Board approved<sup>37</sup> the formation of PTI and directed

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<sup>37</sup> <https://www.icann.org/resources/board-material/resolutions-2016-08-09-en#2.b>

ICANN's CEO to proceed with the incorporation of PTI. On August 10, 2016, the PTI Articles were filed and received by the California Secretary of State, under the name "Public Technical Identifiers."<sup>38</sup>

With this filing and receipt, ICANN has completed the PTI incorporation task specified by the domain names community in the ICG proposal.

### *Naming Function Agreement*

To grant PTI the right to perform the IANA naming function, ICANN drafted a Naming Function Agreement<sup>39</sup> based on a draft statement of work by legal counsel of the CWG-Stewardship included in the ICG proposal. A draft of the agreement was shared with the CWG-Stewardship and its external legal counsel on July 15, 2016 for review and discussion, which resulted in updates to the document to address concerns raised.

The revised draft Naming Function Agreement was published for a 30-day public comment period on August 10, 2016.<sup>40</sup> As is standard for all ICANN public comment processes, ICANN will review and summarize any comments received during the public comment period, and publish a staff report.

After addressing comments received during the public comment period, ICANN will publish the final Naming Function Agreement on September 16, 2016. The final agreement will then be ready for ICANN and PTI Board approval and signature.

### *Service Level Expectations (SLEs)*

The domain names community included a requirement in the ICG proposal for a new set of SLEs that will replace the performance standards for the IANA naming function established under the IANA functions contract. The new SLEs will require PTI to measure, record, and report additional details of transaction times for root zone change request processing.

To operationalize the SLE's, ICANN made updates to the RZMS to collect the necessary data for the new SLEs. Once the updates were completed, roughly three-and-a-half months of data was collected. Based on this data, ICANN proposed thresholds for each of the SLEs.

ICANN held discussions with the CWG-Stewardship to review and adjust the proposed thresholds as appropriate. The thresholds for all SLEs have been agreed upon<sup>41</sup> by both ICANN and the CWG-Stewardship, and will be incorporated into the final Naming Function Agreement before ICANN and PTI Board approval and signing. Post-transition, the CSC will be able to review and recommend changes to the SLEs.

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<sup>38</sup> [https://www.icann.org/iana\\_imp\\_docs/95-pti-ca-incorporation-or-formation-filing-v-1](https://www.icann.org/iana_imp_docs/95-pti-ca-incorporation-or-formation-filing-v-1)

<sup>39</sup> <http://mm.icann.org/pipermail/cwg-stewardship/attachments/20160716/63d8860e/NamingFunctionAgreement-Draftasof15July2016-0001.pdf>

<sup>40</sup> <https://www.icann.org/public-comments/iana-naming-function-agreement-2016-08-10-en>

<sup>41</sup> <http://mm.icann.org/pipermail/dt1/2016-August/000178.html>

### *PTI Bylaws*

To ensure PTI has appropriate governance requirements, ICANN worked with the CWG-Stewardship and its external legal counsel to draft proposed PTI Bylaws.<sup>42</sup> The proposed PTI Bylaws will define requirements for the PTI Board and annual PTI budget, and are consistent with both the domain names community requirements in the ICG proposal and the requirements of the new ICANN Bylaws.

The proposed PTI Bylaws were posted for a 30-day public comment period on July 12, 2016. Prior to the close of the public comment period, ICANN and the CWG-Stewardship legal counsel agreed on appropriate language to address the remaining concerns of the CWG-Stewardship. As per the standard for ICANN public comment process, ICANN is analyzing the comments to determine the necessary updates to finalize the PTI Bylaws.

The staff analysis of the public comments received and the final PTI Bylaws will be posted on August 18, 2016. Once finalized, the PTI Bylaws will be ready for ICANN and PTI Board approval.

### *Subcontracting Agreements*

While not a requirement of the domain names community, the ICG proposal required that the performance of the protocol parameters and Internet number functions be subcontracted to PTI for purposes of coherence of the IANA functions and overall operational logistics.

ICANN drafted subcontracting agreements for the protocol parameters and number functions and provided the drafts to the respective communities for review and feedback. Each are now final.

- For the protocol parameter subcontracting agreement, the IETF informed ICANN that it will not comment the agreement because it is an internal agreement between ICANN and PTI and its accountability requirements are documented in the 2000 MoU and executed 2016 Supplemental Agreement with ICANN.
- For the Internet numbers subcontracting agreement, the NRO Executive Committee provided feedback on the draft agreement. ICANN incorporated the feedback and finalized the Agreement.

These final subcontracting agreements are now ready for ICANN and PTI signatures. They will come into effect when the IANA functions contract expires.

### *Services Agreements*

To ensure that PTI has the funding and administrative resources to perform the IANA functions, ICANN drafted a Services Agreement that sets forth the direct and shared services arrangements that ICANN will provide PTI to operate and perform the IANA functions.

