Re: Confirmation that the CCWG-Accountability Supplemental Final Proposal on
        Work Stream 1 Recommendations Meets the Requirements of the CWG-
        Stewardship Final Transition Proposal

Date: February __, 2016

ICANN Cross Community Working Group Accountability (CCWG-Accountability)

Dear CCWG-Accountability members, participants and co-chairs,

We write in response to your group's recent publication of the Supplemental Final Proposal
on Work Stream 1 Recommendations (the "Final Proposal"). We have prepared this in our
capacities as co-chairs of the Cross Community Working Group to Develop an IANA
Stewardship Transition Proposal on Naming Related Functions (CWG-Stewardship).

The CWG-Stewardship final transition proposal submitted for approval to the chartering
organizations on 11 June 2015 is significantly dependent and expressly conditioned on the
implementation of ICANN-level accountability mechanisms by the CCWG-Accountability.
Specifically, as recognized in the Final Proposal, the CWG-Stewardship final transition
proposal sets forth ICANN accountability requirements regarding Community Empowerment
Mechanism, IANA Functions Budget, IANA Function Reviews, Customer Standing
Committee ("CSC"), Separation Process, Appeals Mechanism, and Post-Transition IANA
("PTI"), as well as Fundamental Bylaws. This document is and should be viewed as an
element of the agreed-upon working methods of the CWG-Stewardship and the CCWG-
Accountability.

Thank you for resolving each of the issues raised in our comment letter relating to your
group's publication of its third draft proposal and for all your hard work in reaching
consensus. As you know, we rely on your work and our trust in the work of your group is
vital in permitting us to focus on the essential aspects of our work on the stewardship
transition.

We confirm that the Final Proposal meets the requirements of the CWG-Stewardship final
transition proposal.

1.   **Community Empowerment Mechanism**

        The CWG-Stewardship final transition proposal requires that the multistakeholder
        community be empowered with the following rights with respect to the ICANN
        Board, the exercise of which should be ensured by the creation of a stakeholder
        community/member group:

                (a) The ability to appoint and remove members of the ICANN Board and to recall
                    the entire ICANN Board;
                (b) The ability to exercise oversight with respect to key ICANN Board decisions
                    (including with respect to the ICANN Board's oversight of the IANA
                    Functions) by reviewing and approving: (i) ICANN Board decisions with

respect to recommendations resulting from an IANA Function Review ("IFR") or Special IFR and (ii) the ICANN Budget; and

(c) The ability to approve amendments to ICANN's "Fundamental Bylaws," as described below.

Conclusion – We believe that the Final Proposal adequately satisfies the CWG-Stewardship requirement relating to the community empowerment mechanism.

2. **ICANN Budget and IANA Functions Budget**

The CWG-Stewardship final transition proposal requires that the community have the ability to approve or veto the ICANN Budget after it has been approved by the ICANN Board but before it comes into effect. The community may reject the ICANN Budget based on perceived inconsistency with the purpose, mission and role set forth in ICANN's Articles and Bylaws, the global public interest, the needs of ICANN stakeholders, financial stability or other matters of concern to the community.

In the final transition proposal, the CWG-Stewardship also recommends that the IANA Functions Operator's comprehensive costs should be transparent and ICANN's operating plans and budget should include itemization of all IANA operations costs to the project level and below as needed. Under the final transition proposal, an itemization of IANA costs would include: direct costs for the operation of the IANA Functions, direct costs for shared resources and support functions allocation. Furthermore, these costs should be itemized into more specific costs related to each specific function to the project level and below as needed. PTI should also have a yearly budget that is reviewed and approved by the ICANN community on an annual basis. PTI should submit a budget to ICANN at least nine months in advance of the fiscal year to ensure the stability of the IANA services. It is the view of the CWG-Stewardship that the IANA Functions Budget should be approved by the ICANN Board in a much earlier timeframe than the overall ICANN Budget. The CWG-Stewardship (or a successor implementation group) will need to develop a proposed process for an IANA Functions Operations-specific budget review, which may become a component of the overall budget review. It is anticipated that the IANA Functions Operations Budget review will include a consultation process with relevant and potentially impacted IANA customers.

Conclusion – We believe that the Final Proposal adequately satisfies the CWG-Stewardship requirements relating to the ICANN Budget and IANA Functions Budget.

3. **IFR**

The CWG-Stewardship final transition proposal requires the creation of an IFR which is empowered to conduct periodic and special reviews of the IANA names function. The CWG-Stewardship proposal contemplates the ability of the community to exercise oversight with respect to ICANN Board decisions on recommendations resulting from an IFR or Special IFR by reviewing and approving those ICANN Board decisions.

Conclusion – We believe that the Final Proposal adequately satisfies the CWG-Stewardship requirement relating to the IFR.

4.   **Customer Standing Committee (CSC)**

The CWG-Stewardship final transition proposal requires the creation of a CSC that is empowered to monitor the performance of the IANA names function and escalate non-remediated issues to the ccNSO and GNSO. The ccNSO and GNSO should be empowered to address matters escalated by the CSC.

Conclusion – We believe that the Final Proposal adequately satisfies the CWG-Stewardship requirement relating to the CSC.

5.   **Post-Transition IANA (PTI)**

The CWG-Stewardship final transition proposal contemplates the formation of a PTI as a new legal entity. PTI will have ICANN as its sole member and PTI will therefore be a controlled affiliate of ICANN. As a result, the ICANN Bylaws will need to include governance provisions related to PTI, in particular as it relates to ICANN's role as the sole member of PTI.

Conclusion – We believe that the Final Proposal adequately satisfies the CWG-Stewardship requirement relating to PTI.

6.   **Separation Process**

The CWG-Stewardship final transition proposal contemplates that a Special IFR will be empowered to determine that a separation process between ICANN and PTI is necessary and, if so, to recommend that a Separation Cross-Community Working Group ("SCWG") be established to review the identified issues and make recommendations. Annex L of the CWG-Stewardship final transition proposal sets forth more detailed information as to approval requirements with respect to the formation of an SCWG and approval of SCWG recommendations, including any selection of a new IANA Functions Operator or any other separation process, in each case these actions require approval by a community mechanism derived from the CCWG-Accountability process.

Conclusion – We believe that the Final Proposal adequately satisfies the CWG-Stewardship requirements relating to the separation process.

7.   **Appeals Mechanism**

The CWG-Stewardship final transition proposal contemplates an appeals mechanism, for example in the form of an Independent Review Process ("IRP"), for issues relating to the IANA names function. For example, direct customers with non-remediated issues or matters referred by ccNSO or GNSO after escalation by the CSC will have access to an IRP. The appeal mechanism will not cover issues relating to ccTLD delegation and re-delegation, which mechanism is to be developed by the ccTLD community post-transition through the appropriate processes.

Conclusion – We believe that the Final Proposal adequately satisfies the CWG-Stewardship requirements relating to the appeals mechanism.

8.   **Fundamental Bylaws**

The CWG-Stewardship final transition proposal contemplates that all the foregoing mechanisms will be provided for in the ICANN Bylaws as "Fundamental Bylaws." A "Fundamental Bylaw" may only be amended with the prior approval of the Empowered Community and may require a higher approval threshold than typical Bylaw amendments (for example, a supermajority vote).

Conclusion – We believe that the Final Proposal adequately satisfies the CWG-Stewardship requirements relating to Fundamental Bylaws.

We appreciate and thank you for your efforts to ensure coordination and collaboration between the co-chairs of our respective groups.

Best regards,

Lise Fuhr and Jonathan Robinson

Co-chairs, CWG-Stewardship