STEVE CROCKER: Welcome, everybody. May I ask you to take your seats? And let me apologize. We had some differences in understanding as to whether this meeting was called for 9:50 or for 10:00 a.m. But we're here now.

I'm Steve Crocker, chair of the ICANN board. This is a meeting between the ccNSO and ICANN board.

Lesley Cowley, Byron Holland, Hiro Hotta to my left. Chris Disspain, we might -- if Mike Silber comes, we'll ask him to come up here, too, the ccNSO appointees to the ICANN board.

In my view, the main benefit of a session like this is to give the board an opportunity to hear in an unvarnished and sort of undiluted forum for the main things that are on your minds.

We have a set of topics that have been suggested from both sides for discussion. I'll just read these through quickly and then turn things over to Lesley to manage and orchestrate the entire session and integrate and choose a path through these topics as appropriate.

Topics that we received suggested from ccNSO: Conflict of interest rules post board membership; ICANN finances, follow-up to Singapore meeting including current status of new financial system and view of board on the breakdown of those; and board operations, what has and will change in the near future. Some topics that occurred to us are views of the ccNSO on the JAS report; progress on the framework of interpretation including request for board liaison; CEO search, what qualities do you think we ought to be seeking in a new CEO; and ethics guidelines, what are your top three concerns and proposals to address them.

And with that, let me turn things over to Lesley.

LESLEY COWLEY:	Okay, thank you, Steve. And good morning, everybody. So if we make a start on the ccNSO questions, those of you that were listening will notice we have some questions in common. So I'm going to put them together as a general topic.
	But for a starter, those that were with us in Singapore will remember a very keen interest from the ccNSO in all things financial. And so our first subject really follows on from our Singapore conversations regarding the ICANN budget, the status with the CFO appointment which was vacant at that time. And I'd like to ask Byron to lead off on that one.
BYRON HOLLAND:	Thanks very much, Lesley. And welcome to you all this morning.
	I think in terms of following on, the ccNSO has been doing quite a bit of work, as many of you, I'm sure, know in financial, strategic and operational-related analysis and review of the ICANN plan. As I'm sure most of you have seen, we've contributed to all of the stages along the way.
	There are two key working groups focused on those activities. One is the strategic and operational planning committee which has submitted a lot of work in terms of feedback on the strat and ops plan and the budget framework overall. That's chaired by Roelof Meijer. And I chair the finance working group, and that's the working group that's focused on looking at contribution methodology and contribution amounts for the ccNSO community in general into ICANN. It has certainly been a topic of discussion over the last number of ICANN meetings and the intervening periods.
	And as a result, we're taking another good close look at it. I think the last time we did it was in Wellington a number of years ago.
	That has a couple of tracks. One is -- one of those tracks is looking at the different types of models, not making the assumption that the current one we have today is the right one for all time, but looking at a number of different methodologies. In fact, we've reviewed nine

possible funding methodologies, including the one that is currently in use.

Part of the reason we're doing that is to make sure that we're going to select the most appropriate one that deals with the widest range of cc operators. You have to bear in mind that we are not a homogenous community. There is a significant range in terms of how cc's operate, governance structure, in a sense who really, in a sense, owns them. So it has to -- whatever model is selected has to deal with a very wide range of structures.

And as a result, we've done quite a thorough analysis that we've, in fact, just moments before this meeting presented to the cc community for the first time. And between here and the next ICANN meeting, we'll be seeking their input and feedback in helping us whittle down from nine possible models to the most appropriate one or two for real in depth analysis. That's one track. The other track is the money, what is ICANN suggesting that the cc community costs ICANN and really get an understanding of that so we can apply those numbers over top of the model to make sure that we find the most appropriate one, both from a fairness in terms of contribution perspective as well as an appropriateness from a variety of cc structures' perspective.

I would say that's a bit of a good news/bad news story. And I have talked to a couple of board members along the way. You seem to have made a great hire in the CFO position. I have had the benefit and opportunity to speak to Xavier a couple of times at some length. It was very encouraging. So kudos to the board for having made a pick like that.

The bad news, of course, is he's a new guy. And as I'm sure you're well aware, he has a significant number of priorities of which our issue is but one of many. He is getting used to the team, the technology, the processes, the environment. And as a result, the detail that we as the cc community need in order to really do the appropriate analysis for all of us is yet to be forthcoming. And we've had some good discussions about that. We're assured it will be coming over time but it is going to take a bit of time for Xavier and team to produce the kind of detail

that's going to be required in order to do an appropriate analysis and for all of us to get a clear understanding of what the cc community cost does ICANN, which we all want to know.

So that is a bit of an update on where we're at. We're certainly encouraged. We as a cc community are well down the path in doing this work. But we may find ourselves having a bit of a brief respite while we let Xavier get his feet underneath him.

LESLEY COWLEY: Thank you, Byron. That a bit more of a status update than a question, as you may have noticed. So from the ccNSO perspective, that's where our work is. And I suspect that we may need to pause slightly while the new CFO gets on board and deals with his challenges. So an update on that and the time scales that the board is envisaging for that work would be helpful.

STEVE CROCKER: Thank you, Lesley, and thank you very much, Byron. There was two or three points that I want to respond. First of all, Xavier, would you stand up. This is Xavier Calvez, our new CFO. He is, from my point of view, there is no good news and bad news. It is all good news.