The draft Services Agreement was shared with the three operational communities for review on August 12, 2016. ICANN will work directly with the operational communities to address any issues and concerns.

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<sup>42</sup> <https://www.icann.org/public-comments/draft-pti-bylaws-2016-07-12-en>



The final agreement will be posted by September 16, 2016. Once finalized, it will be ready for ICANN and PTI Board approval.

### *PTI Governance Documents*

While not required by the ICG proposal, ICANN planned to develop PTI as an entity with strong governance practices. In NTIA's COSO assessment and recommendations, NTIA made several recommendations that reinforced a need to develop a core set of documents to guide the directives, attitudes and behaviors of those participating in PTI, and encourage adherence to important ethical standards.

To satisfy both ICANN's objective to set high governance standards for PTI and the recommendations made by NTIA in its COSO assessment, ICANN drafted a conflict of interest policy, Board code of conduct, and an expected standards of behavior document for PTI. Each of these documents was modeled off of versions currently in use at ICANN.

All three of these documents were published for a 30-day public comment period from July 8 – August 7, 2016. After incorporating comments received in the public comment process, final versions of these documents were posted on August 12, 2016. These documents are now ready for PTI Board approval.

### **Customer Standing Committee (CSC)**

Under the IANA functions contract, NTIA is responsible for providing operational oversight of the IANA naming function. In the ICG proposal, the domain names community requires that a CSC<sup>43</sup> be formed to replace this oversight and ensure the continued satisfactory performance of the IANA naming function for the direct customers of the naming services.

The CSC was defined to include:

- Members:
  - At minimum, two generic top level domain (gTLD) registry operators and two country code top level domain (ccTLD) registry operators.
  - One additional TLD representative not considered a ccTLD or gTLD registry operator [Optional].
- Liaisons:
  - Each of the following ICANN Supporting Organizations and Advisory Committees may appoint one liaison:
    - Address Supporting Organization (ASO).
    - At-Large Advisory Committee (ALAC).
    - Generic Names Supporting Organization (GNSO) (non-registry).
    - Governmental Advisory Committee (GAC).
    - Root Server System Advisory Committee (RSSAC).

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<sup>43</sup> [https://www.icann.org/iana\\_imp\\_docs/41-csc-charter-v-v1](https://www.icann.org/iana_imp_docs/41-csc-charter-v-v1)

- Security and Stability Advisory Committee (SSAC).
  - One liaison from PTI.

The CSC will monitor PTI's performance of the IANA naming function by analyzing performance reports on a monthly basis and publishing its findings. It is authorized to undertake remedial action to address poor performance, and if performance issues are not remedied, the CSC is authorized to escalate the performance issues to the ccNSO and GNSO for consideration. Additionally, the CSC may recommend changes to the SLEs as well as enhancements to the provision of the IANA naming services.

On May 27, 2016, the ICANN Board approved new ICANN Bylaws that require the establishment of the CSC to these specifications.<sup>44</sup>

On June 1, 2016, ICANN sent a request<sup>45</sup> to the Supporting Organizations, Advisory Committees and Registry Stakeholder Group (RySG) to initiate their respective processes to appoint candidates to serve on the CSC. The appointing organizations were given a deadline of July 22, 2016 to submit candidate selections. All organizations participated in the appointment process and selected members or liaisons to the CSC, with the exception of the ASO. ICANN forwarded all candidate selections to the ccNSO and GNSO on July 26, 2016.

On August 10, 2016, the ccNSO and GNSO councils approved<sup>46</sup> the inaugural CSC membership composition. With the approval of the inaugural CSC members, ICANN has completed the task to form the CSC as specified by the domain names community in the ICG proposal. The CSC will not become operational unless and until the IANA functions contract expires.

### ***Root Zone Evolution Review Committee (RZERC)***

Currently, NTIA approval is required for all changes to the DNS root zone management environment, including the DNSSEC-signing of the root zone, many classes of changes to IANA processes, as well as edits that would be applied by the Root Zone Maintainer to the DNS root zone. Post-transition, the domain names community recommended that approval of routine content changes to the DNS root zone would no longer be required. However, due to the critical nature of the DNS root, all major architectural changes would require formal approvals.

In the ICG proposal, the domain names community required that a standing committee be put into place that will provide recommendations to the ICANN Board regarding the advisability of moving forward with such architectural changes. ICANN named this committee the Root Zone Evolution Review Committee (RZERC). The RZERC will consider issues raised by any of its members, PTI, or by the CSC.

While the RZERC will not necessarily be the group that considers the details of the issue under consideration, it will be responsible for ensuring that those involved in the decision include all relevant bodies and have access to necessary expertise.

