
RECORDED VOICE: This meeting is now being recorded.

JONATHAN ZUCK: Okay great, welcome everyone. This is the public participation session in our review team face to face. This is the review team on consumer choice, trust, and competition as well as safeguards and application evaluation. That is the review team. If you are on the Adobe Connect, welcome. Many people are in the room and have been patiently holding their tongues, waiting to ask questions or make observations and this is the opportunity to do so. So you've had an opportunity to see a couple of things so far today. Reports back from both Nielsen on the registrant survey and from the analysis group on the phase two economic and pricing survey, and you've also begun to see a little bit of the process we're going through in terms of trying to answer some of the high level questions with which you've been tasked.

So we wanted to kind of open this up to a free form conversation and particularly invite observers, both in the room and on the Adobe Connect to participate. So feel free to raise your hand in Adobe Connect as well as in the room and I will try to manage the queue.

Has everybody found their way to the new Adobe Connect room? It looks like everybody that's on is in the room. Everybody that's in there is in the room. So those of you in the room that have been observing, do you have questions or comments that you'd like to bring to the table? George, I'm sure you do. So go for it, don't be shy.

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GEORGE: Or polite. I do but I'd rather give other people in the room a chance to go first.

JONATHAN ZUCK: But in the absence of hands, I'm going to just... okay. I'm going to put you on the spot and that will inspire others.

GEORGE: Okay, fine. Well then, I've made a number of notes during the course of the day and I hope that they'll be useful. First of all, you know that I came to this process late. I haven't been to any of your other meetings. I've looked at the material that's been distributed recently and I've been on the website and the mailing list for half a month.

So with that I think there are really three points that I'd like to make. From a Board point of view, what does this study say for the next round? I think that's the important thing we want to get out. We're not doing this in isolation. There will be a next round, the Board has committed to that. There may be rounds after that, who knows?

Sort of a minimum bar, a task I think has been achieved in this meeting. I see three things. First of all, with respect to trust, the surveys that have been reported on seem to indicate no degradation of trust when the new gTLDs were introduced and I think that's a minimum. If there were a problem there, I think we'd worry about it and try to figure out how to remediate it.

Second, the competition has clearly increased, whether in the price or the non-priced domains, the point is that there are more entrants in the market and it's implicit that there is increased competition. Although at lunch we were talking about the fact that some firms tend to have a lot of new gTLDs and in that sense there's competition among the gTLDs but the firm has essentially quasi-monopolistic power over that set.

Then third, there's the issue of choice. Choice has increased and one of the things that I found interesting, I talked about it at lunch also, there may be different interpretations of it, is that the rate of change, the rate of increase of the classic gTLDs has not diminished. It continues to grow at the same rate, although the observation was made that org and net may experience a different behavior than dot com.

And so I could interpret that as the fact that since the old gTLDs are continuing to increase at the same rate but there's business with the new gTLDs, what we're seeing is an expansion of the choice set and that's a helpful thing. People resonate to new domains, to new ways to brand themselves in the domain name space.

So all of that's positive and in terms of sending a signal to the Board of the process and I don't speak for the Board here, it's essentially my own opinion, what we have here is a confirmation that the New gTLD Program is not hurting us and that's a weak statement, but it's also helping us. And a major benefit of course that wasn't talked about very much in this meeting, I'm a little bit surprised, a major benefit is in the IDN space where anybody not using an ASCII character set has gone from zero opportunities to name a domain to one opportunity, to at

least one opportunity to name a domain and that is a growth rate that is infinite and I think that's maybe worth talking about more, deliberating more about now.

So why is this happening as Stan pointed out? It's interesting. There's a lot of activity that can be analyzed further. What's the trend? It's too short a time period to tell. I think that's pretty clear. So while we can't say much about-- I can't get much of a trend out of what's been produced, there is one and it will be revealed in the fullness of time.

But it's a wonderful opportunity to establish what is essentially a benchmark of the state of the industry and one of the things that I would encourage you to give some thought to is how do you update this periodically without going through a major exercise so that you can track what's going on in the industry and make more definite statements about it to help guide the process in the future? That's one of three, should I go on or have I opened up some points for discussion?

JONATHAN ZUCK:

I think you probably opened up some points of discussion, [inaudible].