And most particularly, we've had the benefit of having not only having -- he's had conversations with your group and with other groups, but we've had some very pointed conversations within the board with him. We've been very, very conscious for a long time about the need for being able to understand the budget in much greater detail, understand where the money goes, how it's divided up and be able to present it in much stronger ways.

We have been in the process of greatly improving our financial systems, the mechanical systems that support us. But far more important than the mechanics and which data processing systems, if you will use an old term, is understanding the models and understanding the needs. And one of the elements of that is making sure that we understand the needs of the communities that we're trying to serve.

And so, stealing some of your lines, Xavier, your presence here and your engagement with the community is a very definite part of the process. It is not just crunching the numbers, but it is understanding what crunching needs to be done and how to make that helpful.

I have a bit more to say, and I know Cherine wants to say something. Let me ask if you want to say a few words.

XAVIER CALVEZ: Hello? Good morning. Thank you very much, Steve, for this eloquent introduction. Happy to be here. I'm six weeks into the job, but part of my job to Steve's point is, in my view, definitely better understand the community needs, the community or the organization generally speaking, in order to be able to do a better job at structuring the financing infrastructure of ICANN so that the service to the community is improved.

As Byron explained, the changes required will take time to be designed to be implemented and to take effect from a structural standpoint. I think the added challenge which is also an added agenda item for me is to make sure that while we are carrying out structural improvements to the way we work in finance, we also need to make short-term progresses and pick low-hanging fruits and try to make progress on those in parallels.

So this is where the challenge is. Now having said that, based on what I've heard, if I had any expectation that finance would get unnoticed in ICANN, I would be deceived. So what I'm very happy about is that we have an engaged community to work with. Lesley, Byron and Roelof have made themselves available to me to provide feedback and listened to me as well. So it has been extremely helpful. I'm trying to do the same thing with all the constituencies to be able to gather as wide and documented feedback as possible as to what the community effectively needs, and it will be an ongoing process. I'm just at the beginning of it today, but looking forward to make that a permanent approach and deepen my knowledge and relationships with the community in order to, at the end of the day, have better customer service.

STEVE CROCKER: Thank you.

XAVIER CALVEZ: Thank you.

STEVE CROCKER: Let me offer up two thoughts. I have been watching the budget process for a long time and listening to some of the dialogue about how do we find out what the actual costs are and what portion of those costs are attributable to the cc community and other communities. And let me also say that I speak with experience of having chaired a smaller but parallel organization, the Security and Stability Advisory Committee and having tried very hard to put together a budget and understand how that fits into the budget process inside of ICANN and with the embarrassment of also having sat on the Finance Committee and with those two fairly powerful vantage points still not being able to figure it out and get the pieces connected.

So I share the frustration. I understand very well what the issues are. So that said, I want to offer up two things.

The idea of "Let's parse this budget, let's find out where all the expenses are so we can find out which portion of it is ours" is sort of the way the message comes across, comes across with sort of the implicit concern of, "Well, just the portions which are directly attributable that we can see are the ones we think are appropriate for us to pay for" might be the next portion of that message.

The cost of running ICANN is in aggregate a number that you can see every year, and the devil is in the details about all the parts that have to be fit together, the cost of these meetings, the cost of lots and lots of communications and so forth.

This is an adult enterprise, and all of us and all of you are mature people. One has to understand that you don't get to say, "well, I only

want to pay for this portion because that's the only thing I think is important." There is a shared set of costs that have to be covered in some fashion.

We can have the debates about whether or not the appropriate amounts of money are being spent in one area or another. We can have the debates about whether or not we have too much overhead, about salary structure, a whole set of debates we can have.

At the end of the day, whatever the answers are to those, we then have an expense profile that has to be covered. We have to divvy that up in some fashion, and we have to deal with it.   And that's a shared enterprise that we are all part of it.

The other thing, which is an emerging thought, we had a breakfast this morning with former directors and had some very interesting dialogue. And one of the thoughts that was pressed fairly hard was the observation that the vast bulk of the revenue for ICANN comes from the registries and the registrars, the g community.

And like it or not, no matter how hard we try to keep things neutral with spend, have all of the stakeholders have strong input, there is a substantial undercurrent of the control that comes from money and the difficulty of pushing against that current.

So, there is a self-interest that I would offer to you in having a noticeable fraction of the total ICANN budget come from the cc community in helping to balance the set of interests. And that may be somewhat different from simply asking how much does it cost for ICANN to deliver the visible services to you that you see. I will just leave that hanging in the air. That's just an observation from a dialogue this morning. It is not a conclusion. It is not a policy statement. It is not a demand. But it is, I think, something helpful to chew on.

Cherine, you had your hand up first. And then Erika.

Go.

CHERINE CHALABY:	Steve, I'm not going to repeat any of the things you just said. So point well taken. So I just wanted to say, I think, thank you to both Lesley, Byron and I suppose Roelof for coming in this morning and being understanding. It is so easy that our systems do not provide the information you need. And you could have come this morning and pressed the button very, very hard. I do understand that. And I appreciate giving the Xavier the time to settle in and get the systems on board.