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<sup>44</sup> <https://www.icann.org/en/system/files/files/adopted-bylaws-27may16-en.pdf>, at Article 17

<sup>45</sup> [https://www.icann.org/iana\\_imp\\_docs/51-csc-request-for-appointment-v-v1](https://www.icann.org/iana_imp_docs/51-csc-request-for-appointment-v-v1)

<sup>46</sup> [https://www.icann.org/iana\\_imp\\_docs/93-joint-ccnso-gnso-statement-on-csc-members-and-liaisons-v-v1](https://www.icann.org/iana_imp_docs/93-joint-ccnso-gnso-statement-on-csc-members-and-liaisons-v-v1)

As such, the RZERC will coordinate with relevant organizations and communities, and if appropriate, external experts, to confirm that all affected parties are involved in discussions and recommendations regarding architectural or operational changes to the root zone.

The charter for the RZERC was drafted in collaboration between ICANN and the IOTF, and included numerous review opportunities by the CWG-Stewardship prior to being published for a 30-day public comment period on June 10, 2016.

As per the standard for ICANN public comment process, ICANN reviewed the comments received and made any necessary modifications to the charter, while remaining consistent with the requirements of the ICG proposal. The staff report<sup>47</sup> and final RZERC charter<sup>48</sup> were published on August 8, 2016. On August 9, 2016, the ICANN Board approved and adopted the charter for the RZERC.

On August 1, 2016, ICANN sent a request<sup>49</sup> to the ASO, SSAC, RSSAC, RySG, ccNSO, IETF and Verisign (in its role as the Root Zone Maintainer) to initiate their respective processes to appoint representatives to serve on the RZERC. By August 12, 2016, ICANN received notification of representatives from all appointing organizations and formed the RZERC.<sup>50</sup>

With adoption of the charter and appointment of representatives to the RZERC, ICANN has completed the task to form the RZERC as specified by the domain names community in the ICG proposal. The RZERC will not become operational unless and until the IANA functions contract expires.

### ***IANA Operational Escalation Processes***

In the ICG proposal, the domain names community requires that certain modifications be made to the existing IANA Customer Service Complaint Resolution process for customers of the IANA naming function. The modifications include the removal of an escalation step in the existing IANA Customer Service Complaint Resolution process and the addition of a review process for the customers when the complaint is not resolved, including mediation and resort to ICANN's Independent Review Process.

In addition, if the CSC determines that the issue is part of a persistent performance problem by PTI, or that it is an indication of a possible systemic problem, the CSC may seek remediation through a new process called the IANA Problem Resolution process. As specified by the domain names community in the ICG proposal, this new IANA Problem Resolution process is to be defined by the CSC and PTI once the CSC is formed.

To fulfill this requirement, ICANN has included the following into the Naming Function Agreement:

- The Customer Service Complaint Resolution process.
- A reference that the IANA Problem Resolution process will be defined by the CSC and ICANN.

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<sup>47</sup> <https://www.icann.org/en/system/files/files/report-comments-draft-rzerc-charter-08aug16-en.pdf>

<sup>48</sup> <https://www.icann.org/en/system/files/files/revise-rzerc-charter-08aug16-en.pdf>

<sup>49</sup> [https://www.icann.org/iana\\_imp\\_docs/91-rzerc-request-for-appointment-v-v1](https://www.icann.org/iana_imp_docs/91-rzerc-request-for-appointment-v-v1)

<sup>50</sup> <https://www.icann.org/en/stewardship-implementation/formation-of-a-root-zone-evolution-review-committee-rzerc>

The Naming Function Agreement is currently out for a 30-day public comment period.<sup>51</sup> The Naming Function Agreement will be finalized on September 16, 2016 and presented to the ICANN and PTI Boards for approval to sign.

### ICANN Accountability

The ICG proposal confirms that aspects of the domain names community requirements are dependent and conditioned on the implementation of the CCWG-Accountability recommendations to enhance ICANN's accountability.

Specifically, the ICG proposal required:

- The ability for the community to approve or veto the ICANN budget after it has been approved by the ICANN Board, but before it comes into effect.
- Empowerment of the multistakeholder community to have the ability to appoint and remove members of the ICANN Board and to recall the entire Board; the ability to exercise oversight with respect to key ICANN Board decisions including board decisions with respect to recommendations resulting from an IANA Function Review (IFR) or Special IFR, as well as the ICANN budget; and the ability to approve amendments to ICANN's fundamental Bylaws.
- Creation of an IFR that is empowered to conduct periodic and special reviews of the IANA naming function, set forth in the ICANN Bylaws.
- Empowerment of the Special IFR to determine the need for a separation process and, if so, to recommend that a Separation Cross-Community Working Group (SCWG) be established to review the identified issues and make recommendations.
- An appeal mechanism, for example in the form of an Independent Review Panel, for issues relating to the IANA naming function.
- All of the above accountability requirements to be reflected in the ICANN Bylaws as Fundamental Bylaws, which may only be amended with the prior approval of the community.

Prior to the submission and transmission of the CCWG-Accountability Report, the CWG-Stewardship signed off that the CCWG-Accountability Work Stream 1 Recommendations met the requirements of the ICG proposal.<sup>52</sup>

In addition to the interdependencies with the requirements of the domain names community, the CCWG-Accountability identified further enhancements to ICANN's accountability that are required to be in place or committed to before the IANA Stewardship Transition. The Work Stream 1 recommendations are implemented through changes to the ICANN Bylaws and Articles of Incorporation.

