Quarterly Stakeholder Update

FY17 Q4

ICANN

6 September 2017

FY17 Q4 Update

o Shorter executive summary of the full report, to give you a better overview

o View the full report and other materials here: https://www.icann.org/quarterlyreports

o Q&A webinar on **13 September** which is your opportunity to ask any questions

o Accountability Indicators beta launch
   o https://kpi-dashboard.icann.org/sgat/homepage.html

Executive Summary

Göran Marby, ICANN President and CEO

Overview

- ICANN59 Policy Forum major highlight
  - 1,336 attendees, 169 public sessions
  - 376 newcomers
  - https://www.icann.org/news/blog/icann59-by-the-numbers
  - https://meetings.icann.org/en/johannesburg59/pre-icann59-policy-report-16jun17-en.pdf

- International Office Strategy updated
  - https://www.icann.org/news/blog/our-international-office-strategy

- May CEO Report to the Board
  - https://www.icann.org/uploads/board_report/attachment/25/executive-team-reports-may-2017.pdf

- View Complaints Office reports
  - https://www.icann.org/complaints-report

Organization Operations, People and Finances

- ⊙ Closed FY17 with excess of $1m
    - ○ Higher funding than budgeted by $2m and lower expenses by $8m
    - ○ $460m funds under management including $235m in auction proceeds

- ⊙ Board approved FY18 Operating Plan and Budget
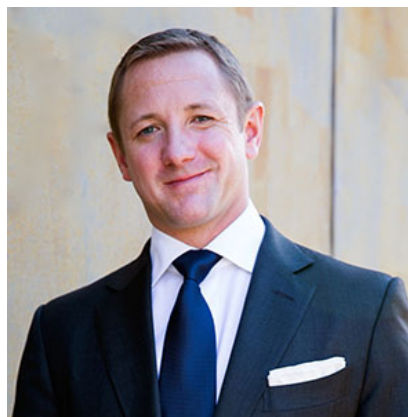
Bryan Schilling - Director of Consumer Safeguards

Daniel Halloran – Chief Data Protection Officer

2017 Nominating Committee Selections

ICANN Board of Directors

⊙ Avri Doria (North America)

⊙ Sarah Deutsch (North America)

At-Large Advisory Committee (ALAC)

⊙ Hadia Elminiawi (Africa)

⊙ Kaili Kan (Asia, Australia, Pacific Islands)

⊙ Richardo Holmquist (Latin America, Caribbean Islands)

Council of the Country Code Names Supporting Organization

⊙ Marita Moll (North America)

Council of the Generic Names Supporting Organization (GNSO)

⊙ Carlos Gutierrez (Latin America, Caribbean Islands)

⊙ Syed Ismail Shah (Asia, Australia, Pacific Islands)

Policy Update

- ◉ **ICANN59 Policy Forum** held in Johannesburg
  - ○ 1,336 attendees and 169 public sessions
  - ○ 13 participants in the NextGen program
  - ○ 376 newcomers
  - ○ 53 Fellow Alumni attended ICANN59 along with 15 participants from the Regional Newcomer Fellowship pilot program

- ◉ Generic Names Supporting Organization (GNSO)
  - ○ 9 motions adopted
  - ○ 9 policy development processes underway

- ◉ Country-code Top Level Domains (ccTLD)
  - ○ 16 resolutions adopted
  - ○ 3 policy activities underway

- ◉ Address Supporting Organization (ASO) review published final report on 3 August https://www.nro.net/wp-content/uploads/ASO-Review-Report-2017.pdf

International Office Strategy

REGIONAL OFFICES

Regional Office	Managing Director
Los Angeles – *Headquarters*	Göran Marby
Brussels	Jean-Jacques Sahel
Istanbul	Nick Tomasso
Montevideo	Rodrigo de la Parra
Singapore	Jia-Rong Low

ENGAGEMENT CENTERS

Engagement Center	Managing Director
Washington, D.C.	Duncan Burns
Geneva	Tarek Kamel

ENGAGEMENT CENTERS & PARTNERSHIPS

Engagement Centers & Partnerships	Office Head
Beijing - *Engagement Center*	Jian-Chuan Zhang
Nairobi - *Engagement Center*	Pierre Dandjinou
Seoul – *Engagement Center*	Billy Cheon
Cairo - *Partnership Center*	N/A
Asunçion – *Partnership Center*	N/A

Global Stakeholder Engagement

Engagement Events by Region – FY17 Q4

ICANN Region
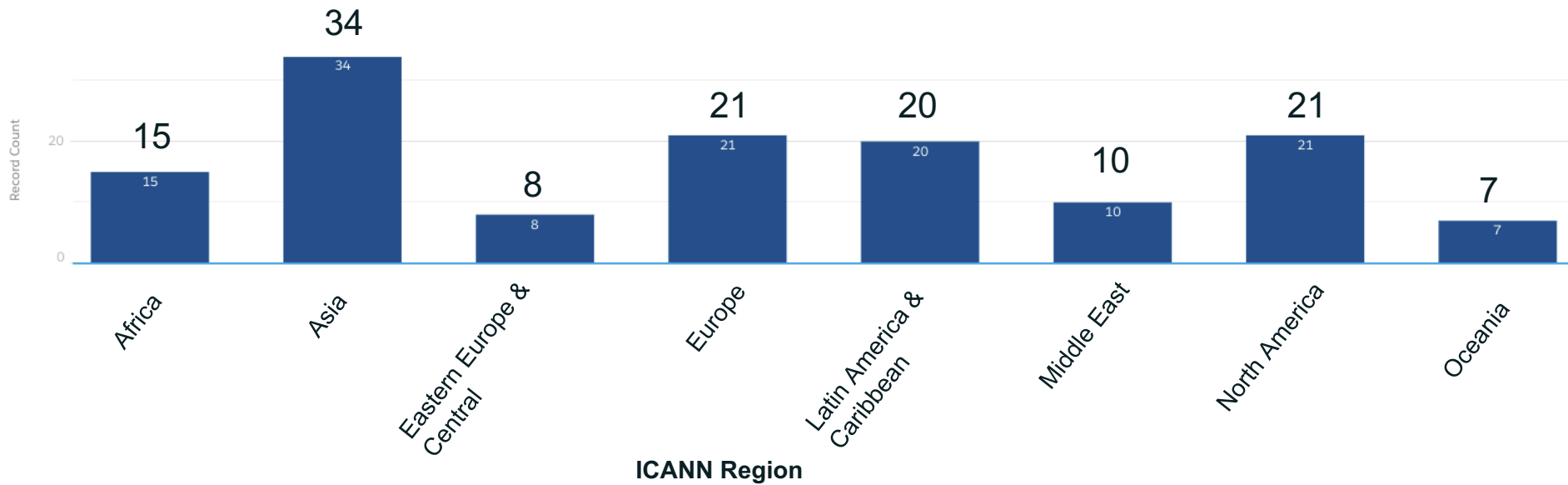
Global Domains Division

- ⊙ Satisfaction survey to Contracted Parties issued
  - ○ https://www.icann.org/resources/pages/metrics-gdd-2015-01-30-en

- ⊙ Preparation for European Union's General Data Protection Regulation

- ⊙ Ongoing work to support registrants

- ⊙ 1,226 new gTLDs delegated

- ⊙ 1,241 registry agreements signed

- ⊙ 150 International Domain Names delegated (56 IDN ccTLDs from 38 countries and territories covering 33 languages in 19 scripts)

Key Signing Key (KSK) Rollover: An Overview

ICANN is in the process of performing a Root Zone DNS Security Extensions (DNSSEC) Key Signing Key (KSK) rollover

- The Root Zone DNSSEC Key Signing Key "**KSK**" is the top most cryptographic key in the DNSSEC hierarchy

- The KSK is a cryptographic public-private key pair:
  - Public part: trusted starting point for DNSSEC validation
  - Private part: signs the Zone Signing Key (ZSK)

- Builds a "chain of trust" of successive keys and signatures to validate the authenticity of any DNSSEC signed data
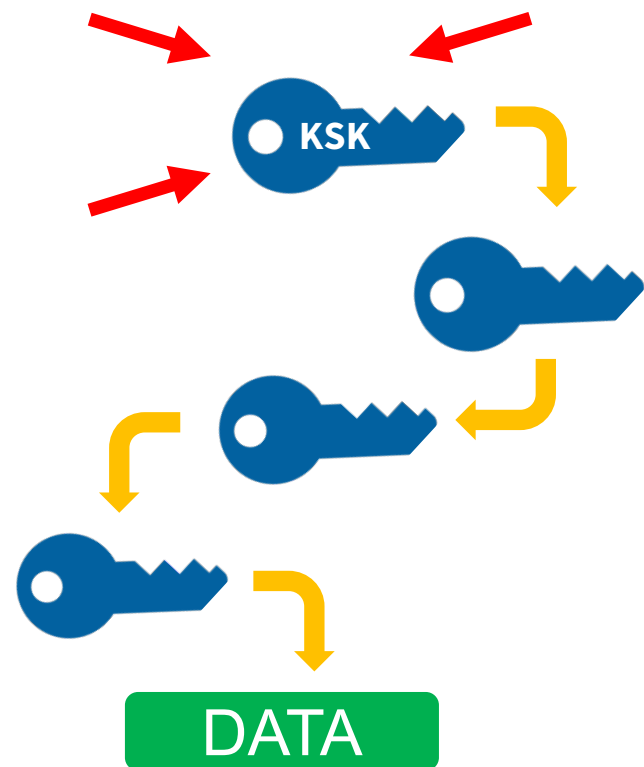
ACTION: Testbed to determine readiness - https://automated-ksk-test.research.icann.org

Board Update

Lito Ibarra, Board Member

Board Update

- ⊙ Board workshop and update from ICANN59

- ⊙ Agenda for upcoming Board workshop in Montevideo

- ⊙ Issues concerning the Board:
    - ○ Board's FY18 goals and structure
    - ○ Workshop structure
    - ○ Board chair transition at ICANN60

FY17 Q4 Report
April – June 2017

Policy Update

Generic Names Supporting Org. (GNSO)

New Areas of Work in Q4

- Initiation of the GNSO's policy modification process on the recommendations relating to the protection of names of the International Red Cross and Red Crescent

- Opening of public comment forum on proposed revisions to the GNSO Operating Procedures and potential corresponding changes to ICANN Bylaws

Completed Work in Q4

- Nomination of GNSO Candidates for the Registration Directory Service (formerly WHOIS) Review Team

- Adoption of the GNSO Council Comment on FY18 Budget

- GNSO Council review of gTLD policy issues covered by the Governmental Advisory Committee (GAC) Communiqué from ICANN58

- Selection and notification of selection of Matthew Shears for Seat 14 on the ICANN Board

- Validation of the Cross-Community Working Group on Accountability Workstream 2 request for extension of mandate and funding for FY18

- Confirmation of the process and criteria for the selection of the GNSO representative to the Empowered Community Admin

Country-Code Names Supporting Org. (ccNSO)

New areas of work in Q4

- ccPDP 3 Working group on retirement of ccTLDs well underway

- ccNSO Guideline Review Committee focus on ccNSO as Decisional Participant: Role of Council and ccNSO members final decision-making

- Final paper adopted by Cross-Community Working Group (CCWG) (with the GNSO) on use of country and territory names as Top level Domains, including recommendations to close the CCWG and continue work on the topic and be inclusive

Completed work in Q4

- Cross-Community Working Group on Use of Country/Territory Names as TLDs completed final paper

- Strategic and Operating Planning Working Group submitted feedback to ICANN's FY18 budget and operating

Number Resource Org. (NRO) & Address Supporting Org. (ASO)

- ⊙ Address Supporting Organization Advisory Committee (ASO AC)
  - ⊙ Call for nominations for 2018 ICANN NomCom. September 7 deadline to confirm the appointment
    - ⊙ https://www.nro.net/aso-call-for-nominations-to-2018-icann-nomcom/
  - ⊙ New ASO AC procedures: Schulze method to be used for call for nominations for selection to ICANN Board in 2018
  - ⊙ Call for nominations for 2018 ICANN Board election scheduled for October 2
  - ⊙ Work underway to develop ASO Empowered Community procedures