Having said that, I think what we don't want to do is come in January and find ourself in a very frustrated situation where we did not understand each other. So I think that engagement that Xavier has started and you with us, we want to continue that on an ongoing basis until the framework is posted. And we all feel we have done our best. I know not all requests are going to be met. But I think -- if we engage very heavily, I think we will reach a good relationship and a good understanding. After all, we are all on the same side. I mean, there is no point not doing that.

Second point, I really appreciate Xavier being on board. We only have one issue with him is how to pronounce his name. Some people call name "Savia," some people call him "Savier." Maybe "Savior" is the best thing.

[Applause]

[Laughter]

Anyway, thank you, guys, for being understanding. And I think we need to understand each other, and that's good.

XAVIER CALVEZ:	I should have a say in that, I think. So if we really want to make it simple, everybody can call me X and I will respond.

[Laughter]

LESLEY COWLEY:	Cherine, if I could briefly respond to yours and Steve's comments. I think the intention of the ccNSO has always been to have an informed dialogue, and that's exactly what we're working towards.
BYRON HOLLAND:	Maybe just following up on that, I know Steve actually left us with some grist from the mill from a personal perspective. Is there a board position or overall outlook on what the cc's should be contributing? Simply cost? Steve left us with a personal thought.
STEVE CROCKER:	No, no. And I'm -- I don't have to seek coordination or advice because I just know that we haven't gotten there yet. So we are as eager as this dialogue as you are. Erika?
ERIKA MANN:	Not on this point, but just a point of information, what we are doing -- I chair the Audit Committee. And what Rita already started was to establish concrete standards and the methodology the way we audit from the ICANN point of view our operation. And we will continue this. We will go even a little bit deeper now. We are in the process of looking into the international standards which exist. Of course, we cannot take them over completely because, let's be frank, we are a more hybrid organization. It is not that we can simply take over. Take, for example, Sarbanes-Oxley standards and just adopt them to our organization, that's not going to work. But there are certain methodologies and systems and standards embedded which will work nicely for us. The same is true for many other standards. So that's what we are doing right now. And so we will have a clearer understanding, you know, long before the various goals which we have inspect mind will be transformed into financial -- into the financial budget. We have a clearer understanding

what really and how it should be done. And, of course, it would be great, you know, as soon as we have a better understanding. I am sure we will do this to have an exchange with you about this as well.

STEVE CROCKER: Thank you. Let me call on Chris, and then we'll close off this topic and move on.

CHRIS DISSPAIN: Thank you. Thanks, Steve. I will be very quick. I just wanted to caution against, there is a tendency to characterize the ccTLDs' or the ccNSO's continual asking for numbers as a trick or an attempt to try and not pay a larger amount. It's not what you said. But you encouraged -- you are talking about encouraging more money. I don't think there is any difficulty in the cc community embracing the fact that it probably needs to make a larger contribution to ICANN. The point is we have no idea -- from a cc, we have no idea what that should be.

STEVE CROCKER: Well, all right. Mike, quickly, please.

MIKE SILBER: Thank you, and apologies for doing that.

I just wanted to indicate the particular debate that's going on at the moment comes from a historical context and historical construct of cc's paying fees according to the services they need and then voluntarily choosing to do additional things. And I think we need to work and build on that, certainly given the level of information.

At the same time, I know many of my colleagues around the room have foundations, have various funding mechanisms to fund various initiatives. And I would like to see us moving beyond the current "pay fees according to services received" but moving towards a construct where there is certain initiatives that ICANN is undertaking that may very well coincide absolutely perfectly with the foundations and with

the initiatives in your cc's. And it may be that the cc community can take some of the heat off the ICANN by looking at co-funding or co-sponsoring some of those activities rather than looking at a construct that says we will now pay more than the services you are receiving. I think we need to move beyond that historical construct. It is important. But there are some additional things we need to do, because not everything that ICANN does is purely about delivering services. Some of it is actually good work.

LESLEY COWLEY: Roelof?

ROELOF MEIJER: Roelof Meijer from dot NL. Mike, I think you have a very valid point but there is a "but." And that is, if cc's or ACC wants to fund or partially fund another initiative by ICANN, it would still need the information about the cost of that initiative.

MIKE SILBER: I'm not denying that. That's why I'm saying the two go hand in hand.

ROELOF MEIJER: I just wanted to clarify that, because it would still be the same question.

MIKE SILBER: I'm not saying "trust us." Hopefully you do. But we need to move beyond that. We need to follow the construct -- the historical construct of giving information. But I'm saying I think cc's also need to move beyond that historical construct of only paying based on absolutely to the cent services that are received.

STEVE CROCKER: We're on the same page on that, Roelof. No equivocation on getting the information and being completely transparent and accessible and

EN

understandable about all of that. Absolutely no difference in our positions.

LESLEY COWLEY: Thank you. So, there hasn't quite been an answer to the timeline. But with due respect to Mr. X, we'll leave you to work on your challenges and come back to us perhaps at the next meeting.

I can just confirm this is an area of interest to the ccNSO. It is an area of interest, also, because of its links to the strategic plan. So it is not purely about what will cc's pay or not pay issue. And we do have a commitment to an informed dialogue. And I'd like that to be remembered.

Jay?

JAY DALEY: Thank you, Jay Daley from dot NZ. One important point here, dot NZ like many registries is a charity. Our profit goes towards social development of the Internet. So the more that we need to pay ICANN, the less we can do with that.