MEGAN RICHARDS:

Thanks George, it's Megan speaking for the record. Just on the IDNs issue. We haven't addressed it specifically in this discussion today but we have discussed it many, many times in other sessions, just so you know, and it was one of the things that we discussed in the competition sub-group as well when we were talking about languages, etcetera. So that's where the IDNs are. It's certainly not been forgotten. It's one of

the areas we think there's been a lot of increase and we do pay a lot of attention to it just for clarification.

JORDYN BUCHANAN:

It's Jordyn Buchanan for the record. George, you said something that surprised me and I know you're not speaking for the whole Board, but it's a really important lens to think about what our job is here because I think we've been thinking about our job. The primary mission is to evaluate the cost benefit analysis of the gTLD program and in particular whether the benefits are greater than the costs. And if so, then I would imagine that it would make total sense to make more new gTLDs in the future unless there was some indication that it wouldn't be extensible into the future.

Similarly I think, I would assume that if we said the costs were higher than the benefits, at a minimum you would want to make sure you could address those costs before you proceeded with delegating more TLDs. Now I'm generally a cheerleader for the program. I think there should probably be for various reasons, there should probably be a bias towards another, I don't want to say round, but additional TLDs.

But you said that there's going to be another round and the Board's committed to one already. And if that's the case, I think that changes our mission a little because then it all becomes about making sure we're setting up a future round for success as opposed to answering that fundamental question of whether the cost benefit analysis has already been achieved.

GEORGE: Thanks, a quick response. The Board passed a resolution about four years ago saying that there would be another round. I'm referencing that.

KAILI KAN: Coming up from ALAC, I think-- Kaili Kan speaking. So, coming from ALAC, I think with ALAC we discussed that and the very strong understanding within ALAC is we should not go ahead with new rounds unless all the studies and reviews are completed and also fully considered. Otherwise ICANN should not go with new rounds. I think that is the overall understanding just for your information within ALAC.

So I'm a little bit surprised to hear that ICANN is already committed to new rounds. Of course [inaudible] four years ago that discussions within ALAC was [inaudible]. So just for the information of everybody and personally, I'm a cheerleader as well. I am not a cheerleader but I cheer for not going for new rounds probably because coming from ALAC, personally I feel that the cost much overweighs the benefits in addition.

So this morning we discussed that there are new channels opening up for apps and Facebook accounts, various accounts. So the demand for newer gTLDs is decreasing rather than increasing. So that is my personal overall assessment. Thank you.

JONATHAN ZUCK: I guess I want to caution everybody jumping to the end of our review today in response to George's summary. I think you're seeing a

somewhat skewed perspective having just seen a part of this because the downside consequences, only one of them was consumer trust but there's potentially DNS abuse that's going to be studied. There's a survey coming from IP holders to understand the costs associated with defensive registration and blocking or other forms of defensive registrations, et cetera. So in many respects we haven't really addressed the cost side of this as much as we've addressed the upside.

So I think we're not ready to draw that kind of balance conclusion yet. Nothing you said was not true, I'm just saying that it's just one part, one sort of vector into it. But we have a couple of people with their hands up but I don't know if their response is to George or if they're new observations. So Robert in the room. A new thing. So let's respond to George and then we'll come to you. So Stan, and then Carlos.

STAN BESEN:

This is Stan Besen. As you know George, I agree with the idea that it's probably too early to do a full evaluation of what's happened and the idea that there should be an ongoing evaluation effort over time, I know there's something called a health index which what I looked at what they were doing seemed to overlap a lot with what we're doing.

So maybe you should be thinking about how the learning from this activity could somehow be incorporated into what seems to be an ongoing activity, the health index, so that in fact that ongoing process benefits from this hopefully, one-time event.

JONATHAN ZUCK:

And one of the things that we're probably going to end up recommending are contract changes that require delivery of data. Because for an order for the ongoing measurement of things that they say the analysis group is doing now by screen scrapping Reddit. So that's not going to happen on an ongoing basis.

So in order for something like the health index to have any relevance at all I think there's got to be greater availability of data probably as well, at least for some of these metrics. Carlos, go ahead.

CARLOS:

Yes George, it's in the same sense. I mean, in the first round of documents we found that many people are analyzing the market and proposing software to analyze the markets, et cetera. And we think that the best way to keep these reviews up to date is not only that data is collected and delivered timely by the agents of ICANN or the contractors of ICANN, but that ICANN really develops more a sense of being the original source of data and data analysis. That would be very important.