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<sup>51</sup> <https://www.icann.org/public-comments/iana-naming-function-agreement-2016-08-10-en>

<sup>52</sup> <http://mm.icann.org/pipermail/cwg-stewardship/2016-February/004756.html>

### ***Revised ICANN Bylaws and Restated Articles of Incorporation***

In order to fully implement the CCWG-Accountability's Work Stream 1 recommendations, ICANN modified its Bylaws and Articles of Incorporation to account for the accountability enhancement mechanisms recommended. Revisions to both core documents have been completed and confirmed by legal counsel to be consistent with the IANA Stewardship Transition Proposal and CCWG-Accountability Report. The ICANN Board has also approved each document and directed that they go into effect when the IANA functions contract expires.

Each of these documents support NTIA's criteria for the transition, as they are a key means to implementing the IANA Stewardship Transition Proposal. For both the ICG proposal and the CCWG-Accountability's Report, NTIA confirmed that the requirements satisfied their criteria.

#### *ICANN Bylaws*

As NTIA acknowledged in its June 9, 2016 IANA Stewardship Transition Proposal Assessment Report, on May 27, 2016 the ICANN Board approved all of the amendments to the ICANN Bylaws that were necessary to make the Bylaws consistent with the IANA Stewardship Transition Proposal.<sup>53</sup>

The ICANN Bylaws were modified in a number of ways to ensure that that the IANA Stewardship Transition Proposals was supported and implemented. These include, at a high level:

- Restating ICANN's mission as identified in the CCWG-Accountability Work Stream 1 Report.
- Identifying "fundamental" Bylaws and incorporating the high threshold for Board and community approval of changes.
- Defining the community role in rejecting "standard" Bylaws amendments.
- Developing a "designator" to support the community's ability to remove the ICANN Board.
- Defining the Empowered Community processes to support how the community will exercise its new community powers.
- Incorporating portions of the Affirmation of Commitments between ICANN and the U.S. Department of Commerce, including reviews.
- Revising the requirements under which the ICANN Board is required to provide special consideration to GAC advice.
- Revising ICANN's Reconsideration and Independent Review Processes (IRP).
- Specifying how the community can have inputs into and rejection rights over ICANN's budget, strategic, and operating planning processes.

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<sup>53</sup> <https://www.icann.org/resources/pages/board-ntia-transmissions-2016-06-13-en>

- Specifying ICANN's key obligations for PTI, including the development of the CSC and the requirements for the IANA Naming Functions Reviews (including special reviews and separation reviews).
- Setting out a commitment to the CCWG-Accountability's Work Stream 2 efforts.

Immediately following the March 10, 2016 transmission of the IANA Stewardship Transition Proposal to NTIA, ICANN drafted an initial set of revised Bylaws to incorporate the tasks and recommendations specified in the proposals. After the initial draft was shared with the external counsel to the CCWG-Accountability, ICANN worked closely with that counsel, and the Bylaws Coordination Group to refine the amendments. During this time, the Bylaws Coordination Group assisted the attorney drafting team when questions arose in the interpretation of proposals, or how to incorporate details for areas where the ICG proposal and CCWG-Accountability Work Stream 1 Report may have been silent.

On April 21, 2016, ICANN posted the proposed revised Bylaws for a 30-day public comment period.<sup>54</sup> Each of the comments were considered and analyzed,<sup>55</sup> and ICANN produced a detailed chart<sup>56</sup> assessing whether the Bylaws required modification to reflect the issues raised within each comment. The legal teams continued their close coordination in developing the necessary updates to the Bylaws in response to these comments.

After the comment summary and analysis was completed and the resulting changes were made, the Bylaws Coordination Group was consulted on the proposed final ICANN Bylaws. No objections or concerns were raised at that meeting.

On May 27, 2016, the ICANN Board approved the revisions to the ICANN Bylaws, deeming effective upon the expiration of the IANA functions contract between ICANN and NTIA.<sup>57</sup> The ICANN Board also directed that ICANN proceed with implementation planning work so that ICANN would be ready to meet its obligations when the Bylaws became effective.

### *ICANN Articles of Incorporation*

The ICANN Articles of Incorporation ('Articles') were modified in three key ways in order to support the transition proposals. They needed to:

- Be made consistent with the restatement of ICANN's mission as reflected in the approved new ICANN Bylaws.
- Reflect the multistakeholder community role in determining how the global public interest is served through ICANN's mission.
- Incorporate the new thresholds for approval of changes to the Articles.

The CCWG-Accountability's external legal counsel developed a first draft of the amended Articles to implement these changes, and ICANN worked in close coordination with them to develop a draft for release to the Bylaws Coordination Group.