LESLEY COWLEY: Thank you, Jay. Sabine, this is going to have to be the last comment because we have two real hot topics to move on to. This is also a hot topic. We don't have any cold topics.

SABINE DOLDERER: Sabine from dot DE. Actually, I want to make a point to Mike and also what Roelof was saying. I don't think it was always the case in the good old days that we say we only pay for the service. I think there was always a point we want to know, we want to agree for what we pay.

I think we are at the point that, of course, ICANN is doing a lot of good stuff. But the question is always how much -- and there is plenty of good stuff I can imagine one can do. But up to some extent, I think

there was never a negotiation when we see what was allocated to ccTLDs about is that necessary or not and how is the place where we can talk about on that, and. I think that's another important issue only to say that's allocated to ccTLD. But who defines what is done on behalf of ccTLDs? And I think that's another important point.

LESLEY COWLEY: Thank you.

Let's move on to our next hot topic, which is regarding conflicts of interest/revolving door policy. There has been much discussion within the ccNSO Council and within ccTLDs with the members or otherwise about recent developments in that area.

We have noted the appointment by the board of some ethics consultants and update on where we are on that work and the timeline would be helpful, please.

STEVE CROCKER: I saw Bruce Tonkin, our vice chair. Bruce, can I ask you to take that on?

BRUCE TONKIN: Look, where we are on that is first we will get a more detailed report, I'm not quite sure when it is, this week. But at some point this week, there is a dedicated session on conflicts. So we will give a more detailed update on that. But they are kind of two or three-minute summaries. The Board Governance Committee has asked the staff to go and get some external advice, and they've got that advice from a couple of different sources. And that's reviewing both conflicts policy and seeing how that could be improved and also looking to establish what we would call a best practice ethics policy. And so that's looking at ethics policies of other similar organizations and then, I guess, creating a draft and then we would take public input on that. That's, in apart, a summary.

I expect we would have -- looking at updates to the conflicts policy and the establishment of an ethics policy in a time frame that months rather than years, but we will try to give you some more information later this week.

LESLEY COWLEY: Thank you, Bruce. So the question from the board to the ccNSO was what are your top three concerns?

BRUCE TONKIN: Can I almost reverse the question slightly?

LESLEY COWLEY: Okay.

BRUCE TONKIN: How many ccTLD operators have an ethics policy? It will be interesting to be able to look at what's there in your community.

LESLEY COWLEY: Or it's equivalent.

BRUCE TONKIN: Or it's equivalent, yeah. Probably ten or so. That would be a source to take a look at what you already have, yeah.

BYRON HOLLAND: Just in terms of timing, I know you say months, not years, given there are some material milestones coming up around the gTLD, not trying to pin you down to a date, do you anticipate delivering in advance of some of those milestones? Does that make sense to put them before the launch?

BRUCE TONKIN: Depends what you are defining as "launch." If you are defining "launch" as when any vote of new gTLDs, when would any new gTLDs go live, that's really the end of next year. If you're talking about "launch" as when can you submit an application which is the 12th of January, I don't think something is going to be in place by the 12th of January. But the hype would be that we would certainly be putting mechanisms in place before there is any decision-making process that's happening at the board with respect to voting on a new gTLD.

ROELOF MEIJER: Just in regard to Bruce's question about which ccTLDs have a code of conduct, we have one, but I still think that in a sector where accountability, transparency, and self-regulations are carried as core values, I think that good governance and personal integrity is more than just doing what the code says you should do or not doing what the code says you shouldn't.

                         And things are happening which I think make it necessary to work on a code for ICANN, but regarding to your update, does it mean that the board has concluded that something went wrong and has to change?

STEVE CROCKER: Thank you very much for that question, Roelof.

                         [Laughter]

                         Can I stop now?

                         [Laughter]

ROELOF MEIJER: I was hoping for a yes because then there is a subsequent question.

                         [Laughter]

STEVE CROCKER:	Yeah.

BRUCE TONKIN: Maybe I'll just ask that question slightly differently.

I think that -- I think the way we look at is ICANN is an evolution as an organization, so it's growing, it's dealing with more material things. If you look at what happened in -- and I'll let Ray comment as well. But if you looked at, you know, our last meeting, we had calls from various members of the community, I think in the Singapore meeting. Certainly the GNSO Council raised the topic of, you know, were we going to look at some of the aspects of conflicts policies and revolving door policies, et cetera. So there's certainly no one incident, if that's what you're trying to imply. I think we're hearing from the community and we're responding.

RAY PLZAK: Just as an add-on, being a resident of the Board Governance Committee for some time now, this is not a new topic for the Board Governance Committee. We have undertaken changes over time. There are things that the board does now that it wasn't doing one or two years ago, even. So this is an ongoing thing. It's not something that's new that just popped up at the door.

It's just that we're now doing a little bit more in some areas and so forth, so they're saying it's a continual concern of the board.

I don't know if you're aware of it, but at every board meeting when we get ready to discuss an issue or to -- more importantly, to take a vote, the first thing we do is that the chairman queries every member of the board to have them volunteer whether or not they're conflicted.

That is a practice that is well embedded into what we do, and those are the kinds of -- about two years ago, we weren't really doing that. So those are the kinds of things that we are doing.