- ⊙ ASO Independent Review :
  - ⊙ Interviews at APNIC 43 Ho Chi Minh City, ICANN 58 in Copenhagen, ARIN 39 in New Orleans, RIPE 74 in Budapest, LACNIC 27 Foz do Iguazu, AFRINIC 26 in Nairobi
  - ⊙ Final draft presented in ICANN59 in Johannesburg: https://www.nro.net/call-for-comments-for-the-aso-review-draft-final-report/
  - ⊙ Published final report on 3 August: https://www.nro.net/wp-content/uploads/ASO-Review-Report-2017.pdf

Number Resource Org. (NRO) & Address Supporting Org. (ASO)

- ⊙ Work underway on initial draft of Identifier Technology Health Indicators (ITHI) for the Internet number registries – outcome to be released for comment in number community

- ⊙ Regional Internet Registries (RIRs) preparing to deploy "All resources" RPKI services by September 30

  - ⊙ https://www.nro.net/regional-internet-registries-are-preparing-to-deploy-all-resources-rpki-service/

- ⊙ Upcoming RIR Meetings:

  - ❑ **APNIC 44, Taichung Taiwan, 7-14 September 2017**
  - ❑ **LACNIC 28, Montevideo Uruguay, 18-22 September 2017**
  - ❑ **ARIN 40, San Jose CA USA, 5 -6 October 2017**
  - ❑ **RIPE 75, Dubai UAE, 22 – 26 October 2017**
  - ❑ **AFRINIC 27, Lagos Nigeria, 26 November – 2 December 2017**

Management Update

Office of the Chief Technology Officer (OCTO)

- Open Data Initiative's early pilots program launched a set of four implementations tools
    - [ICANN's Open Data Initiative Early Pilot Platforms Now Available](#)

- Public key portion of Key Signing Key- 2017(KSK) published in root zone Domain Name System; will become the active root zone KSK on October 11, 2017
    - [A "Key" Milestone in Protecting the DNS](#)

- RFC 8162 "Using Secure DNS to Associate Certificates with Domain Names for S/MIME," was published
    - [RFC 8162](#)

- Supported advancement of IPv6 uptake in Initiative phase 1 & 2 by collecting key data

- Progressed with Domain Abuse Activity Reporting (DAAR) project, including working with developers and defining an API for automated reporting

- Initiated building of comprehensive Technical Messaging Toolkit

Why is ICANN Rolling the Key Signing Key (KSK)?

- As with passwords, the cryptographic keys used in DNSSEC-signing Domain Name System (DNS) data should be changed periodically
  - Ensures infrastructure can support key change in case of emergency

- This type of change has never before occurred at the root level
  - There has been one functional, operational Root Zone DNSSEC KSK since 2010

- The KSK rollover must be widely and carefully coordinated to ensure that it does not interfere with normal operations

DNSSEC

When Does the Rollover Take Place?

The KSK rollover is a process, not a single event
The following dates are key milestones in the process when end users may experience interruption in Internet services:

19 Sept 2017	11 Oct 2017	11 Jan 2018	22 March 2018	August 2018
Size increase for DNSKEY response from root name servers.	New KSK is used for signing for the first time.	The old KSK is revoked.	Last day the old KSK appears in the root zone.	Old key is deleted
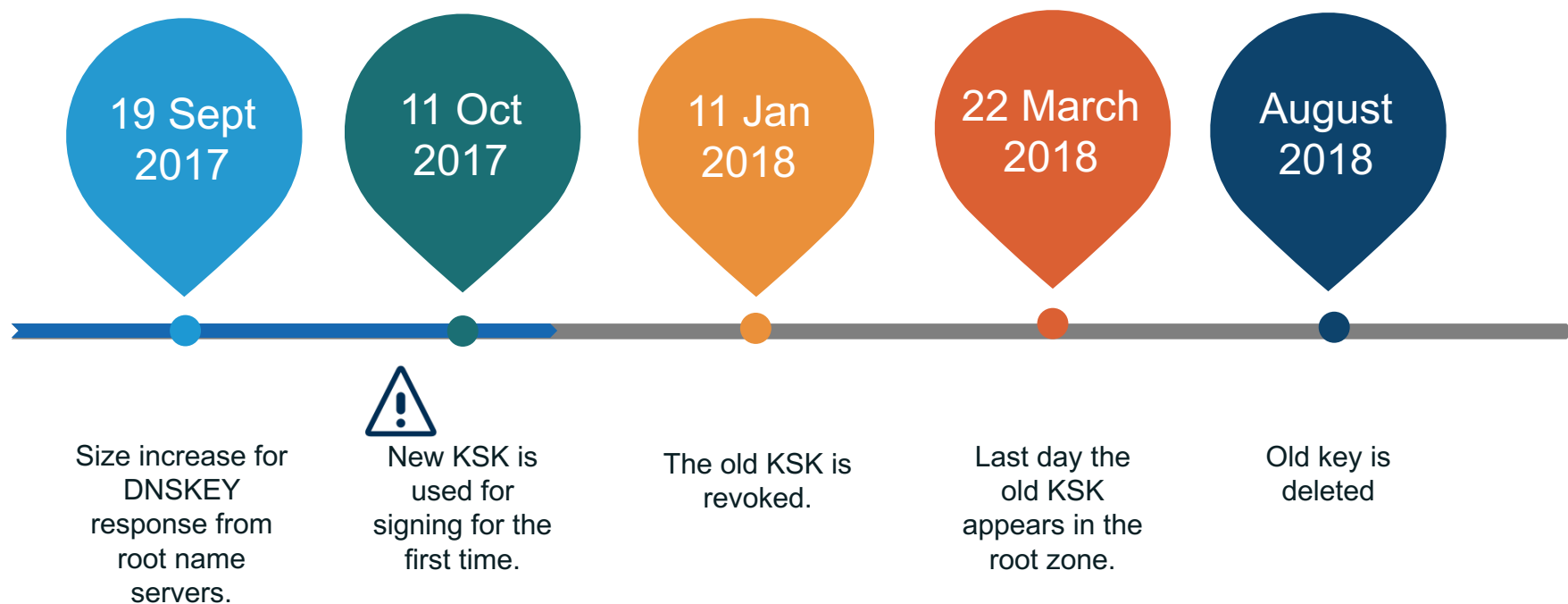
Programs to Support the Community

As of ICANN58

Fellowship	• **53 Fellow Alumni attended ICANN59 along with 15 participants from the Regional Newcomer Fellowship pilot program**
NextGen	• **13 Participants at ICANN59** • **Plus 4 Ambassadors who've previously attended an ICANN meeting**
Newcomer	• **376 Newcomers at ICANN59**

GDD: Highlights

- Published WHOIS Accuracy Reporting System data results

- GDD Summit – May 2017; 450 attended from 60 countries with dozens remote

- Conducted ICANN Contracted Parties Satisfaction Survey

- Completed an Emergency Back-End Registry Operator (EBERO) simulation

- Formed ICANN internal General Data Protection Regulation (GDPR) task force and engaged with community volunteers to assist with information gathering centered on Data Protection/Privacy

- Delivered enhanced RADAR bulk feature for registrars - allows primary contacts for groups of affiliated registrars to manage user accounts, user access and edit registrar details for multiple registrars at once.

GDD: New gTLD Program

WHY IT'S IMPORTANT

The New gTLD Program is driving the largest expansion of the Domain Name System ever. Hundreds of new top-level domain names are being introduced into the Internet on a rolling basis.

The New gTLD Program is meant to enhance competition, innovation and choice.

1,226 gTLDs delegated representing*:

Community: 51

Geographic: 53

IDNs: 94

1,241 Total registry agreements signed

* As of 30 June 2017. May fall into more than one subcategory

GDD: Internationalized Domain Names

WHY IT'S IMPORTANT

IDNs at the top-level enable Internet users to access domain names in local languages and scripts.

IDN ccTLDs allow countries and territories to represent their respective names scripts other than US-ASCII characters.

150 IDNs delegated into the root zone -
Includes 56 IDN ccTLDs from 38 countries and territories covering 33 languages in 19 scripts

7 Root Zone Label General Rules (RZ-LGR) proposals submitted
- Arabic, Armenian, Ethiopic, Georgian, Khmer, Lao, and Thai

GDD: Global Support & Operations

3,502
Cases Processed

4,070
General Inquiries

100%
Service Level Target
Achievement
(*Inquiry Management)

1,715
Registrant Phone Calls

4.0 / 5.0
Customer Satisfaction

1,892
Contracted Party Service Requests
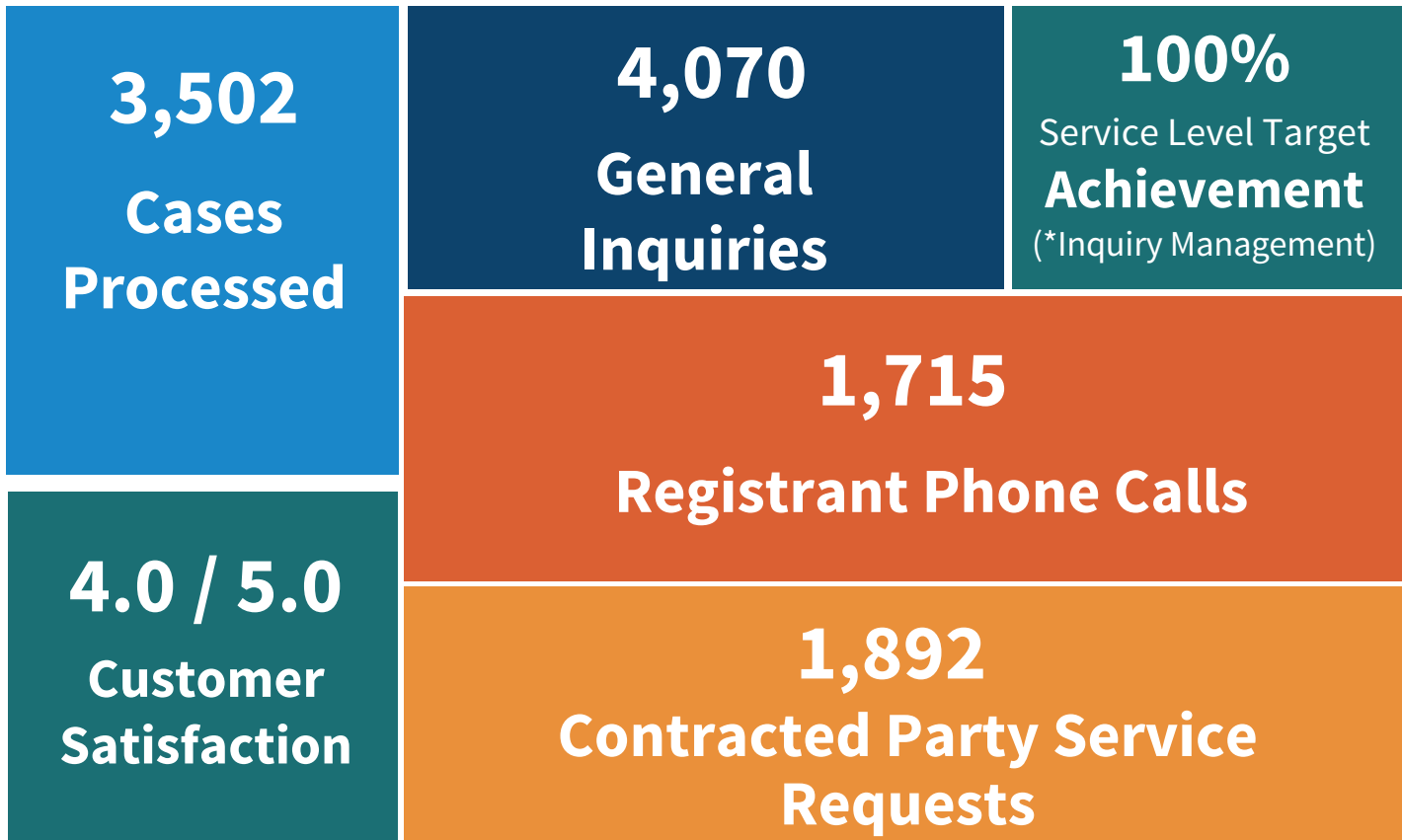
GDD: Public Comment Activities