I know ICANN has been very busy with the legal part, with the assignment part, with getting it on. But I think it should be ICANN's duty to be the original source of market data, of the DNS and I don't see it yet. There are many efforts. We have CCT metrics, we have health index, we have a long list of wishful data that is not being produced yet and I think there should be a strong orientation by ICANN to be the definitive source.

Like, when I think of the World Bank, every yearly report, they have a famous data set which has become the most important source for data for the global south. Well, I guess that should be in ICANN's output as well. Thank you.

GEORGE: May I respond?

JONATHAN ZUCK: [inaudible].

CARLTON SAMUELS: Carlton for the record. George, I'm going to continue along the lines that Kaili mentioned. That the ALAC position is well known, it's out there, but there's a fundamental issue I think that should be raised and put front and center. In 2011, when the Board gave approval for the new gTLD program, it said very clearly it wanted to announce competition and consumer trust and it goes on in all these things. So you would have thought that out of an abundance of caution, it would be interested in knowing what has transpired since then. So a lot of these studies that go on into the market place indexes building up would be a source, sources for you to have definitive data information on whether or not the goals that were intended for the program have been achieved or on the way to achieving or what we can do to it.

That said, there is a significant section in the At-Large that believes that there are gaps that we know now, especially with the terms of community type applications and so on that supported. That might

actually invite close scrutiny from the Board to see how that might be excised on the way towards a new program. So I just thought I'd put that in front.

GEORGE:

Thank you. Three of you have mentioned the appropriateness and the desire to collect information and have ICANN be the information collector so that you don't have to go through this exercise again. I think that's an absolutely superb idea. In 2011, when we gave the approval to the program, and by the way, I should note in all fairness that I was the only member of the Board who voted against that resolution. I admit it and I would vote against it again but for the reasons that were given at the time and those have been taken care of.

I may have sounded a little bit too confident and too positive. I think I'm getting a reaction against that. I'm suggesting that at a minimum, the minimum bar has been passed by virtue of the observations that are being made now with respect to trust and new competition and increased consumer choice. That doesn't mean that there aren't going to be problems and when the Board said I think in 2012, I don't remember exactly, that there will be more new gTLDs, it was in part said, I believe to calm the fears, that if you didn't get your application in now, you wouldn't have another chance in your lifetime. It was a way of saying "don't panic, we're going to do this again."

But they didn't say, or we didn't say when or under what conditions or with what changes in the program. So it's sort of an existence, a proof of concept rather than a definite commitment to proceed at a certain

time, with a certain set of changes or lack thereof. I can say more about that but there's somebody who would like to bring up another topic, let's go that way.

JONATHAN ZUCK:

I guess we can make the assumption that putting people at ease didn't work since we got 1,800 applications. But I want to come back to your other two points but Robert raised his hand for a new point. So let's take that and make sure it's in the queue.

Oh, you had your hand up too? Alright, so while you're getting set, David, go ahead.

DAVID TAYLOR:

Thanks George. Just wanted to address that. Sorry, David Taylor, for the record. David Taylor. Thank you.

Your point there with the Board and the resolution several years ago and I think Jordyn's point there about our job description because I think it is quite fundamental when we do discuss this and how we look at it, and I was just looking at a Board resolution back from 2014 and I think as always, it's always in the wording. Us lawyers always have everything in the wording.

“The Board has reaffirmed its commitment to opening a subsequent round in a timely manner.” So that's the timely point you mentioned. [inaudible] timely matter, is it? You said it may or may not be and when. But it's a commitment. There's no guarantee except for that. And then

when we look at “ICANN is committed to executing a number of reviews as part of moving forward with the subsequent rounds, not before deciding on moving forward with subsequent rounds.” So I think that's clear to me but it's slightly grey. But I think Jordyn's point there where if we do this analysis and we come out with some results and we say that cost does outweigh and these are the issues, do we know whether those will be addressed before proceeding or will those just be considered? How does that sort of fit in? Because I think that's maybe the nuance we're trying to figure out and correct me if I'm wrong Jordyn. I think I might not be.

GEORGE:

I wouldn't dare to speak for the Board on that point. My own personal opinion is I hope that those issues would be examined and dealt with before another round was launched.

JONATHAN ZUCK:

Which may not have been a Board resolution but Ray at one point speaking for the Board in the public forum did in fact submit to incorporating reforms of these various reviews before proceeding. So that question came up explicitly in a public forum. Robert, go ahead.