LESLEY COWLEY:	There was Cherine and then Mathieu.
CHERINE CHALABY:	A couple of things. One is developing policies, and I think all the effort going on at this moment is very good. I've been on many boards. It's always a big issue, conflict of interest, ethical standards, and I think the fact that we are raising it to such a level with such openness and transparency to me is very impressive what's happening there.
	But to make it work, really, the most important thing is adhering to these policies, and what typically happens with many boards is people come on board, they read the policy once, they sign a document, and then it stays in a drawer for the duration of their term and nobody actually bothers to sit down, read and refresh every year. Even though we sign pieces of paper to say we've read it every year, effectively most people actually don't. They feel they know it. But in reality, the best thing to do is to actually take the document, read it, and read it every year again, refresh yourself, and you'll find suddenly that the attitude, the standards, the awareness goes up very, very quickly.
	And I think it's something that we, the board, are conscious of and it's something that we will strive to do as -- you know, as we go forward on that.
MATHIEU WEILL:	Thank you. My name is Mathieu Weill, and I'm CEO of AfNIC and manager of dot fr. I have actually two questions on this issue. One is a question about what you are going to do now, because we -- as was stressed earlier, there is one big pressure on ICANN to deliver on ethics because of accountability and transparency, and secondly, there is going to be a lot of pressure because of the developments of the new gTLDs, and my question regarding the time line is: Are you going to take measures before the policy is in place to protect or take conservative measures. That's my first question.
	And the second is: Can you confirm that the policy will apply both to the board members and to staff?

STEVE CROCKER: Go ahead.

MICHAEL SILBER: Thanks, Mathieu. And just to follow up on both of those questions, because they're very interlinked, I think the critical issue is to indicate that what we've learned over the last few months, firstly with some of the staff changes and then with some of the board changes is that as much as our conflicts of interest policy is, I think, very appropriate, very good, and certainly accords with California law, there are certain gaps within that that don't specifically take into account the realities of a multistakeholder environment.

We actually want participants in the process sitting in governance bodies.

We actually elevate actors into leaders because they are from that community, and that's one of the dangers that we have in this community.

So personally, and speaking personally, I've seen no evidence of impropriety. Peter was appointed by this community. He's sitting in this community at the moment. If any of you have any serious doubts, go ahead and ask him personally. But I've certainly personally seen no evidence of impropriety.

What I have seen is an indication that we have a gap in our process and in our current very good conflicts of interest dealing with issues like resolving door, dealing with some of these other issues, both in terms of the board and the staff.

So currently what we're doing is we're evaluating best practice both with regard to leadership and with regard to employees, and specifically having regard to the fact that, for example, Bruce currently works for a registrar. We can't exactly turn around to him and say, "Well, when you leave the board, you've got to give up your current job." You know, that would make no sense.

But at the same time, given the specific vagaries of our organization, it still will be possible, having recognized those gaps, to put appropriate measures in place to deal with them. Whether we're going to try and rush things and put interim measures in place, we've hired consultants. I think they need to do their work. I think we need to see what results start coming out. I certainly think it's a useful question to raise, that if this is going to be a six-month exercise, it might be useful to put an interim measure in place.

If it's going to be a one-month exercise, then hopefully there's no need for interim measures.

STEVE CROCKER: Thank you. Another part of your question was whether the measures would apply equally to board and staff.

I think the underlying principles would be the same. The implementation would -- may have some differences because board members are not expected to -- to have no other involvements and as Mike said, in fact, that's one of the features and we actually consider it to be a strength, when it -- but we also take it into account and it's made very visible.

Rod, would you like to say anything with respect to staff?

ROD BECKSTROM: Sure. I think that the conflict of interest pressures on the organization are going to grow very significantly with the new gTLD program specifically. And I'm actually considerably more concerned about that than -- I think we need to continue to address ethics on all fronts, and as an example, we -- at the staff meeting on Sunday, we had a discussion about the conflicts of interest with respect to new gTLDs and how ICANN staff members should be careful at this event not to have individual conversations with any potential applicants who are -- want to talk about their possible applications or their interests.

Second, not to accept a drink or a lunch or a meal from anyone who is an applicant or might be an applicant.

And this is becoming more challenging because even if you had thought traditionally that might just be in the GNSO, as you know in this room now, some organizations here will be applying for new gTLDs.

But I like the point that Mike raises. I think that the conflict of interest issue will be one of the most important tests of the multistakeholder model, and there's a fundamental dilemma that's present. The stakeholders are called stakeholders because they have stakes, and they're at the table. That brings their knowledge. That brings their expertise. That's why there's such good and sophisticated policymaking done by this organization, and that's why there's very effective coordination that's done.

But the stakeholders have stakes and an economic interest, and how do you allow board members that have stakes to participate in some discussions, not participate in others, participate in some decisions, not participate in others?

It's a really difficult thing.

But I want to state that I think in general, it's one of the greatest challenges to focus on improving the practices on every front because once that list of strings gets published next May that have been applied for by all the parties, you know, in the world who choose to submit an application, there's going to be very significant lobbying by some of those applicants to board members, et cetera, and we've really got to make sure that our processes continue to be tighter. Both on the staff side, but also on the board side.

So on the staff side, it's an issue of ongoing education and also making sure that we enforce the agreements that we have. So that education, again, is taking place this week, so please don't buy staff members any drinks or dinners.