- Internationalized Domain Name (IDN) Implementation Guidelines (closed 2 May)

- Proposal for Ethiopic Script Root Zone Label Generation Rules (summary report published 15 May)

- Competition, Consumer Trust and Consumer Choice Review Team Draft Report of Recommendations for New gTLDs (closed 19 May)

- Proposed Renewal of .NET Registry Agreement (closed 30 May)

- Revised ICANN Procedure for Handling WHOIS Conflicts with Privacy Law: Process and Next Steps (opened 3 May)

- Label Generation Rules for the Root Zone Version 2 (opened 6 June)

- Security Framework Drafting Team (opened 14 June)

Contractual Compliance

REGISTRY AGREEMENT AUDIT	REGISTRAR AUDITS - 2013 RAA
Target Completion August 2017 **21 TLDS in scope**	**17 Registrars Completed** **33 in Remediation**

Compliance Metrics

	Total New Volume (In Thousand)	Total Closed Volume (In Thousand)	Closure Rate (Target >=5.5) (55%)	Received to Closed TAT (Business Days)
▪ Q3 FY17	10.945	14.008	6.91	15.2
▪ Q4 FY17	14.587	11.283	7.00	10.7
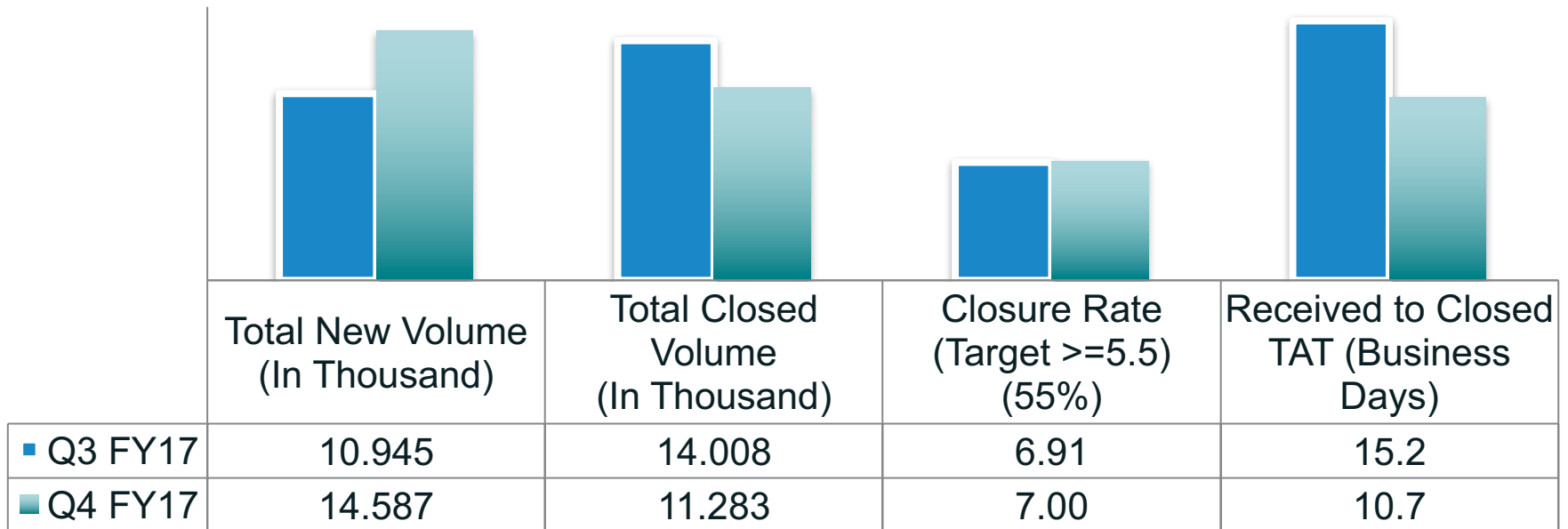
In FY17 Q4, ICANN received a total of 4701 Whois Accuracy Reporting tickets (Whois ARS).https://whois.icann.org/en/whoisars-contractual-compliance-metrics

Competition, Consumer Trust, and Consumer Choice Review Fact Sheet

Overview:
ICANN is committed to ensuring that, as it contemplates expanding the top-level domain space, the various issues that are involved will be adequately addressed prior to implementation.
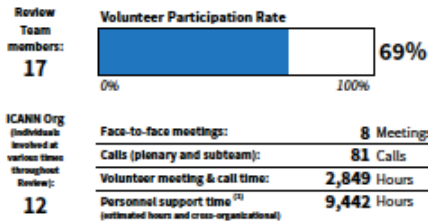
These include issues such as competition, consumer protection, security, stability and resiliency, malicious abuse issues, sovereignty concerns, and rights protection.

The AoC also requires ICANN to convene a community-driven review to examine the extent to which the introduction or expansion of gTLDs has promoted competition, consumer trust and consumer choice, as well as the effectiveness of: The application and evaluation process and safeguards put in place to mitigate issues involved in the introduction or expansion.

Wiki Page:	CCT Wiki Home Page
CCT-RT Email:	input-to-cctrt@icann.org
Review Questions:	reviews@icann.org

CCT Chair	Jonathan Zuck
Competition and Consumer Choice Subteam Chair:	Jordyn Buchanan
Safeguards & Trust Subteam Chair:	Laureen Kapin

Review Status (as of 30 June 2017)

Start Date:	13-Jan-2016	Review Duration to Date:	**18** Months
Expected Completion:	31-Jul-2017	Total Expected Duration:	**19** Months

95% Complete, Based on Duration (0% — 100%)

92% Budget Spent/Committed

Section I: People (as of 30 June 2017)

Review Team members: 17

Volunteer Participation Rate **69%** (0% — 100%)

ICANN Org (individuals involved at various times throughout Review): **12**

Face-to-face meetings:	**8** Meetings
Calls (plenary and subteam):	**81** Calls
Volunteer meeting & call time:	**2,849** Hours
Personnel support time [1] (estimated hours and cross-organizational)	**9,442** Hours

[1] Does not include time for Executives, Legal, IT Personnel and Other Organizational Support

Section II: Financial Resources (as of 30 June 2017)

Direct Review Costs [1]	FY17 Approved Budget [1]	FY17 Budget Spent to Date [2]	Committed FY17 Services [4]	Remaining FY17 Budget	Actual Expenses Review to Date [2]	Total Spent & Committed to Date
Professional Services - IAG-CCT	$ –	$ –	$ –	$ –	$ 210,000	$ 210,000
Professional Services - CCT	$ 870,000	$ 700,000	$ 80,000	$ 90,000	$ 1,590,000	$ 1,670,000
Travel	$ 340,000	$ 230,000	$ –	$ 110,000	$ 370,000	$ 370,000
Total	**$ 1,210,000**	**$ 930,000**	**$ 80,000**	**$ 200,000**	**$ 2,170,000**	**$ 2,250,000**

[1] Excludes ICANN Organization and overhead allocation.
[2] Based on the most recent month and financials (may not include recent expenditures). Represents expenses incurred since inception of work.
[3] Includes incremental approved professional services budget of $100,000.
[4] Professional services includes services from signed contracts to be provided or invoiced; travel includes upcoming scheduled meetings.

Section III: Milestones (as of 30 June 2017)

Project Management 20% of total effort	Research and Studies 20% of total effort	Draft Report 25% of total effort	Draft Final Report 10% of total effort	Final Report 25% of total effort

Project Management (0% — 100%)
- ☑ Adopt terms of reference
- ☑ Adopt work plan
- ☑ Assemble subteams
- ☑ Prepare templates
- ☑ Solidify list of projects
- ☑ Adopt discussion paper template
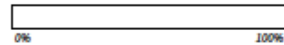- ☑ Adopt report shell/framework

Research and Studies (0% — 100%)
- ☑ Identify data/sources needed for work
- ○ Analyze data from research and studies

Draft Report (0% — 100%)
- ☑ Assemble initial conclusions
- ☑ Populate discussion papers with findings and potential recs.
- ☑ Reach agreement on discussions papers
- ☑ Discuss/approve/consolidate findings and interim recommendations
- ☑ Approve interim recommendations
- ☑ Seek Board/ICANN Organization input on Implementation of interim recommendations
- ☑ Circulate interim recommendation to Subsequent Procedures PDP WG
- ☑ Socialize interim recommendations with community
- ☑ Build and approve Draft Report for public comment
- ☑ Issue draft report for public comment and socialize draft recommendations with
- ○ Produce summary of public comment received
- ☑ GDD to provide input on draft recommendations

Draft Final Report (0% — 100%)
- ○ Review public comment input and incorporate as appropriate
- ○ Review GDO input and incorporate as appropriate
- ○ Produce additional recommendations as appropriate and edit report accordingly
- ○ Publish reviewers' guide and redline of report for public comment
- ○ Circulate second draft report to New gTLD Subsequent Procedures PDP WG for input
- ○ Hold comment period and produce summary
- ○ Socialize changes to report with community
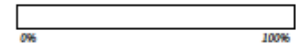
Final Report (0% — 100%)
- ○ Review public comment input received and incorporate as appropriate
- ○ Seek Board/ICANN Organization input on Implementation of final recommendations
- ○ Circulate final recommendations to Subsequent Procedures PDP WG for input
- ○ Finalize Report
- ○ Adopt final recommendations and report
- ○ Socialize final report with community
- ○ Send final report to ICANN Board