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<sup>54</sup> <https://www.icann.org/public-comments/draft-new-bylaws-2016-04-21-en>

<sup>55</sup> <https://www.icann.org/en/system/files/files/report-comments-draft-new-bylaws-25may16-en.pdf>

<sup>56</sup> <https://www.icann.org/en/system/files/files/analysis-comments-draft-new-bylaws-25may16-en.pdf>

<sup>57</sup> <https://www.icann.org/resources/board-material/resolutions-2016-05-27-en#1.a>

The draft revisions to the Articles were posted for a 40-day public comment period on May 27, 2016.<sup>58</sup> At the community's request, ICANN extended the comment period for an additional seven days.

During the public comment period, the CCWG-Accountability considered the revisions to the Articles across a number of meetings, including conversation with ICANN lawyers as well as the CCWG-Accountability's external counsel. The CCWG-Accountability submitted a comment identifying proposed changes as a result of this public dialogue.

ICANN prepared a summary and analysis<sup>59</sup> of the comments received, and for each comment identified, determined whether a change was needed to the Articles. ICANN also prepared revisions to the Articles<sup>60</sup> based on the comments received, and confirmed the changes with the external counsel to the CCWG-Accountability.

On August 9, 2016, the ICANN Board approved<sup>61</sup> the amendments to the Articles, to be deemed in effect upon the expiration of NTIA's IANA functions contract with ICANN. Because the Articles must be filed with the California Secretary of State in order to go into effect, the Board also directed that the filing take place at the appropriate time. In order to make sure that ICANN does not face unanticipated issues with the filing of the revised Articles upon the successful completion of the IANA Stewardship Transition, ICANN has received pre-clearance from the California Secretary of State that the revised Articles will be accepted for filing.

### ***Additional Planning Work***

Since the Bylaws were approved on May 27, 2016, ICANN has been working to make sure they are fully implemented on the effective date. For example, work has been completed to form PTI in alignment with ICANN's Bylaws, to develop the Naming Functions Agreement discussed in the ICANN Bylaws, and to put the CSC in place, as described in the sections above. Substantial work has also been completed on the accountability-related enhancements.

- **Independent Review Process (IRP):** The CCWG-Accountability created an Implementation Oversight Team (IOT)<sup>62</sup> to ensure that the revisions to the enhanced IRP will be ready for any new claims filed on or after the day the Bylaws come into effect. The IOT includes members from the community, ICANN lawyers and the external counsel of the CCWG-Accountability. As anticipated in the Bylaws, the IOT has confirmed that the existing IRP provider should remain in place, and will soon finalize recommendations for proposed revisions to the supplemental procedures for the IRP. In addition, the IOT is developing a call for expressions of interest for standing panel members. The planning work for the new IRP is on schedule so that it can operate in full alignment with the Bylaws once the Bylaws are effective.
- **Reconsideration Process:** ICANN has completed revisions to the request form needed to comply with the Bylaws. The form will be available once the Bylaws are effective.

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<sup>58</sup> <https://www.icann.org/public-comments/draft-restated-articles-incorporation-2016-05-27-en>

<sup>59</sup> <https://www.icann.org/en/system/files/files/report-comments-draft-restated-articles-incorporation-09aug16-en.pdf>

<sup>60</sup> <https://www.icann.org/en/system/files/files/revised-draft-restated-articles-incorporation-02aug16-en.pdf>

<sup>61</sup> <https://www.icann.org/resources/board-material/resolutions-2016-08-09-en#2.d>

<sup>62</sup> <https://community.icann.org/pages/viewpage.action?pageId=59643726>

- **Empowered Community:** All participating Supporting Organizations and Advisory Committees have initiated conversations to organize their participation in the Empowered Community process. ICANN will continue to support the community in their work and is developing documentation on the Empowered Community to make the concept and the processes easier to understand. Internally, ICANN has identified the staff support structure necessary in the event that an Empowered Community process is initiated.
- **Reviews:** ICANN is prepared to initiate the new reviews required under the Bylaws that were imported over from the Affirmation of Commitments. One example is the Registration Directory Service Review (formerly the WHOIS Review), which will be initiated shortly after the Bylaws go into effect. In addition, internal processes are being modified to reflect the new procedures for the reviews, including the new review team selection process, and operating standards are in the process of being developed.
- **Incorporation of the Affirmation of Commitments into the ICANN Bylaws:** With key parts of the Affirmation of Commitments incorporated into the Bylaws, the commitments that ICANN made in its 2009 affirmation with the Department of Commerce are no longer subject to termination on 120-days' notice. This affirms that ICANN's key commitments are now set out in the Bylaws, and not as a commitment to a single government.
  - The requirement from the Affirmation of Commitments of “adherence to transparent and accountable budgeting processes, fact-based policy development, cross-community deliberations, and responsive consultation procedures that provide detailed explanations of the basis for decisions, including how comments have influenced the development of policy consideration” is now embedded in the Bylaws.
  - ICANN's obligation for transparency in decision-making, through provision of thorough and reasoned explanation of decisions taken, the rationale for those decisions, and the sources of data and information on which ICANN relied is now embedded in the Bylaws.
  - The reviews set out in the Affirmation of Commitments, including reviews of ICANN's ongoing Accountability and Transparency; Security, Stability, Resiliency and Global Interoperability of the DNS; Promotion of Competition, Consumer Trust and Consumer Choice in new gTLDs; and Enforcement of WHOIS Policy all are also now set forth in the Bylaws, with new community-led powers.