[Laughter]

LESLEY COWLEY:	So let me just say we're going to move to Bertrand and Cherine, then we're going to close off this item because we've got the framework of interpretation and CEO search to end with.
BERTRAND DE LA CHAPELLE:	Thank you. Thank you, Lesley.

Just one distinction that is very important in this discussion, which is a distinction between conflict of interest and the so-called revolving door provisions.

Conflict of interest dealing with the activities of board members while they're on the board is covered, in large part -- is consistently refined and is going on.

The question of revolving door policy, if any, is highlighted by what Mike Silber was saying. One of the challenges that we have -- and it's a problem for all of us -- is to understand what is the relationship between the period when someone is on the board and afterwards, given that as he gave the example, somebody who is on the board in the current system can perfectly be working in the industry and the conflict of interest policy applies, it would be completely irrational to consider that that same person should not be working in the industry in that position afterwards.

So at minimum, the revolving door discussion must be distinguishing, as is often the case in regulatory frameworks at the national level, about the type of activity that people can have afterwards.

But I want to put, as a final point, a more general question, which is: Should we collectively envisage to go further, in terms of affirming the independence of board members and envisage that a rule could be that when people are serving on the board, they should be completely

independent and while they are on the board, not having an activity in that sector, and have a revolving door policy afterwards?

I'm putting the question very provocatively because there are logics in what people are doing. The more ICANN as an element of regulatory function, the more the models that are used in regulators should be also taken into account. I'm not arguing that we should go that far, necessarily, but I think it is a fair question to ask and we should all ask ourselves whether we are not comfortable, comfortable, and how much it changes, or not, the multistakeholder model.

CHERINE CHALABY: I think also we have to take a practical approach here. The nature of boards and international boards is people come in and people leave, and you can't, frankly, restrict what people do after they leave.

The most important thing is, whilst on the board they have to always make decisions in a nonconflicted manner. And if they're conflicted, they should not do it.

They must always follow the ethical standards and do nothing that is really seen as nonethical.

And thirdly, they must never abuse confidential information, particularly when they leave the board and then take it with them.

But, you know, you cannot say to people after they leave the board, especially if their behavior was exemplary during the board and they've never done anything that caused them to be conflicted or unethical or nonconfidential, you restrict what they do afterwards.

LESLEY COWLEY: We have a very brief comment from Roelof and then we're going to move on, please.

ROELOF MEIJER: Yeah. Maybe -- mainly in reaction to Bertrand's remarks.

Although I'm not in favor of the existing model and I would prefer the board members not to come from companies that are involved in the day-to-day business of the organization, I'm not overly worried with conflicts of interest between board members who run a registrar and are on the board.

I think there's a fairly good procedure that makes it workable.

I think we all know that we talk about revolving door aspects here and I don't think that there are enough safeguards to ensure that the way it works now does not reduce the faith of stakeholders in the independence of the organization. And I'm not suggesting that there is improper behavior. There's no proof of that and as long as there's no proof, I always assume that's not the case. But it's about the impression that the stakeholders get when certain things happen. And I think we should avoid it because faith of the stakeholders in the way this organization takes decisions is very important.

LESLEY COWLEY: Thank you, Roelof. And last comment from Young Eum, and while the mic is traveling there, I think this level of interest in this question demonstrates the ccNSO's interest in this area. And it's good to hear that it's shared by the board.

YOUNG EUM LEE: Yes. Young Eum Lee, dot kr. I agree with most of the people in this room in saying that because ICANN is a multistakeholder model, that the board members will have things at stake, but with your example with Bruce Tonkin and Peter, of course I'm not suggesting there are any inappropriate behavior either but the reason why people are not concerned about Bruce going back to where he was, after he finishes, and us being at least a bit concerned about the impression that the current situation is giving us, I think says something about the need for certain standards and rules that the members of the board, even after they quit -- I mean, even after they finish their term, that while -- while

they were a member of the board, they had access to privileged information and I think that's one of the key aspects of our concern.

And as long as we can come up with a standard or a set of rules or best practices that outline what to do about the access to privileged information by the board, even after they finish their term, is -- would be one of the keys.

STEVE CROCKER: So let me just close with two things here.

With respect to access to privileged information or confidential information, we have very strong rules in place that include consequences if they're violated. Actionable consequences.

So that's -- that's a relatively specific and in our case turns out to be relatively narrow -- almost all of the information that's interesting is public, and, you know, VRS there's some internal personnel issues and so forth that are naturally confidential, but there's relatively less privileged information of the kind that one could benefit from than one might guess.

But nonetheless, whatever there is is strongly covered.

Let me ask -- we did a show of hands earlier. For those of you who would be willing to share, please forward your conflict of interest and your ethics policies. We'd be eager to see them and to learn from them. And if you want to go further and flag specific elements, we can do that.

Am I -- am I putting you in an awkward situation, Bruce?

Bruce is not only vice chair but chairs the Board Governance Committee and this is falling in his lap to manage this whole process for us.

LESLEY COWLEY: So we e-mail Bruce.

(Speaker is off microphone.)

Shall we e-mail you, Bruce, with examples?

BRUCE TONKIN: (Speaker is off microphone.)

LESLEY COWLEY: We'll circulate that on the council list. Thank you. Okay. What about "or forward to Bruce," apparently. Okay. Thank you. Let's move on.

So on the board list of questions to the ccNSO, there was the topic of the FOI working group, the framework of interpretation working group.