TOTAL: **60%** Milestones Completed (0% — 100%)
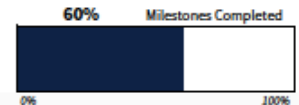
ICANN Reviews Timeline - Overview
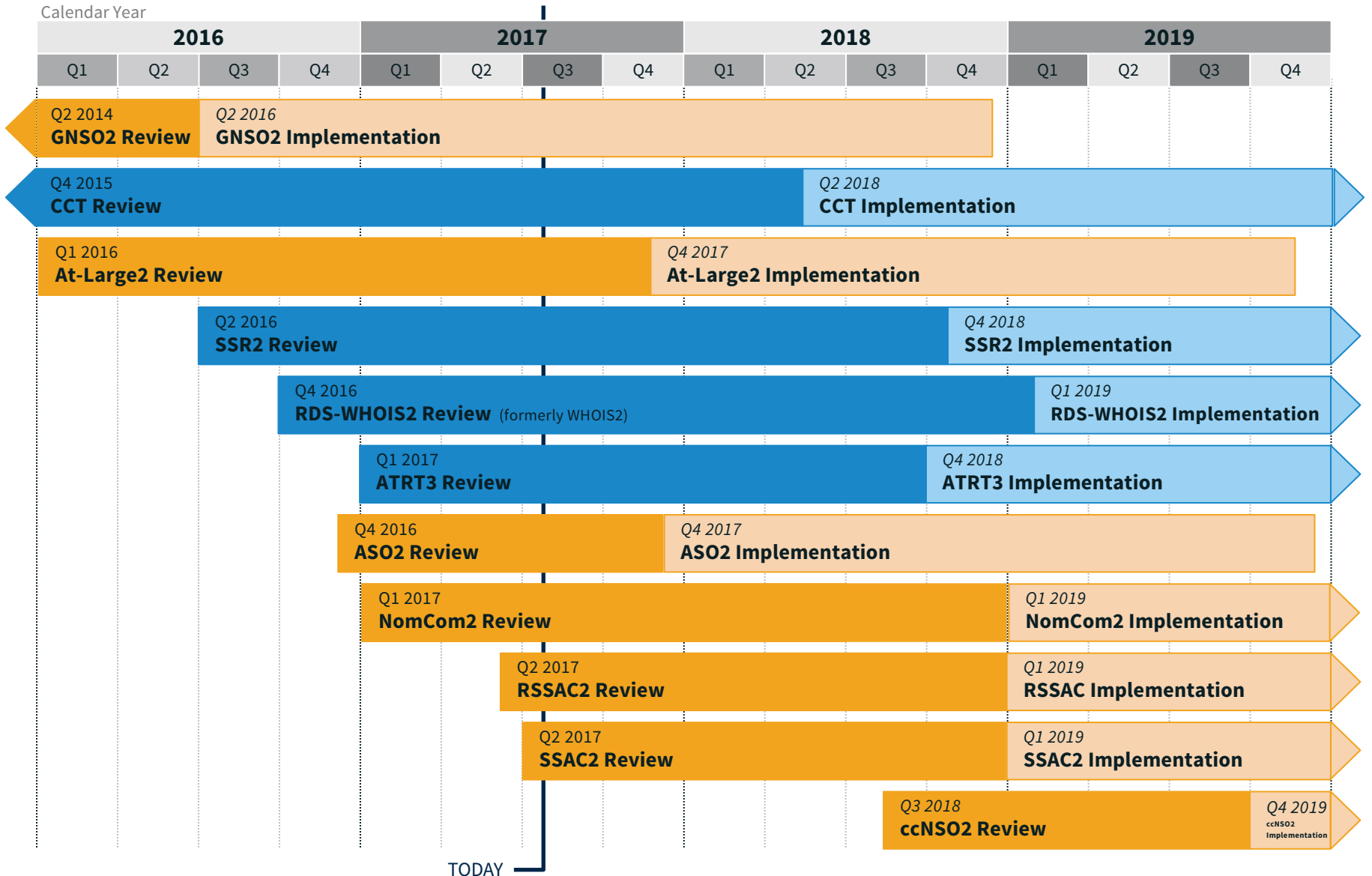
Engineering & IT Update

- ◉ New Governmental Advisory Committee (GAC) website
  - ○ Released to General Availability on 5 September

- ◉ Conducted several regular/routine IT audits (by expert 3rd parties)

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I C A N N | G A C
Governmental Advisory Committee

NEWS   ABOUT THE GAC   GAC ADVICE   MEETINGS & RECORDS   WORK EFFORTS

Welcome to the new GAC website! Effective 5 September 2017, new content will be published to this site. If you have difficulty finding information, please email: gac-staff@icann.org. The former GAC site remains available during this transition. Learn more about this project here.

GOVERNMENTAL ADVISORY COMMITTEE

Internet Corporation for Assigned Names and Numbers

The GAC serves as the voice of Governments and International Governmental Organizations in ICANN's multi-stakeholders representative structure.

Our key role is to provide advice to ICANN on issues of public policy, especially where there may be an interaction between ICANN's activities or policies and national laws or international agreements. We discuss issues with the ICANN Board and other ICANN Supporting Organizations, Advisory Committees and other groups and deliver regular Advice. About the GAC

Government Engagement

Liaising with the Government Advisory Committee (GAC)

- Two regional capacity building workshops for regional GAC members held: 1) Fiji in conjunction with the APT meeting; 2) in Johannesburg, South Africa just before ICANN59

- Planning underway for possible future events in Latin America and South Asia

Participation in Internet Governance Discussions

- Participation in IGF MAG Open Consultations and meetings for IGF 2017 in Geneva

- Submission of Open Forum and Day Zero event proposals for IGF 2017

- Participation in ICANN Studienkreis Stockholm discussions about global IG ecosystem, ICANN empowered community

- Participation in the EuroDig 2017 Conference and ministerial bilateral discussions in Tallinn, Estonia

- Asia Pacific Regional IGF Bangkok presentation on ICANN and Internet Governance

Latin America and Caribbean Spotlight

Latin America and the Caribbean Region

ICANN shares the same home with our sister organizations LACNIC, LACTLD, ISOC, LAC-IX, ASIET, CLARA, eCOM LAC, ALAI

Partnership in Asuncion

De la Parra, Rodrigo

Daniels, Albert

Saucedo, Rodrigo

Dans, Alexandra

Fink, Daniel

Our Engagement Team is strategically located across the region to serve our community better

Regional Office in Montevideo

Göran's visit to Brazil: May 2017

LACNIC 27

Göran gave a keynote speech at LACNIC's 27 Meeting reflecting on ICANN after the IANA Stewardship Transition and thanking the community for their support and participation to make this happen.

He held meetings with the LACNNIC Leadership and members of their community.

LACTLD Workshop

Göran was invited to meet with the LAC ccTLD community.

LACTLD
Latin American and Caribbean ccTLDs Organization

Göran's trip to Brazil included a visit to Brasilia to meet with Government Officials and a visit to Sao Paulo to meet with the CGI

LACRALO LACNIC MoU

Göran witnessed the signing of an MoU between LACNIC and LACRALO.

Brazil Engagement

cgi.br
Comitê Gestor da Internet no Brasil

ANATEL

Ministério da
Ciência, Tecnologia, Inovações e Comunicações

Ministério das
Relações Exteriores

ICANN

LAC-i-Roadshow | June 2017, Lima, Peru

⊙ The LAC-i-Roadshow is one of the projects of the LAC Strategy, a strategy that was developed by the different stakeholder groups represented at ICANN from the LAC region. It is designed to raise awareness across the region on key topics related to the DNS critical infrastructure such as the transition to IPv6, SSR (Security, Stability and Resiliency) and the impact of the new gTLD program.

  ○ 4th year of this initiative.

  ○ 11 editions, 11 different cities in LAC.

  ○ 990 participants.

⊙ The 2017 Andean Region edition was held in Lima, Peru

  ○ 110 participants

  ○ 7 media outlets covered the workshop, 25 publications

  ○ Speakers & topics:

    • Ed Lewis (ICANN): KSK Rollover.

    • Rodrigo de la Parra (ICANN): New gTLDs.

    • Oscar Robles (LACNIC): IPv6 in the LAC region.

Highlights from the Caribbean

- ⊙ ICANN Fellows took the lead in the following events:

  - ○ ICANN58 Readout – St. Vincent & the Grenadines (April)

  - ○ ICANN58 Readout – Grenada (April)

  - ○ National IGF – Barbados (June)

- ⊙ Caribbean LACRALO Representative appointed as ALAC member.

LAC Communications Highlights

The LAC Year in Review Report was launched in May 2017

This comprehensive report was put together by ICANN's regional team. The resource allows to relive all our activities in the LAC region during 2016 and is available in English, Spanish and Portuguese.

ICANN

2016 LAC YEAR IN REVIEW
R E P O R T

ICANN's LAC Team Launches a New Regional Strategy Resource

In April, ICANN's LAC team published a new trifold to describe its regional strategy. The trifold highlights some of our most prominent projects and explains how you can participate and stay informed on the latest regional news. It is available in English, Spanish and Portuguese.
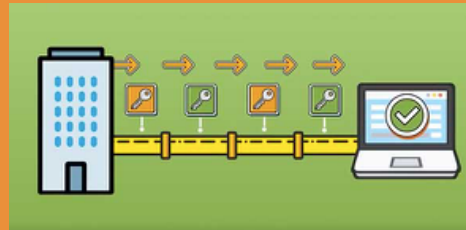
KSK Rollover videos

ICANN's LAC team created a short video that explains in plain, accessible language how to prepare your systems for the KSK rollover. The videos were shared in April in English, Spanish, French and Portuguese through our ICANN LAC Youtube Playlist.

Financial Update

For July 2016 – June 2017

ICANN Organization Reporting Structure

ICANN Operations

New gTLD Program

Funding

PTI/ IANA **

Funding

Total ICANN

Baseline & Multi-Year Project Expenses*

PTI/ IANA **

IANA STEWARDSHIP TRANSITION EXPENSES

Expenses *

Operating Fund

Reserve Fund

New gTLD Funds

Auction Proceeds
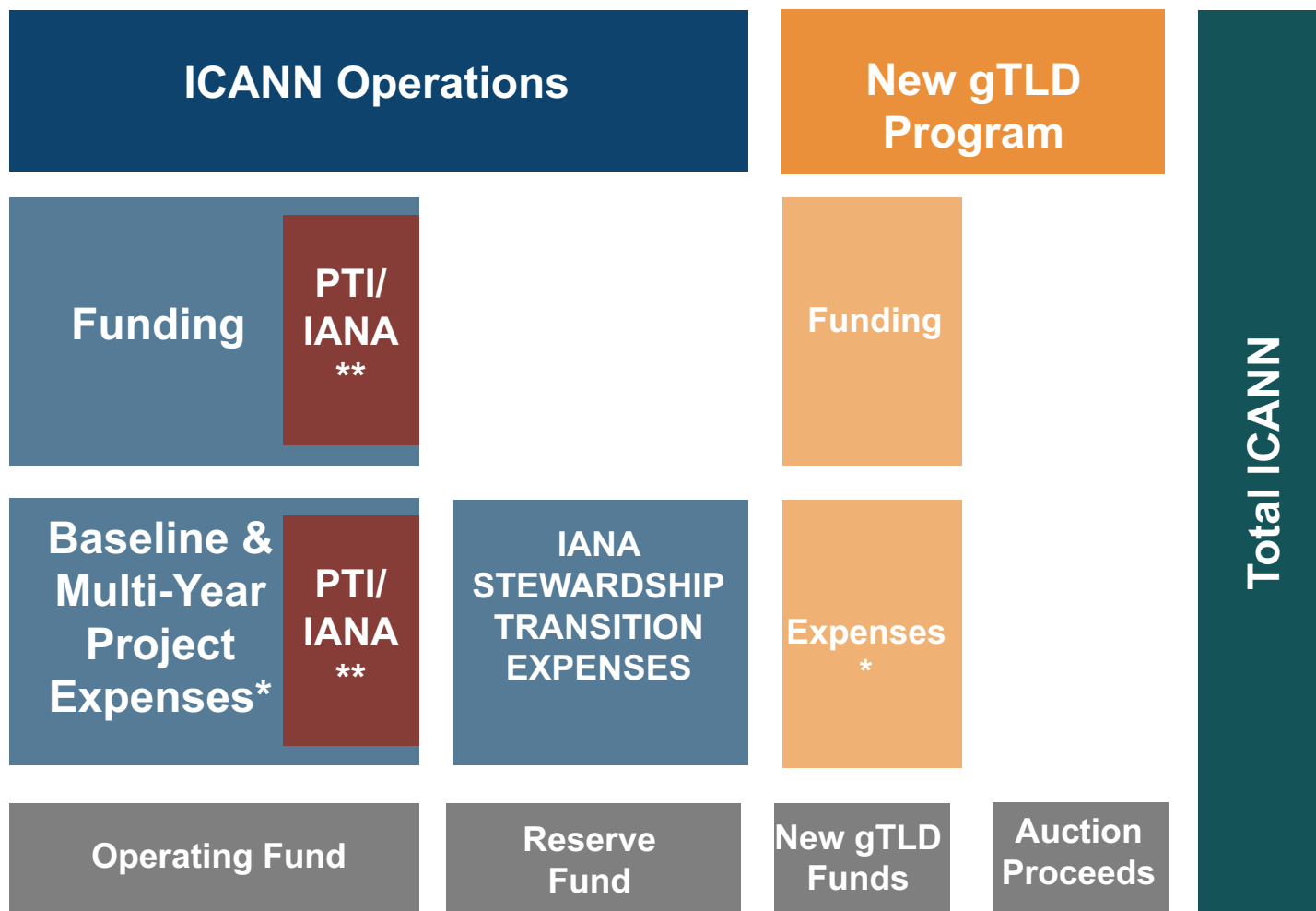
*Excludes depreciation and bad debt expenses

**IANA Services includes ICANN's and PTI's IANA Expenses

FY17 Year-to-date Overview

Funding ahead of target and expenses below target.