## Section IV. Addressing NTIA's COSO Recommendations

One of the components of NTIA's review process was to evaluate the proposal against the Committee of Sponsoring Organizations (COSO) of the Treadway Commission Internal Control Framework Assessment.

NTIA's COSO Assessment<sup>63</sup> was favorable, with no items flagged as deficient or "red." Of the 70 areas assessed only 11 received a "yellow" rating, indicating attention is recommended relating to four areas:

- Five items related to PTI governance.
- One item related to PTI's Audit Committee.
- Two items related to the ICANN community's new investigatory powers.
- Three items related to PTI operations.

There was no requirement for ICANN to address any of the recommendations flagged as yellow prior to the completion of the transition. However, ICANN analysed and has elected to address<sup>64</sup> each one. ICANN's plans to address the recommendations are summarized below.

### Recommendation #1

NTIA recommended that ICANN and the community explicitly confirm the expectation that the PTI Board and management lead by example and demonstrate ethical behavior and integrity.

To address this recommendation, a conflicts of interest policy, a Board code of conduct and an expected standards of behavior document were developed for PTI based on ICANN's documents.

### Recommendation #2

NTIA recommended that ICANN and the community confirm that standards will be put in place for the purpose of guiding directives, attitudes, and behaviors of PTI in achieving objectives.

To address this recommendation, a core set of documents and contracts have been developed to guide the directives, attitudes and behaviors of PTI in achieving its objectives. These include:

- A PTI Board code of conduct.
- PTI conflicts of interest policy.
- PTI Bylaws.
- Contracts between ICANN and PTI that will include the terms and service level expectations for the performance of the IANA functions.

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<sup>63</sup> [https://www.ntia.doc.gov/files/ntia/publications/attachment\\_5\\_coso\\_assessment\\_chart.pdf](https://www.ntia.doc.gov/files/ntia/publications/attachment_5_coso_assessment_chart.pdf)

<sup>64</sup> [https://www.icann.org/iana\\_imp\\_docs/57-committee-of-sponsoring-organization-cosc-of-the-treadway-commission-internal-control-framework-assessment-v-1-0](https://www.icann.org/iana_imp_docs/57-committee-of-sponsoring-organization-cosc-of-the-treadway-commission-internal-control-framework-assessment-v-1-0)

### Recommendation #3

NTIA recommended that ICANN and the community consider, if they have not already, confirming that existing ICANN practices and policies will apply to PTI and/or that PTI-specific policies and practices will be developed.

To address this recommendation, a core set of documents and contracts have been developed to guide the directives, attitudes and behaviors of PTI in achieving its objectives. These include:

- A PTI Board code of conduct.
- PTI conflicts of interest policy.
- PTI Bylaws.
- Contracts between ICANN and PTI that will include the terms and service level expectations for the performance of the IANA functions.

### Recommendation #4

NTIA recommended that the respective communities and ICANN consider, if they have not already, additional processes by which to evaluate the Board and management of PTI in meeting any standards of conduct they deem necessary to guide ethical values and integrity in achieving their objectives.

To address this recommendation, a core set of documents and contracts have been developed to guide the directives, attitudes and behaviors of PTI in achieving its objectives. These include:

- PTI Board code of conduct.
- PTI conflicts of interest policy.
- PTI Bylaws.

These set out requirements for items such as the publication of statements of interests and updates, and a publication of an annual report on these issues. The documents call for the PTI Board to hold the responsibility of reviewing these items and for hearing any complaints of conflict issues for Board members. In addition, the PTI Board, as does the ICANN Board through its Board Governance Committee, can identify for the Nominating Committee the skill set and other needs that may support the PTI Board in performing its work. The PTI Board members will serve for three-year terms.

### Recommendation #5

NTIA recommended that ICANN and the community consider, if they have not already, processes by which to periodically evaluate the PTI Board makeup and the skills of its members.

In addition to the measures that will be undertaken to address Recommendation #4, the community has already been discussing the guidance that it will give to the Nominating Committee on qualifications for PTI Board members. If the PTI Board wishes, it can take on some of the practices that have been established for the ICANN Board, such as performing

regular assessments of the overall skill sets on the PTI Board, that could be provided to both ICANN and the Nominating Committee (NomCom) in making selections and identifying support needed for the Board.

### Recommendation #6

NTIA recommended that ICANN and the community consider extending the ICANN Board Audit Committee's responsibilities to include PTI and/or that an audit committee be established at the PTI Board level if deemed necessary.