In view of our time, can I just suggest that we provide you with a brief update via e-mail? It's an ongoing working group. It will go on for quite some time, I suspect.

The chair of the working group, Keith Davidson, is not able to be with us this week, but the vice chair, Becky Burr, is here, and no doubt happy to answer any questions.

If we could just draw the board's attention to two requests that we have made recently.

Firstly, for a board liaison to that working group. And secondly, that the board reconsider the resolution regarding sponsorship agreements.

And we're happy -- I think, perhaps offline -- to take any board member questions on that issue.

STEVE CROCKER: Let me just say quickly we care a great deal about this framework of interpretation. It's a major step forward in sorting out a lot of the issues. And so I'm --

(Speaker is off microphone.)

Yeah. So I just want to tell you that you've got an eager audience.

With respect to the liaison, actually I think I bear some responsibility for the tardiness and the delay. The request came in, we circulated it, we have some candidates, and it's -- I apologize for not closing the loop. We'll take care of that within this week and close that loop.

On the last -- I'm not sure I got the full gist of the -- uh-oh.

BRUCE TONKIN: Can we understand what you meant by sponsorship? Because I don't understand that. What board resolution do we have on sponsorship?

LESLEY COWLEY: We could go on for hours on this particular subject alone. There's a request sent to Steve just the other week. Maybe it's best if we take that offline. We have a deep caring about this issue, too.

CHRIS DISSPAIN: Bruce, just so you know it's not about sponsorship. It's about sponsorship agreements. They're referred to in the database as sponsorship agreements with ccTLDs. We'll talk about it later.

STEVE CROCKER: Yeah. So my first question is: Is this bound up with the framework of interpretation? But in any case, I think there's some coming up to speed in this, and we'll -- we'll take this on.

LESLEY COWLEY: Thank you.

So within our remaining seven minutes or so, the board were asking the ccNSO for our inputs on the CEO search, in terms of the qualities of the ideal CEO, how open and transparent that process might be, both ensuring candidate privacy and board confidence.

And in return, it was also on the ccNSO list of questions for the board, in terms of an update and what the board plans were.

So maybe we open that up to the floor. George.

GEORGE SADOWSKY: Okay. Thank you, Lesley.

I think you've summarized the issue very well.

We had a meeting yesterday, one and a quarter hours in which I presented the board's current thinking on the requirements for an ideal CEO. We got a lot of good feedback from the community participating in that session. We have a -- we are encouraging everyone who wishes to to submit comments to the search committee. There are eight of us. Half of the voting members of the board on the committee.

The board will be fully involved, as much as possible, in the search. We will be hiring an executive search firm to help us, but not to make the decision or to participate in the decision-making that we'll be doing.

We've established an e-mail address, ceosearch2012 -- all one word, run together, no spaces -- and we encourage people to help us by sending their opinions to us and we will take all opinions submitted into account in our work.

With respect to time line, we hope to start a formal search sometime about the beginning of December, closing well in time to have the new CEO in place by July 1st. If we can go faster, we will. If we don't -- if we need to go slower to do a thorough search and to do a good job, we'll do that also. I'll take questions, but it's a fairly straightforward process we're going through.

I would say that we hope to keep the community informed to the extent possible, and we would like this search process to be transparent and under -- well understood by the community.

LESLEY COWLEY: Thank you, George.

So the ccNSO -- maybe not all of us were able to be at the session yesterday -- were asked for inputs on qualities and openness and transparency of the process.

Would anyone like to respond on that, please? Byron?

BYRON HOLLAND: This is just a comment on transparency. I think that the process needs to be very clear and transparent with the milestones identified and what all the elements of the process are, which, you know, I would say seems to be going very well. That would be my comment thus far.

But perhaps you could also think about highlighting the milestones along the way, whatever those markers may be. A long list, a short list. And letting people know what's happening. However, based on some of the comments I heard yesterday, I would strongly discourage transparency in naming names. I think that is seriously misguided, and I wouldn't want to "out" anybody here who might be contemplating the role, so I'll just say: If I was to apply the last thing I would want my employer to know is that I was applying for another job. So I mean, I think that piece is seriously misguided and would strongly recommend against it.

In terms of perhaps elements that are important, you know, I think that the next CEO has to be a real strong organization builder and help take ICANN to the next level of maturity, so a real strong operational/organizational person with excellent diplomatic skills but not necessarily a diplomat. I think it has to be a real strong organization-related person.

GEORGE SADOWSKY: Thank you for that comment. With respect to transparency, I personally would agree with you. When I chaired the NomCom, the principle was: The process is totally public; the applicant data are totally confidential.

The committee has been in existence for 10 days, so there are a lot of things I can't say because we haven't really come together on an opinion that I could express.

LESLEY COWLEY: Lise?

LISE FUHR: I'm Lise from dot dk. I'm just curious about because when we hired Rod, we were establishing an office in Palo Alto. What's going to happen with the office, and is it expected to have a new office with the new CEO?

STEVE CROCKER: Thank you. So that's a question that's come up before. The office in Palo Alto has quite a few people in it who are very active and important members of the -- of the staff. There's no plans at all to change that.

The question of opening new offices or the other side of that coin, which is the location of the CEO, is one of the key questions that the committee will take on. As George said, the committee is still in its earliest days and hasn't made any pronouncements, but that question has been certainly asked and will be answered very shortly.