In Millions USD	Actual	Budget	Var	% Var	FY16	Var	% Var
Funding	$ 135	$ 132	$ 2	2 %	$ 126	$ 9	7 %
Baseline Expenses	-$ 128	-$ 132	$ 5	3 %	-$ 107	-$ 21	-20 %
IANA Stewardship Transition Expenses	-$ 5	-$ 9	$ 3	39 %	-$ 18	$ 13	70 %
Net	$ 1	-$ 9	$ 10	n/a	$ 1	$ 0	9 %

Breakdown of Baseline Expenses	Actual	Budget	Var	% Var	FY16	Var	% Var
IANA Services*	-$ 6	-$ 7	$ 2	24 %	-$ 6	$ 1	12 %
All Other	-$ 122	-$ 125	$ 3	2 %	-$ 100	-$ 22	-22 %

*IANA Services includes ICANN's and PTI's Expenses relative to IANA functions from the effective PTI affiliate incorporation date.

Note: Expenses exclude bad debt and depreciation and include capital expenses.

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

July 2016 – June 2017

FY17 Year-to-date Funding

	Driven By Domain Name Registrations	Driven By # of Contracted Parties
FROM REGISTRIES	Transaction-based fees **$54M** 40%	Per-TLD fixed fees **$30M** 23%
FROM REGISTRARS	Transaction-based fees **$32M** 23%	Application fees Accreditation fees **$14M** 11%

Other Income: $4M, 3%   Total Funding: $135M

FY17 Year-to-date Funding vs Budget and FY16

Funding ahead of target due to higher than budget new registrar application and accreditation fees

Actual:	$ 135m
Budget:	$ 132m
FY16:	$ 126m

Chart data:

REGISTRY TRANSACTION FEE
- Act $ 54
- Bud $ 54
- FY16 $ 53

REGISTRAR TRANSACTION FEE
- Act $ 32
- Bud $ 35
- FY16 $ 34

REGISTRY FIXED FEE
- Act $30
- Bud $ 30
- FY16 $22

REGISTRAR OTHER FEES
- Act $ 14
- Bud $ 10
- FY16 $15

OTHER
- Act $4
- Bud $ 4
- FY16 $ 3

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

July 2016 – June 2017
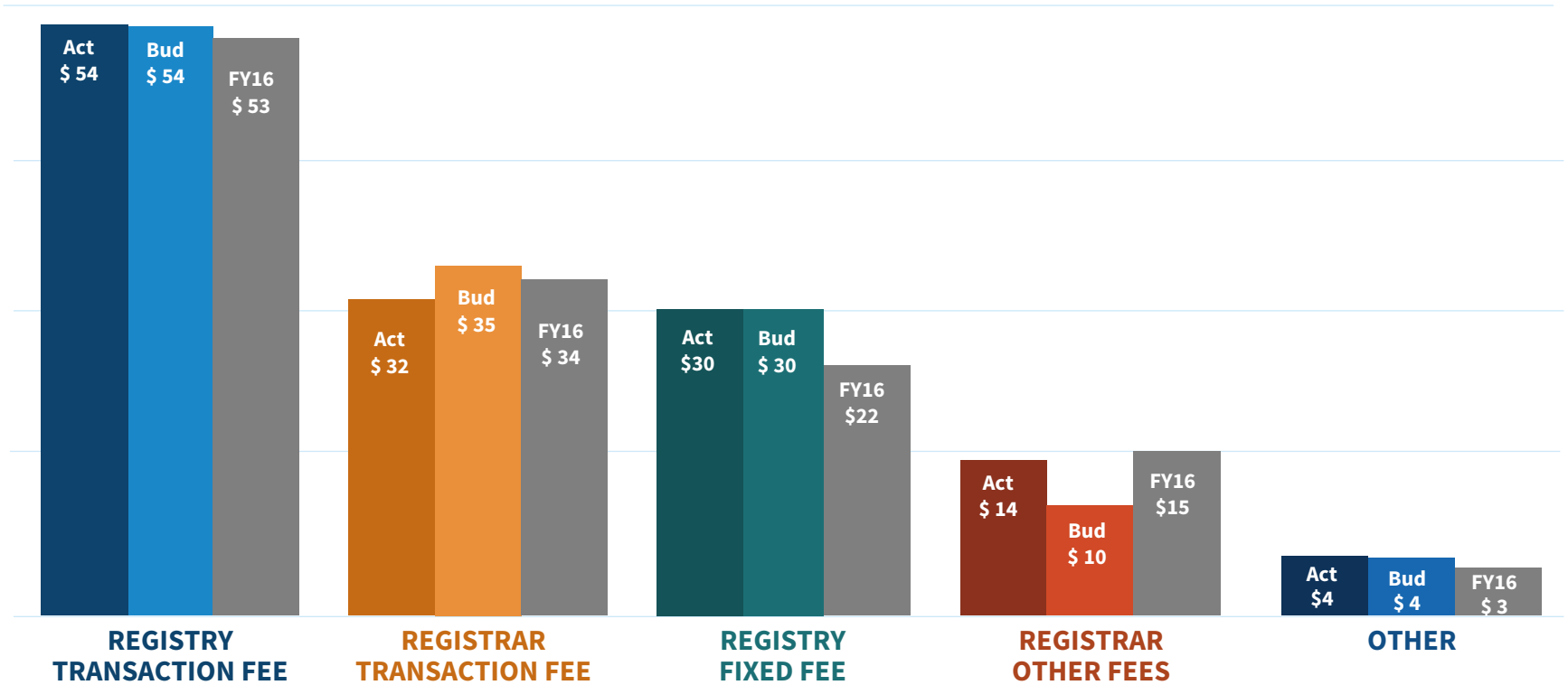
FY17 Year-to-date Baseline Operating & Capital Expenses

Includes IT infrastructure and security improvements

Year-to-date Actual Baseline Operating & Capital Expenses : $128M

Includes rent and other facilities costs and telecommunications

Capital $8M 6%

Admin. & Other* $19M 15%

Professional Services $24M 18%

Personnel $59M 46%

Reflects an average headcount of 355, which excludes 9 average headcount allocated to the IANA Stewardship Transition Project

Includes contractor services, legal fees and language services

Travel & Meetings $18M 14%

Includes travel and venue costs for outreach and meetings.

*Excludes bad debt and depreciation

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

July 2016 – June 2017

FY17 Year-to-date Baseline Expenses vs Budget and FY16

Lower personnel costs and timing differences of projects vs. plan.

Actual: $ 128
Budget: $ 133
FY16: $ 107

PERSONNEL
- Act $ 59 avg hdct 355
- Bud $63 avg hdct 365
- FY16 $ 51 avg. hdct 318

TRAVEL & MEETINGS
- Act $ 18
- Bud $18
- FY16 $ 14

PROFESSIONAL SERVICES
- Act $ 24
- Bud $24
- FY16 $ 18

ADMINISTRATION & OTHER
- Act $ 19
- Bud $ 17
- FY16 $ 16

CAPITAL
- Act $ 8
- Bud $ 6
- FY16 $ 7
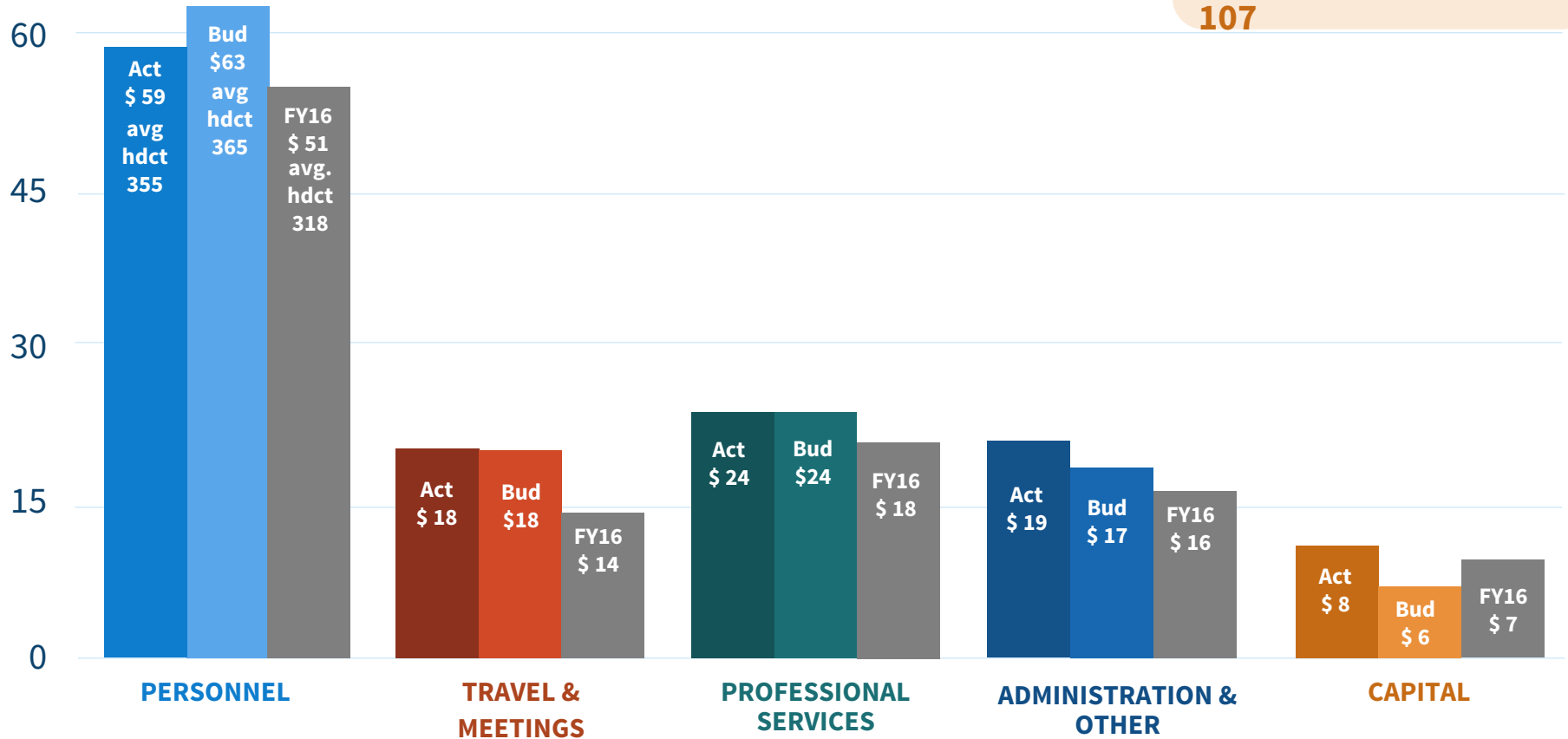
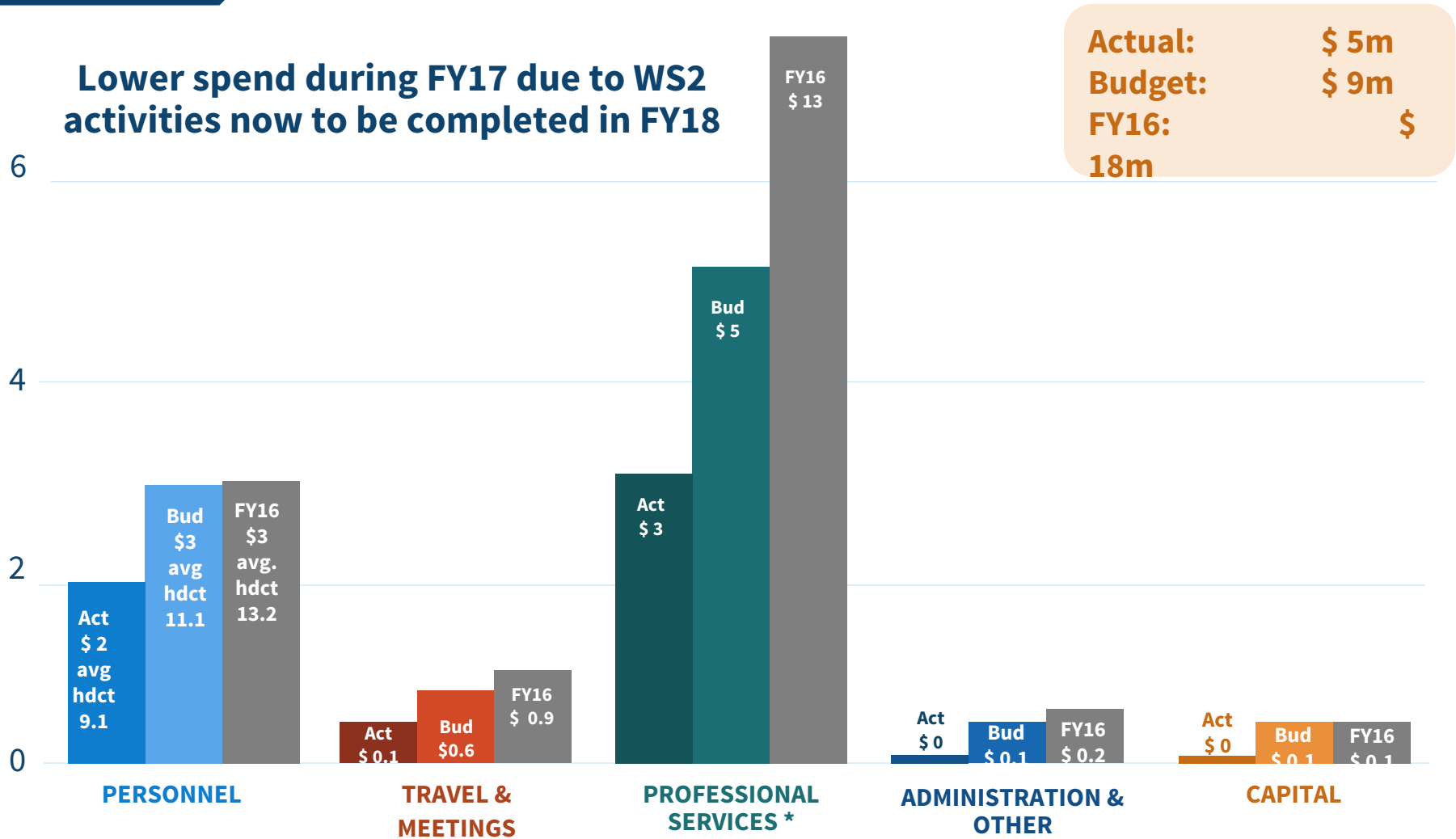**Expenses exclude bad debt and depreciation.**
Avg hdct: Average Headcount over a 12-month period (Jul 2016 – Jun 2017)