To address this recommendation, the PTI Bylaws will require the existence of an audit committee. A charter for the committee, adhering to best practices and modeled off of the ICANN Audit Committee Charter, will be in place by the time of the transition.

### Recommendation #7

NTIA recommended that the community specify who or what will be responsible for overseeing the proposed community audit process, including whether or not a charter or other vehicle will be established to articulate the duties and responsibilities associated with audit oversight.

To address this recommendation, ICANN is committed to working with the community as it develops the Empowered Community process, through which the Empowered Community can have a role in monitoring ICANN's adherence to the special investigation requirements, including how to assess adherence with the outcomes of investigations.

The investigatory right that is set up in the ICANN Bylaws is based on three Decisional Participants certifying that there is an issue with fraud or gross mismanagement, at which point ICANN is obligated to initiate a third-party investigation/audit and provide public reports.

Each instance in which the investigatory right is initiated will be a special, unique circumstance, and will often be far different than the standard financial audit that will already happen on an annual basis through the PTI Audit Committee. A standing committee is likely not the appropriate means to address this action item.

### Recommendation #8

NTIA recommended that the community establish which person or persons should receive the findings of any auditor retained to investigate gross mismanagement and fraud, and how these findings should be reported and considered.

To address this recommendation, ICANN is committed to working with the community as it develops the Empowered Community process, through which the Empowered Community can have a role in monitoring of ICANN's adherence to the special investigation requirements, including how to assess adherence with the outcomes of the investigations.

The ICANN Bylaws do not specify that the Empowered Community will have a direct retention right in the event the Empowered Community compels an independent investigatory right. The Empowered Community can compel ICANN to retain a proper auditor or investigator to address the specific issues identified. It is important that retention obligations do not go to a broad range of the community, but remain limited so that assessments of independence and proper procurement practices can be maintained. Each firm retained will need the flexibility to

design its investigation as appropriate, and that could include outreach to the community.

As each instance will involve a special, unique set of circumstances, and will not necessarily be part of a standard, annually scheduled financial audit, a standing committee is likely not the appropriate means to address this action item.

### Recommendation #9

NTIA recommended that ICANN and the community clearly articulate communication lines as they develop a process by which to review and audit the PTI and IANA budgets. Further, the RIRs and IETF could consider making specific references to a line of communication between them (in the auditing capacity) and PTI (as the entity to perform their relevant functions).

To address this recommendation, a public comment process will be established for the PTI budget. The ICANN Bylaws require that the RIRs and the IETF are among those specifically consulted in the PTI budget process.

In addition, the PTI Bylaws require the auditing of PTI's financial statements, through standard best practice audit practices, overseen by the PTI Audit Committee and performed by an independent financial auditor.

Oversight requirements specified by the RIRs and IETF are in the RIR SLA and 2016 IETF MoU Supplemental Agreement, respectively.

### Recommendation #10

NTIA recommended that ICANN, the RIRs, and IETF consider, if they have not already, explicitly indicate key lines of reporting in their contracts and/or other agreements with PTI/ICANN.

To address this recommendation, the reporting requirements for the RIRs and IETF are specified respectively in the RIR SLA and 2016 IETF MoU Supplemental Agreement.

### Recommendation #11

NTIA recommended that ICANN and the community consider, if they have not already, specifically documenting succession plans for PTI senior executives.

To address this recommendation, ICANN confirms that PTI will develop a succession plan for PTI senior executives.

## Section V. Conclusion

ICANN and the various stakeholder groups have worked tirelessly to complete the tasks specified by NTIA and the global multistakeholder community. ICANN is confident that all implementation tasks and mechanisms will be implemented in advance of September 30, 2016 to allow the IANA functions contract to expire.

With this report, ICANN reiterates that it, as an organization, and with the support of the global multistakeholder community, it is ready for the IANA stewardship transition to occur.

## Attachments

- **Attachment #1:** Verisign Daily Comparison Reports on RZMS Parallel Testing
- **Attachment #2:** RZMS Parallel Testing Monthly Reports
- **Attachment #3:** Root Zone Maintainer Agreement
- **Attachment #4:** 2016 ICANN-IETF MoU Supplemental Agreement
- **Attachment #5:** Service Level Agreement for the IANA Numbering Services
- **Attachment #6:** Customer Standing Committee Charter
- **Attachment #7:** Root Zone Evolution Review Committee Charter
- **Attachment #8:** PTI Articles of Incorporation
- **Attachment #9:** PTI Conflict of Interest Policy
- **Attachment #10:** PTI Board of Directors' Code of Conduct
- **Attachment #11:** PTI Expected Standards of Behavior
- **Attachment #12:** PTI Subcontracting Agreement for Performance of the IANA Protocol Parameters Function
- **Attachment #13:** PTI Subcontracting Agreement for Performance of the IANA Numbering Function
- **Attachment #14:** Amended ICANN Bylaws
- **Attachment #15:** Restated ICANN Articles of Incorporation
- **Attachment #16:** ICANN Assessment and Plan to Address NTIA's Committee of Sponsoring Organization (COSO) of the Treadway Commission Internal Control Framework Assessment

## Background

On March 14, 2014, NTIA announced its intent to transition its stewardship of key Internet functions to the global multistakeholder community. These technical functions, called the IANA functions, coordinate the top level of the Internet's system of unique identifiers that include domain names and IP addresses, as well as the protocol parameter registries that allow connected devices to talk and understand each other. These identifiers are an important component of the Internet's infrastructure, and their management is quite technical in nature.