MICHAEL SILBER: Could I make a suggestion? Instead of people asking the question -- and it came up twice yesterday -- why don't people actually give their feedback as to what they believe. We believe a CEO should be based in Marina del Rey, we believe a CEO should be based wherever the hell they want to be. Let's hear your feedback, rather than people just asking questions.

I think that would be the greatest utility to the search committee.

STEVE CROCKER: Good idea.

LESLEY COWLEY: Did you want to come back on that, Lise?

LISE FUHR: I'm sorry that I repeat the questions, but -- but my question is more that I just want ICANN to be a multi-represented -- well, having offices a lot of places, and I have a worry that you have two offices now in California.

                           So actually, that was also some of my reason for asking this question.

MICHAEL SILBER: No, I -- apologies. I jumped on your question when it wasn't the same question as yesterday. I think the point is valid and Steve's answered it.

GEORGE SADOWSKY: Yes. Please, I think it's -- Mike, I agree with you totally. If you have an opinion about this, rather than asking the question, tell us what your opinion is. We'd like to hear it.

LESLEY COWLEY: Okay. We are running out of time. Just one final question. Vika.

VIKA MPISANE: Thanks, Lesley. I'm Vike Mpisane from za, South Africa.

                          Just on maybe two questions that interlink into this. It's my understanding that normally with senior leaders in an organization, that when a CEO leaves who has been with us for a little more than two years, heading for three, and brought in a number of senior appointments, what is the board take? Is there plan to manage any potential departure of senior appointments, because in today's corporate world, when a CEO comes with his team and he leaves, it's

likely some people may leave with him. Is there a process to manage that? That potential departure of people?

And joined to that also is the question about the ongoing senior appointments that we see being (indiscernible) at ICANN and which (indiscernible) the question: From a senior management point of view, what's -- what's the wisdom behind the timing of some of these appointments?

I see, for example, there was an ad for -- is it vice president for Europe? -- appointed but then the news came up, no, declined, eventually.

And then there's a vice president for Africa. Again, it (indiscernible) the question, whose vision is it to come with this vice president approach? Is it the outgoing CEO? And if it is, why do we still follow it if he is about to leave? Because the next CEO may not like that approach. Thank you.

LESLEY COWLEY: Okay. So I think that question was around senior staff appointments, particularly during the remainder of the CEO term, and senior staff turnover, I think.

STEVE CROCKER: Yeah.

LESLEY COWLEY: Okay.

STEVE CROCKER: So those are all quite natural and sensible and important questions.

And let me break it into the two or three phases that you talked about. The first thing is Rod Beckstrom has brought in, as you say, a number of people and none of them, absolutely none of them were part of his team beforehand or people he had worked for. One of the very strong things that we can say about his tenure is that he's instituted quite

strong recruiting processes that have had very detailed and in-depth search processes, set very high standards. And I know because I've watched and observed this and worked with the people, a high degree of collegiality in building a team.

So these are people who are committed to the organization and are not personal assistants, to put a very negative term on that and so forth.

Does that guarantee that every one of them will stay? That's a much bigger question, and depends upon a lot of individual issues and so forth. But we are definitely not anticipating -- and we have no indication that there is going to be some abrupt mass exodus. And we looked at dispassionately -- Every one of these people is a thinking, sensible and committed person and has to earn a living. So they are not about to just blindly make some arbitrary change just because the CEO is changing. It changes the environment. It may cause some thoughtfulness on their part, but they're all fully engaged in the work and committed to the organization.

The next question of what is our hiring process for the open positions and how much is that tied to a strategy that is dependent upon our current CEO and will that strategy change with the next CEO, that's an important and, as I say, a very good question.

The board is in agreement with the strategy. This is not just an unilateral Rod Beckstrom's personal view. This is a strategic matter and has been socialized. We cannot stop everything we're doing.

We have the benefit and I think we are in a fortunate position actually to have a substantial period of time to go through a careful search process. That also means that this transition period, if you think of it that way, is a very lengthy period of time. We cannot just stop everything we're doing. We got a complicated operation. We have a lot of operations. And we have to fill key positions, and we have to continue on the path that we're on.

So there's no simple coupling between the decision that Rod has made and our process of finding a replacement. That does not ripple down to stop the world and stop everything else.

So, will there be -- could there be some differences of opinion? Could there be some shifts in thinking? Absolutely. Are we anticipating anything or do we know in advance what they are? No. And if they occur, we will deal with them, and we will deal with them in smooth and integrated way as opposed to abruptly. And that's as sensible as we know how to be in the current situation. I don't think there is anything awkward about that frankly.

LESLEY COWLEY: Thank you, everyone. Thank you for the session, everyone, that we need to draw to a close. The ccNSO attendees, can I remind you that we are back in the amphitheater to discuss the strategic plan. But before that, we will have a coffee break for ten minutes until quarter past. Thank you very much, everyone, for this engagement.

STEVE CROCKER: Let me add my thanks. And let me also say that in these engagements that are scheduled -- and the board is sort of scheduled to go one after another, we have been very interested -- and I think this has been a very key example -- of substantive dialogue, not just pro forma, nice to see you and so forth. We are very eager to get into issues that are meaningful. I think we have absolutely done that today. I think that's been very helpful, and we appreciate that very much.

[Applause]

[End of Audio]