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

July 2016 – June 2017

FY17 Year-to-date IANA Stewardship Transition Costs

Lower spend during FY17 due to WS2 activities now to be completed in FY18
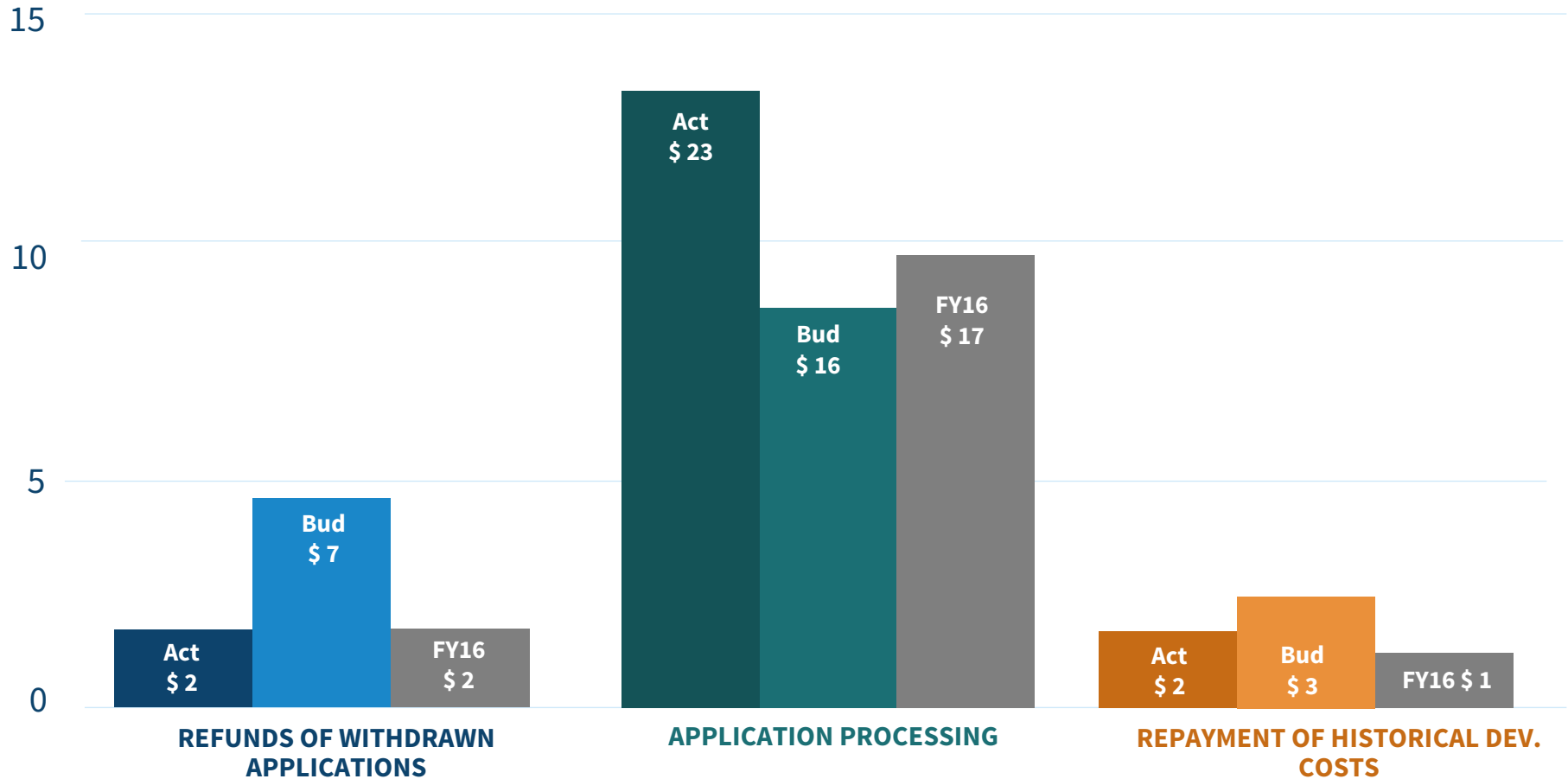
Actual: $ 5m
Budget: $ 9m
FY16: $ 18m

Chart data:

PERSONNEL
- Act $ 2 avg hdct 9.1
- Bud $3 avg hdct 11.1
- FY16 $3 avg. hdct 13.2

TRAVEL & MEETINGS
- Act $ 0.1
- Bud $0.6
- FY16 $ 0.9

PROFESSIONAL SERVICES *
- Act $ 3
- Bud $ 5
- FY16 $ 13

ADMINISTRATION & OTHER
- Act $ 0
- Bud $ 0.1
- FY16 $ 0.2

CAPITAL
- Act $ 0
- Bud $ 0.1
- FY16 $ 0.1

*Includes external legal advice of $1.8M in FY17 and $9.4M in FY16.

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

July 2016 – June 2017 | 48
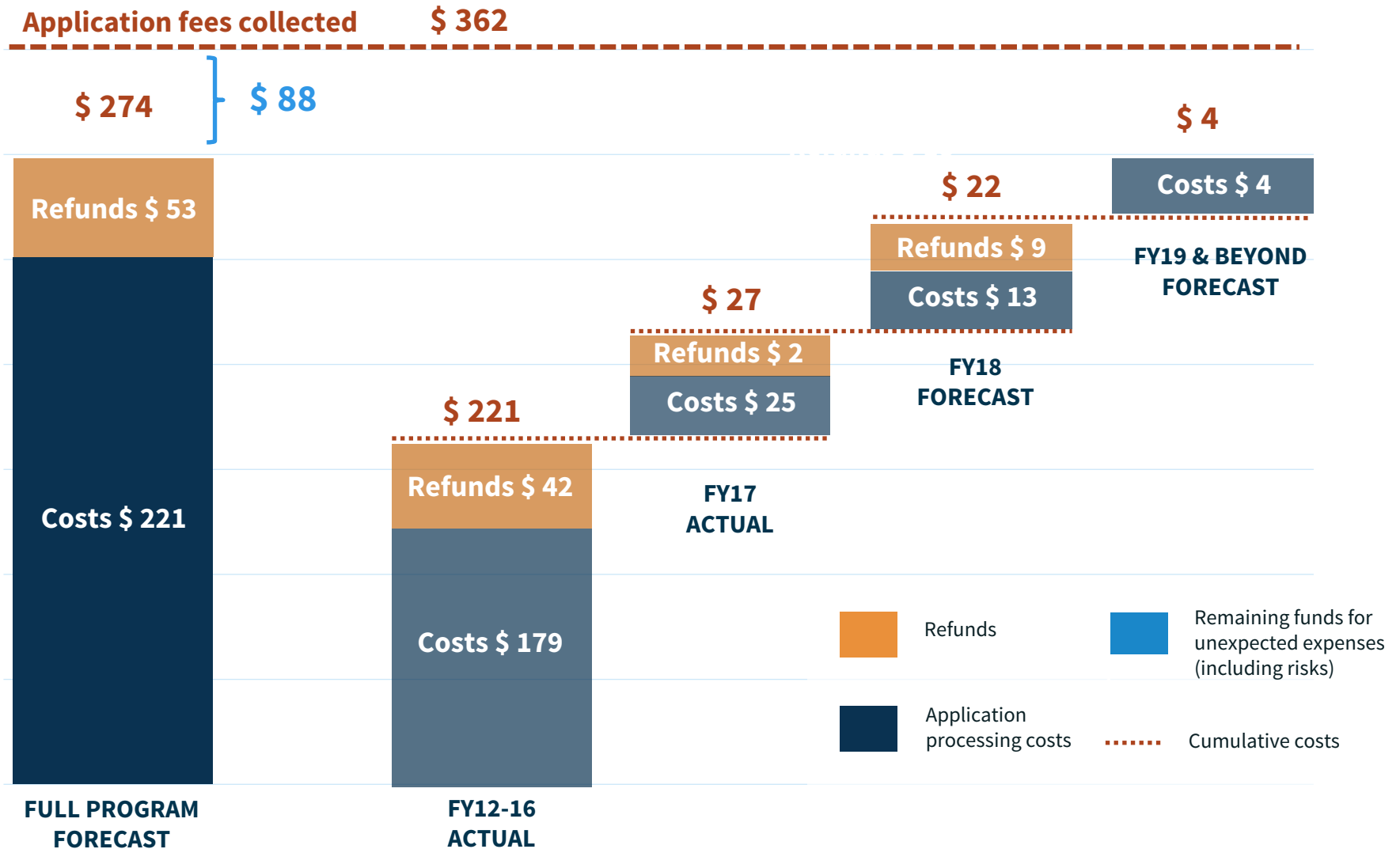
FY17 Year-to-date New gTLD Program Expenses vs Budget and FY16

New gTLD PROGRAM

Lower refunds of withdrawn applications. Processing costs higher than target due to legal and auction fees.