The U.S. Government always envisioned it would hold only temporary stewardship over the top level of the Internet's system of unique identifiers. The U.S. Government recognized that as the commercial use of the Internet expanded globally, governance would also need to evolve, and that stewardship of Internet resources would be better served by the private sector. With this interest in movement to the private sector in mind, ICANN was formed in 1998. ICANN maintains, updates, assigns unique values and makes publically available registries of top-level names, blocks of numbers and listings of protocol parameters for the Internet.

NTIA's March 2014 announcement to begin a process towards transitioning the U.S.

Government out of its current role represented the final phase of allowing the private sector to take leadership for the management of the DNS, and ensuring that all members of the Internet's global multistakeholder community – business, technical groups, civil society and governments – are partners in the continued expansion and innovation a single, unified Internet.

The announcement stated why the time was right to transition the IANA functions stewardship:

*“ICANN as an organization has matured and taken steps in recent years to improve its accountability and transparency and its technical competence. At the same time, international support continues to grow for the multistakeholder model of Internet governance as evidenced by the continued success of the Internet Governance Forum and the resilient stewardship of the various Internet institutions.”*

The first IANA functions contract between NTIA and ICANN was executed in 2000, and during its nearly two decade-long relationship with the U.S Government, ICANN has successfully maintained the security and stability of the top level of the Internet's system of unique identifiers with increasing levels of business excellence.

In its announcement, NTIA asked ICANN to convene an inclusive, global discussion that involved the full range of Internet stakeholders to collectively develop a proposal for the transition. Immediately following, ICANN convened stakeholders most directly served by the IANA functions, as well as governments, the private sector and civil society, to determine the process for transitioning stewardship of the IANA functions. At each step, stakeholders were given ample opportunity to comment and provide feedback.

To guide this global discussion, NTIA provided ICANN with a clear framework for the transition proposal. It stated that the proposal must have broad community support and address the following four principles:

- Support and enhance the existing multistakeholder model;
- Maintain the security, stability and resiliency of the Internet DNS;
- Meet the needs and expectations of the global customers and partners of the IANA services; and
- Maintain the openness of the Internet.

Also, NTIA stated unequivocally that stewardship would not be transitioned to any government or intergovernmental institution.

## ICANN Multistakeholder Community Proposal Development Process

ICANN and the multistakeholder community organized a two-track system to develop the proposal to transition NTIA's stewardship of the IANA functions. The first track, facilitated by the ICG, focused on the operational and technical performance of the IANA functions themselves. The second track, facilitated by the CCWG-Accountability, identified accountability enhancements to prepare for an ICANN organization without contractual ties to the U.S. Government. The consolidated requirements of these two reports constitute the IANA Stewardship Transition Proposal.

The ICANN community working groups that developed the two proposals exchanged over 32,000 emails and spent over 800 hours in meetings over the past two years. The proposals

describe at great length how their recommendations meet all of NTIA's criteria.

To develop its proposal, the ICG issued a request for proposals on September 8, 2014,<sup>65</sup> requesting that the three operational communities – i.e. domain names, Internet numbering and protocol parameters registries – to develop a proposal to transition NTIA's stewardship of the IANA functions.

Each operational community formed a working group to develop a proposal that defined the current and future operation of the IANA functions. Each proposal submitted to the ICG reflected numerous calls for input, discussions and emails exchanges that were held in open and inclusive channels.

The ICG evaluated each of the proposals against a set of criteria, including the criteria set by NTIA in its March 14, 2014 announcement, and assessed the completeness, compatibility, operability and workability of the proposals as a single cohesive report. The final ICG proposal received broad consensus support and was acclaimed by Internet stakeholders globally.

The CCWG-Accountability's Work Stream 1 Report was developed by appointed representatives from six of ICANN's Supporting Organizations and Advisory Committees, as well as numerous other participants. The CCWG-Accountability Work Stream 1 Proposal builds off of ICANN's established structures and mechanisms to enhance how ICANN remains accountable to the global Internet community in light of the changing historical relationship with the U.S. Government.

The combined ICG and CCWG-Accountability proposals support and enhance the multistakeholder model by leveraging existing multistakeholder arrangements and processes.

On March 10, 2016, the ICANN Board of Directors transmitted the ICG proposal and the CCWG-Accountability's Work Stream 1 Report to NTIA for its review and approval.

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<sup>65</sup> <https://www.icann.org/en/system/files/files/rfp-iana-stewardship-08sep14-en.pdf>