ROBERTO GAETANO:

Yes, Roberto Gaetano. Two paths, one is public interest registry chair of the Board and the second one as a long standing participant to the At-Large Advisory Committee. So I have the interest as an operator of the market but also from the consumer point of view.

I think that more than a point today is a general impression about this day and the presentations under discussion. I understand well that we need to start from a sort of a blue sky situation and I would say evaluate everything from scratch. But what comes up from the presentation is that there is, and from the analysis of the data, is that's a huge variety of situations.

When we are talking about for instance, just making an example is easier than making a long speech, when we are talking about consumer choice and competition, there are different aspects of competition. This is not the same thing in all parts of the world and for instance we have seen from the presentations that in the south of the world, unless we operate with certain specific measures there's not going to be a substantial competition. And we have seen that also from what were the applicants in the first round-- actually it is not the first round but in the current round, they are massively coming from the north.

Also when we talk about competition, we see now a thousand new gTLDs but the question comes, how many of those will be alive in a couple of years from now? If we have competition without a business model that diversifies you, that singles you out, that you have no reason for going to a specific TLD, you might as well continue with dot com which is something that is happening.

So I'm wondering whether we should for the future evaluate situations in which we have more targeted actions.

I was struck by the fact that IDNs, that I was thinking was the single-- I agree with George, the single, most important element of novelty here in this round of TLDs is scarcely used and that might depend on a number of reasons that have nothing to do, like for instance the Universal Acceptance and so on. But still, I was on the Board and George remembers, I was one of the supporters of the IDNs and I'm a little bit upset that now that we have IDNs, that this is not coming to fruition. So I wonder whether the next actions in terms of improving competition and consumer choice have to be targeted rather than going on a catch all type.

One last comment on the methodology. I think that we have to be careful in the way we analyze the data. Even well run research, like the Nielsen, that I appreciated the results. When I see things like whether the-- and I'll make two examples. One is the confidence, the trust in the system, and the trust in the system is improved by the introduction of new TLDs like dot bank.

Well, if I were to be a naive consumer and somebody comes to me and says, "Now we have dot bank and that allows you to trust an online presence for your online banking", my first reaction would be, "Oh, gee. My bank doesn't use a dot bank. Do you mean that I'm not protected?" And so I would be inclined to say I'm losing trust. So it's just the way we are looking at data. We have to be careful.

And the second example, when we say awareness of the new TLDs we have to realize that the lower awareness of certain TLDs does not reflect in a decline of legacy TLDs. That does not necessarily reflect in a decline

of the sales of that TLD. And I'm making the example of dot org whose figures I, for the reason that you know, I tend to know well. The awareness has declined six points or something like this. But in fact the sales are doing pretty well. So the lack of awareness doesn't mean necessarily lack of presence in the market. So this is just another example to say that we need to be careful at the way we look at data and we interpret data when we come to conclusions.

JONATHAN ZUCK:

Sorry, I wasn't on the microphone. Are there any reactions to Roberto's points? Which I think there were about three points in there, primary points. Does anybody have reactions to those? Carlos, go ahead.

CARLOS RAUL GUTIERREZ:

Yes, I have a mental note that we have to discuss user behavior and I see a big difference between active pages and parking or using pages for abusive purposes and so on. So I think it's very important, the message to look at-- I don't know exactly when or how [inaudible] of pages that are online, dedicated to direct people to new sites or existing sites or redirecting people.

JORDYN BUCHANAN:

It's Jordyn again. So Carlos, just for context, since you're in the other sub-team, the competition and consumer choice sub-team is actually working with nTLStats to get some park site data that we can compare across both the new gTLDs and then legacy TLDs and hopefully some ccTLDs as well. So we can sort of see how that behavior exists.

nLDStats already does a pretty good job I think of making the distinction that you're talking about, which is, like, are people actually using these sites or are they just parking? Because they track parking across every registration in all the new TLDs and they're breaking down into a number of buckets ranging from this domain is not delegated to there's an actual parking site, so it's set up for a redirect. So there's very good data on how the new TLDs are being used. We just don't really know how to compare that. It's like we looked today and it said 58% of registrations in new TLDs are being parked. That's a lot but maybe 85% of dot coms are also being parked, in which case, that wouldn't be a problem. It might actually show more usage, right? But I suspect that's not true. But we need some baseline to compare them against, which is what we're trying to get.