Actual:	**$ 27m**
Budget:	**$ 26m**
FY16:	**$ 20m**

- REFUNDS OF WITHDRAWN APPLICATIONS
  - Act $ 2
  - Bud $ 7
  - FY16 $ 2
- APPLICATION PROCESSING
  - Act $ 23
  - Bud $ 16
  - FY16 $ 17
- REPAYMENT OF HISTORICAL DEV. COSTS
  - Act $ 2
  - Bud $ 3
  - FY16 $ 1

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

July 2016 – June 2017

New gTLD Program – Multi-year Forecast

Application fees collected   **$ 362**

$ 274   **$ 88**

$ 4

$ 22

Costs $ 4

FY19 & BEYOND FORECAST

Refunds $ 53

$ 27

Refunds $ 9

Costs $ 13

Refunds $ 2

Costs $ 25

FY18 FORECAST

$ 221

Refunds $ 42

FY17 ACTUAL

Costs $ 221

Costs $ 179

| | Refunds | | Remaining funds for unexpected expenses (including risks) |

| | Application processing costs | ······· | Cumulative costs |

FULL PROGRAM FORECAST

FY12-16 ACTUAL

ICANN

FY17 Year-to-date Total ICANN Organization Actuals

	ICANN Baseline Operations (A)	IANA Stewardship Transition (B)	Total ICANN Operations (A+B)	New gTLD Program (C)	Total ICANN Org. (A+B+C)
Funding	$ 135	$ 0	$ 135	$ 157	$ 291
Expenses*	-$ 128	-$ 5	-$ 133	$ -23	-$ 156
Net	**$ 7**	**-$ 5**	**$ 1**	**$ 134**	**$ 135**

Total for ICANN Operations is the sum of ICANN Baseline Operations (A) and IANA Stewardship Transition (B). Total ICANN Organization is the sum of ICANN Baseline Operations (A), IANA Stewardship Transition (B), and New gTLD Prgram (C).

*Expenses exclude bad debt, depreciation and refunds for withdrawn New gTLD applications which are included in the Funding line.
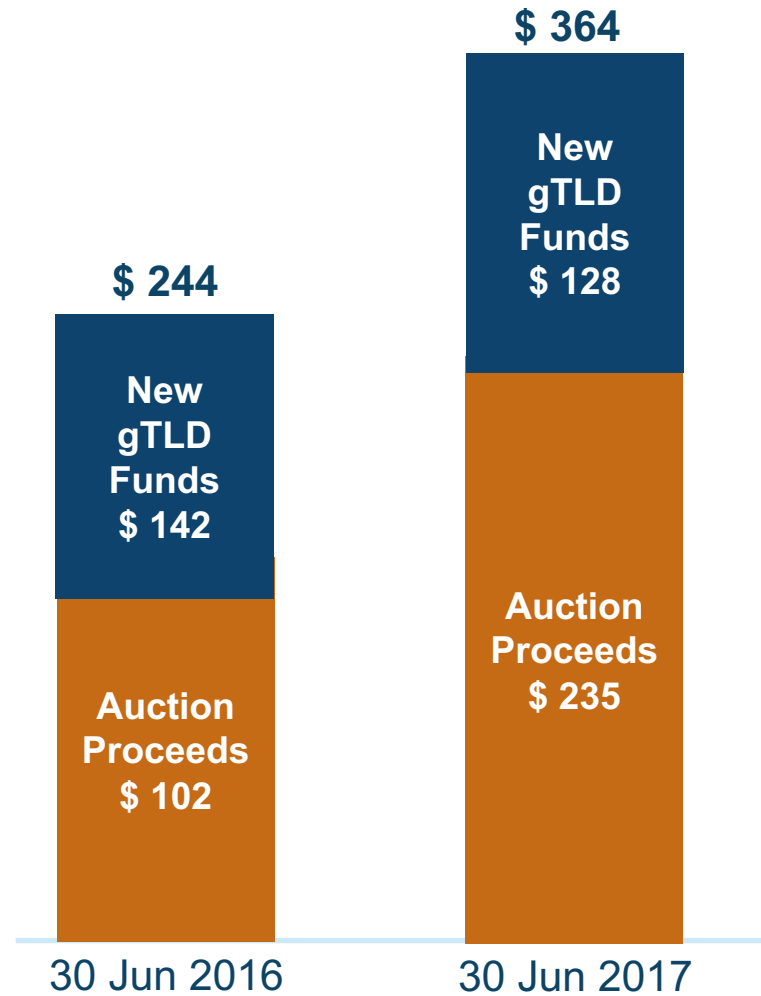
In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

July 2016 – June 2017 | 51

Funds Under Management as of 30 Jun 2016 and 2017

Total Funds: **$ 460**
ICANN Operations: $ 96
New gTLD Program-related: $ 364

ICANN Operations

$ 97

Operating Fund $ 26

Reserve Fund $ 71

30 Jun 2016

$ 96

Operating Fund $ 35

Reserve Fund $ 62

30 Jun 2017

New gTLD Program

$ 244

New gTLD Funds $ 142

Auction Proceeds $ 102

30 Jun 2016

$ 364

New gTLD Funds $ 128

Auction Proceeds $ 235

30 Jun 2017

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

July 2016 – June 2017
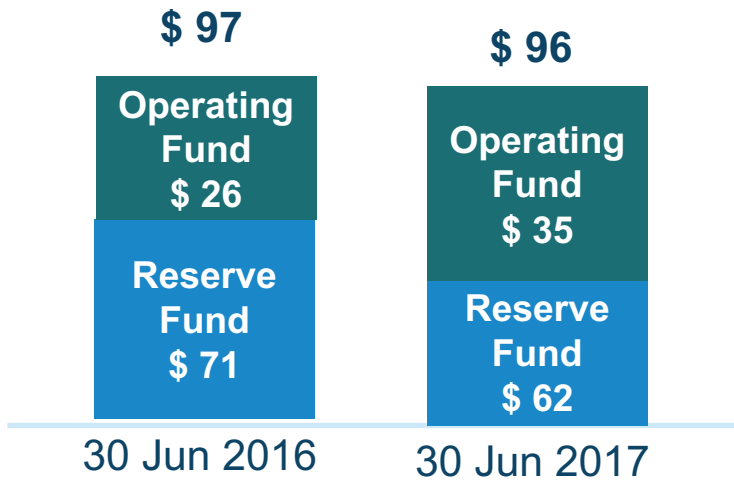
FY18 Budget Overview

FY18 (Jul 17-Jun 18) approved ICANN Operations budget, aligned to Operating Plan, published on ICANN.org

	FY18 Budget
Funding	**$ 143**
ICANN Operations Baseline Expenses	**-$ 143**
IANA Services Expenses	**-$3**
Net	**-$3**

*Expenses exclude bad debt and depreciation.

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

July 2016 – June 2017

Appendix
DNSSEC: Important Update

Who Will Be Impacted?

DNS Software Developers & Distributors	System Integrators	Network Operators
Root Server Operators	Root Server Operators	End Users *(if no action taken by resolver operators)*

Why You Need to Prepare

> ⚠️ **If you have enabled DNSSEC validation, you must update your systems with the new KSK to help ensure trouble-free Internet access for users**

- ⊙ Currently, 25 percent of global Internet users, or **750 million people**, use DNSSEC-validating resolvers that could be affected by the KSK rollover

- ⊙ If these validating resolvers do not have the new key when the KSK is rolled, end users relying on those resolvers will encounter errors and be **unable to access the Internet**

What Do Operators Need to Do?

Be aware whether DNSSEC is enabled in your servers

Be aware of how trust is evaluated in your operations

Test/verify your set ups

Inspect configuration files, are they (also) up to date?

If DNSSEC validation is enabled or planned in your system
- Have a plan for participating in the KSK rollover
- Know the dates, know the symptoms, solutions

How To Update Your System

If your software supports automated updates of DNSSEC trust anchors (RFC 5011):

- ⊙ The KSK will be updated automatically at the appropriate time
- ⊙ You do not need to take additional action
  - ○ Devices that are offline during the rollover will have to be updated manually if they are brought online after the rollover is finished

If your software does <u>not</u> support automated updates of DNSSEC trust anchors (RFC 5011) or is not configured to use it:

- ⊙ The software's trust anchor file must be manually updated
- ⊙ The new root zone KSK is now available here after March 2017:

http://data.iana.org/ root-anchors/

Check to See If Your Systems Are Ready

ICANN is offering a **test bed** for operators or any interested parties to confirm that their systems handle the automated update process correctly.

Check to make sure your systems are ready by visiting: **go.icann.org/KSKtest**

Automated Trust Anchor Update Testbed

The root zone Key Signing Key (KSK) is changing, or rolling, on 11 October 2017. Operators of recursive resolvers with DNSSEC validation enabled will need to ensure that their systems are updated with the new root zone KSK configured as a trust anchor before that date. If a recursive resolver supports RFC 5011, "Automated Updates of DNS Security (DNSSEC) Trust Anchors", and this feature is properly configured, the new KSK should automatically be installed as a trust anchor and DNSSEC validation should continue without problems.

If a validating resolver's implementation or configuration of the RFC 5011 automated trust anchor update protocol is incorrect for any reason, then its configuration might not be properly updated during the root zone KSK roll and resolution would fail after 11 October 2017.

This testbed allows operators of validating resolvers to test their implementation and confirm its ability to properly follow a KSK roll and update its trust anchor configuration.

This test tool assumes that you understand **the upcoming KSK change**, and at least some about **RFC 5011**.

Purpose of This Testbed

The test system described here allows the operator of a validating recursive resolver to test its support for the RFC 5011 automated trust anchor update protocol and therefore its readiness for the root zone KSK roll. The test operates in real time and should not affect the resolver's normal operation. The testbed works by starting a KSK roll in a new zone each week. These test zones are not used for any other purpose. For example, the current zone name is **2017-03-26.automated-ksk-test.research.icann.org**. Because this zone is used only for the testbed and contains no names any

Three Steps to Recovery

If your DNSSEC validation fails after the key role:

Stop the tickets
It's OK to turn off DNSSEC validation while you fix (but remember to turn it back on!)

Debug
If the problem is the trust anchor, find out why it isn't correct
- o Did RFC 5011 fail? Did configuration tools fail to update the key?
- o If the problem is fragmentation related, make sure TCP is enabled and/or make other transport adjustments

Test the recovery
Make sure your fixes take hold

For More Information

1   **Visit https://icann.org/kskroll**

2   **Join the conversation online**
- o Use the hashtag #KeyRoll
- o Sign up to the mailing list
  https://mm.icann.org/listinfo/ksk-rollover

3   **Ask a question to globalsupport@icann.org**
- o Subject line: "KSK Rollover"

4   **Attend an event**
- o Visit https://features.icann.org/calendar to find
  upcoming KSK rollover presentations in your region

Additional Technical Slides
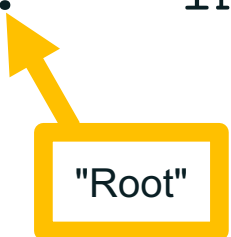
Recognizing KSK-2017

◉ **The KSK-2017's Key Tag is**

       20326

◉ **The Delegation Signer (DS) Resource Record for KSK-2017 is**

```
    IN  DS    20326 8 2
              E06D44B80B8F1D39A95C0B0D7C65D084
              58E880409BBC683457104237C7F8EC8D
```

"Root"

Note: liberties taken with formatting for presentation purposes

KSK-2017 in a DNSKEY Resource Record

⊙ **The DNSKEY resource record will be:**

```
.   IN DNSKEY  257 3 8
        AwEAAaz/tAm8yTn4Mfeh5eyI96WSVexTBAvkMgJzkKTOiW1vkIbzxeF3
        +/4RgWOq7HrxRixHlFlExOLAJr5emLvN7SWXgnLh4+B5xQlNVz8Og8kv
        ArMtNROxVQuCaSnIDdD5LKyWbRd2n9WGe2R8PzgCmr3EgVLrjyBxWezF
        0jLHwVN8efS3rCj/EWgvIWgb9tarpVUDK/b58Da+sqqls3eNbuv7pr+e
        oZG+SrDK6nWeL3c6H5Apxz7LjVc1uTIdsIXxuOLYA4/ilBmSVIzuDWfd
        RUfhHdY6+cn8HFRm+2hM8AnXGXws9555KrUB5qihylGa8subX2Nn6UwN
        R1AkUTV74bU=
```
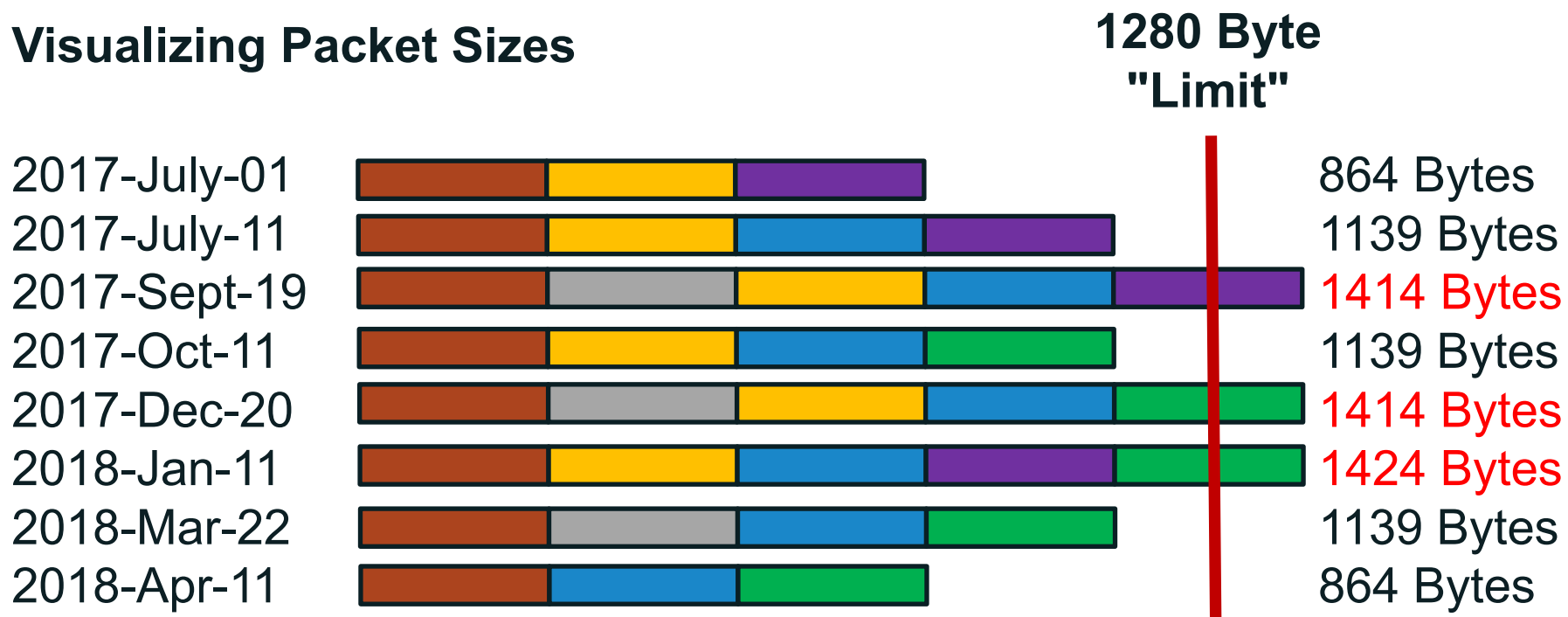
"Root"

Note: liberties taken with formatting for presentation purposes

Impact on the KSK Rollover Process

Visualizing Packet Sizes

1280 Byte "Limit"

Date	Packet Size
2017-July-01	864 Bytes
2017-July-11	1139 Bytes
2017-Sept-19	1414 Bytes
2017-Oct-11	1139 Bytes
2017-Dec-20	1414 Bytes
2018-Jan-11	1424 Bytes
2018-Mar-22	1139 Bytes
2018-Apr-11	864 Bytes

Legend: Current ZSK | Next ZSK | KSK-2010 | KSK-2017 | RRSIG-2010 | RRSIG-2017

Additional Resources

Quick Look

Root Zone Key Signing Key (KSK) Rollover

KSK rollover at a glance

ICANN is planning to roll, or change, the "top" pair of cryptographic keys used in the Domain Name System Security Extensions (DNSSEC) protocol, commonly known as the Root Zone KSK. This will be the first time the KSK has been changed since it was initially generated in 2010.

Changing these DNSSEC keys is an important security step, in much the same way that regularly changing passwords is considered a prudent practice by any Internet user.

The root zone KSK consists of a private key and a public key. The private component is securely stored by ICANN, but the public component is widely distributed and configured in a large number of devices, possibly numbering in the millions. The multi-step KSK rollover process basically involves generating a new cryptographic key pair and then distributing the new public key.

Internet service providers, enterprise network operators and others performing DNSSEC validation must ensure their systems are updated with the public part of the new KSK in order to assure trouble-free Internet access for their users.

The KSK is an essential component of DNSSEC, a security technology that authenticates the integrity of information within the Domain Name System (DNS), which is the Internet's global phone book. This type of change has never before occurred at the root level, so the rollover must be widely and carefully coordinated to ensure that it does not interfere with normal operations. For this reason, ICANN is informing the Internet operator and user communities about the changes now, before the rollover actually occurs.

What role does the KSK play in DNSSEC?

The KSK plays an important role in protecting Internet users from domain name hijacking by validating DNS data. As the phrase implies, domain name hijacking is taking control of a domain name, often by those with malicious intent who may be seeking illicit financial gain. For example, attempts to access bank account information may result in redirecting users to a site that steals identification and passwords.

Links:

- **EN:** https://www.icann.org/en/system/files/files/ksk-rollover-at-a-glance-22jul16-en.pdf

- **ES:** https://www.icann.org/es/system/files/files/ksk-rollover-at-a-glance-22jul16-es.pdf

- **FR:** https://www.icann.org/fr/system/files/files/ksk-rollover-at-a-glance-22jul16-fr.pdf

- **AR:** https://www.icann.org/ar/system/files/files/ksk-rollover-at-a-glance-22jul16-ar.pdf

- **PT:** https://www.icann.org/pt/system/files/files/ksk-rollover-at-a-glance-22jul16-pt.pdf

- **RU:** https://www.icann.org/ru/system/files/files/ksk-rollover-at-a-glance-22jul16-ru.pdf

- **ZH:** https://www.icann.org/zh/system/files/files/ksk-rollover-at-a-glance-22jul16-zh.pdf

Q&A

KSK Rollover: Questions and Answers

What is the Key Signing Key?

- The Root Zone Key Signing Key (KSK) is a cryptographic public-private key pair that plays an important role in the Domain Name System Security Extensions (DNSSEC). The Root Zone KSK serves as the trusted starting point for DNSSEC validation, similar to how the root zone serves as the starting point for DNS resolution.

- Just as one starts at the root zone to resolve a domain name anywhere in DNS, software performing DNSSEC validation trusts the root zone KSK and builds a "chain of trust" of successive keys and signatures to validate the authenticity of any signed data in DNS.

What does the Key Signing Key (KSK) rollover involve?

- The KSK rollover process updates the root zone trust anchor by introducing a new KSK (KSK-2017) into the root zone.

Why roll the KSK?

- Because it's not good for a cryptographic key to live forever. Like any password, it needs to be changed sometimes.
- Because it's better to make proactive changes during normal operations when things are running smoothly, rather than be reactive in an emergency.
- When DNSSEC was first deployed in 2010, NTIA required that the KSK be rolled and the Root Zone Management Partners subsequently outlined requirements to change the key after five years of operations. The role of NTIA ended on 1 October 2016.

Who needs to know about the KSK rollover?

- Internet service providers, enterprise network operators and others who operate DNSSEC validation must update their systems with the public part of the new key signing key.

How will they know?

- ICANN is executing an extensive outreach campaign to ensure that those who currently use the KSK know about the change.

- Interested parties can view a schedule of events at which the rollover will be discussed on the ICANN website, where they can also follow KSK updates and join a special mailing list. They can also follow the hashtag #KeyRoll on social media to stay informed.

What's the impact on Internet users?

- If completed smoothly, there will be no visible change for the end user.

What could go wrong?

- It's possible that some software performing DNSSEC validation will not be updated with

Links:

- **EN:** https://www.icann.org/en/system/files/files/ksk-rollover-questions-answers-31oct16-en.pdf

- **ES:** https://www.icann.org/resources/pages/ksk-rollover-2016-07-27-es

- **FR:** https://www.icann.org/fr/system/files/files/ksk-rollover-questions-answers-31oct16-fr.pdf

- **AR:** https://www.icann.org/ar/system/files/files/ksk-rollover-questions-answers-31oct16-ar.pdf

- **PT:** https://www.icann.org/pt/system/files/files/ksk-rollover-questions-answers-31oct16-pt.pdf

- **RU:** https://www.icann.org/ru/system/files/files/ksk-rollover-questions-answers-31oct16-ru.pdf

- **ZH:** https://www.icann.org/zh/system/files/files/ksk-rollover-questions-answers-31oct16-zh.pdf

Informational Video

Prepare Your Systems for the Root KSK Rollover
ICANNnews
▶ Subscribe 3,727

Links:

- **EN:** Prepare Your Systems for the Root KSK Rollover
  https://youtu.be/d7H1AkC9PIw

- **ES:** Préparer vos systèmes pour le roulement de la KSK de la racine
  https://youtu.be/Lph39UgS7e4

- **PT:** Preparem seus sistemas para a implementação da KSK da raíz
  https://youtu.be/AysAHXAEJFM

- **FR:** Prepare sus Sistemas para el Traspaso de la Clave para la Firma de la Llave de la Zona Raíz (KSK)
  https://youtu.be/cAPyLI1qowY

ICANN Testbed Launch Announcement

ICANN Launches Testing Platform for the KSK Rollover

This page is available in: Русский | Español | Français | 中文 | العربية | English

13 March 2017 – ICANN is offering a testing platform for network operators and other interested parties to confirm that their systems can handle the automated update process for the upcoming Root Zone Domain Name Systems Security Extensions (DNSSEC) Key Signing Key (KSK) rollover. **The KSK rollover is currently scheduled for 11 October 2017.**

"Currently, seven hundred and fifty million people are using DNSSEC-validating resolvers that could be affected by the KSK rollover," said ICANN's Vice President of Research, Matt Larson. "The testing platform is an easy way for operators to confirm that their infrastructure supports the ability to handle the rollover without manual intervention."

Internet service providers, network operators and others who have enabled DNSSEC validation must update their systems with the new KSK. This can be done in one of two ways:

- An operator can configure a new trust anchor *manually* by obtaining the new root zone KSK from the iana.org website at https://www.iana.org/dnssec/files.
- An operator can enable a feature available in many validating resolvers that *automatically* detects and configures a new root zone KSK as a trust anchor, in which case they need take no action.

Check to see if your systems are ready by visiting go.icann.org/KSKtest.

The KSK has been widely distributed and configured by every operator performing DNSSEC validation. If the validating resolvers using DNSSEC do not have the new key when the KSK is rolled, end users relying on those resolvers will encounter errors and be unable to access the Internet. A careful and coordinated effort is required to ensure that the update does not interfere with normal operations.

More information is available at www.icann.org/kskroll.

Links:

- **EN:** https://www.icann.org/news/announcement-2017-03-13-en

- **ES:** http://www.icann.org/news/announcement-2017-03-13-es

- **FR:** http://www.icann.org/news/announcement-2017-03-13-fr

- **AR:** http://www.icann.org/news/announcement-2017-03-13-ar

- **RU:** http://www.icann.org/news/announcement-2017-03-13-ru

- **ZH:** https://www.icann.org/news/announcement-2017-03-13-zh