DREW BAGLEY:

This is Drew Bagley for the record. Roberto, I was just curious as to what in particular you were interested in as far IDNs that you thought maybe the broader based research going on wasn't going to cover so that we could make sure we're incorporating that input.

ROBERTO GAETANO:

No, actually. This is Roberto, for the record. Probably I didn't make myself clear, as often happens to me. My point on the IDNs was just a personal frustration about the fact that the new IDN gTLDs don't have a number of registrations that I was expecting and I wonder whether we have besides the open problem with the Universal Acceptance, that it is obviously a constraint, whether we have a systemic problem that has to be addressed in the next round. So whether we should target some

actions to favor the IDNs so that we do what was the purpose of developing the IDNs in the first place and to allow the people who don't have the knowledge or the ability to use ASCII script to access the internet.

So it's not a problem that I see within this group. It's just a general situation and it's a question whether we should take this as one of the primary objectives of the next round specifically.

UNKNOWN SPEAKER: Thank you.

JORDYN BUCHANAN: So, it's Jordyn Buchanan. I'll just say, I mean there has been a lot of chatter. I think a lot of new registry operators would probably agree with your statement, that the registration numbers have been a lot lower than they expected as well. I think you're absolutely right, the Universal Acceptance is a part of that, but I would imagine that it's a small part. I think there's this notion, there's this discussion of the second concept parallel to Universal Acceptance which is universal awareness, so that people even know that these things exist, to have the opportunity to think about registering one of them.

I think one thing we see in the Nielsen surveys is the awareness of the new gTLDs which is much, much, much lower. And so I understand from my marketing team that when your product has really low awareness, it's very hard to sell it.

[CROSSTALK]

They're very top notch. They have these very deep insights into how markets work. So I don't know if we're going to be able to make any recommendations along those lines because it may fall outside of the remit of this team but at the very least, I think you're right to flag that as a potential issue.

On the other hand, I will say if you look at what's happened over the past few years since the program has been launched and you look at new registrations in particular, I'm struck by how close to it being the case that about a third of registrations have been in the new gTLDs, about a third of registrations have been in the legacy gTLDs, and about a third of the registrations have in the ccTLDs. And it strikes me at the very least, this body of TLDs sort of looks a co-equal competitor alongside of these other two sort of bundles that we're dealing with. So there's hope even if the numbers aren't profoundly high at this point. [AUDIO BREAK] registrations since the program started.

UNKNOWN SPEAKER: [inaudible]

JORDYN BUCHANAN: Correct, yeah. But that tells us at least when people start afresh at a domain registrars page that the new TLDs are being given serious consideration at that point, even if we don't see a lot of people necessarily, even if we don't see registration numbers that are as high

as they are, like total base, as high as they are on dot com. But dot com has obviously had decades to build that up.

JONATHAN ZUCK:

This is Jonathan. I have a question too because I feel like there's a little bit of a disconnect, that it may end up being a distinction without a difference. I feel like you were talking about second level registrations being less than we hope what they want to be and Roberto is potentially talking about the fact that we've now enabled IDNs at the first level and that there weren't a lot of applicants for them, that we didn't end up creating a bunch of IDN top level domains. Is that...?

JORDYN BUCHANAN:

I've been mostly staying out of the IDN discussion. Our first TLD was a Japanese IDN and I think, if that's what Roberto is talking about, he's actually right. I think the Universal Acceptance problems on the IDN side are debilitating. They're not just kind of annoying like they are on the ASCII side. You can't login to Google with an IDN email address, you can't login to Facebook, you can't login to any number of systems. One of the most common things you do with a domain name is have email addresses attached to it and now it's possible on some systems to send emails back and forth at least, but you can't use it as an identifier across all these systems. Which makes them almost worthless.

We stopped actively marketing our Japanese IDN because we felt like we were selling people a product that was really incomplete and I don't think-- it would be hard to imagine getting a lot of people to apply for

IDN TLDs until that problem has been significantly addressed. That is something at least that Google we're working at internally quite a bit.

JONATHAN ZUCK: Back to George.

GEORGE: Thank you, George again. Just a footnote on the previous conversation. I think that the issue of consumer trust is likely to endure a little hiccup in a few years when we start seeing wholesale registries on a wholesale basis going out of existence and the EBERO people taking over.

I don't know what's going to happen then. I don't think that all of the existing registries can survive and the extent to which that happens may hurt the trust issue quite a bit. I don't know.

Let me talk about the Nielsen studies. Just some observations on that. In an early life I did a fair amount of sample survey work and analysis of survey data. I found the Nielsen presentation of a sample frame and the panels and the work they did very complex, hard to follow. I notice that Stan asked them for a couple of explanatory footnotes on how they chose their population and what the strengths and weaknesses of that sample frame was.

I think you're going to need an appendix. I think that anybody who really understands sampling is likely to have a lot of questions and need to look more closely at the validity of the results. A couple of things, I noticed at the end of the survey when, I think question 70, 70-80,

something like that, when there was a discussion about are you familiar with malware, how scared are you about what's happening either with new gTLDs or just gTLDs. I don't remember how it was phrased.

If you look at it, there were about five or six different kinds of malware that were presented and there were about five or six kinds of mediation that you could use to limit the extent to which that malware would affect you. Well, there were a lot of cases in which the mediation effects were totally independent of the kind of malware that was posed. I can't give a good example right now, and I should have extracted one, but it struck me that this was a case in which the respondents were just checking everything, going on to the next box, checking everything and so on. So, I'd look carefully at that to see if the responses were realistic.

A couple of other things. Kaili, when you were talking about China and the behavior of China being very different, everything parked, in effect. I recognized that you had a point. I looked at the regional statistics of the trust issue, and the regional balance wasn't very great. I could see, for example, if you had a question in which the differences in trust or the differences in whatever that were being measured by region varied really significantly, then you would want to look for a reason, you would want to look for cultural behavior, some kind of I don't know what, some kind of strong effect that wasn't uniform across regions.

I didn't see it in the Asian case, and so I was a little taken aback when you mentioned the parking rates in China. And that may indicate that there isn't a complete capture in those results of what's going on. We

talked about it a little bit, but I was a little bit concerned about that, and I just wanted to mention it. I didn't find any of the survey responses terribly out of line with what I sense about the industry. It seemed like more corroboration of what is probably the common wisdom among people who understand the industry. And I concluded moderate change, if any, between the two years and, [inaudible] extrapolation was uncertain. Maybe because I did have that prior survey and programming experience, I listened to some of the questions that were being asked: 'What about this? What about that?' And the question that came to my mind was, 'Hey, who owns this data? Does ICANN own it? Or does Nielsen own it?' And if ICANN were to own it, and I were a member of the committee, I'd get a copy of it and I'd fire up SPSS or SASS, and I'd be able to answer these questions very quickly. Not in a non-thinking way, but thinking about, 'Well, here's what we got, and if I perform this experiment, here are the tables I need to generate.' Then I'll have my answer. Then if I realize that that was the wrong question, I can go back and ask another question. I got a lot of push-back on that from a couple of people here saying, "That's staff work. We don't have time for that." But it's really the difference between batch computing and interactive computing in terms of the number of turn-arounds you can get and the extent to which you can explore a question in depth if you take that approach. Let me stop there.

ELEEZA AGOPIAN:

This is Eleeza. Just to answer George's question. We do have the SPSS files if anyone wants them.

KAILI KAN:

Kaili Kan speaking. Just to answer to George about China. First of all, China doesn't seem to be different from the rest of the world in terms of consumer trust and so forth. That does not surprise me because when our most outstanding [inaudible] of China's [inaudible] is tightly controlled by the government. So, because of such tight control, the consumer trust issue is not a big issue in China at all, because it's filtered and filtered again and again by the government. So, trust is not an issue in China.

However, because of two factors, one is very tight government control, the extremely extensive scrutiny faced by anybody who once applied an internet address, domain name really being used? That is one factor. Another factor is about the capital market in China, because the real estate market and also the stock market crashed last year. So, because of these two factors that [inaudible] China, probably especially on speculation, will be the most [inaudible] in the world. Also, just [inaudible], both Jordyn and Stan mentioned that, worldwide, the percentage of park registration is well over half of it. 58 or even 75 percent. So that partly supports [inaudible] that say, 'China, because of its environment, will [inaudible] over 90 percent', that would not be a surprise. Just to answer your question. I'm saying my personal understanding. Thank you.

JOHNATHAN ZUCK:

China is coming up quite a bit. I mean, I've also heard the rumor, and I haven't seen the data to support it, that the reason that the growth rate

of COMM has remained constant is largely the result of Chinese speculation, as well. That a lot of the speculation by China isn't just in the new gTLDs, but also in dot com. And that if somehow we were able to control for China and the massive speculation that was going on there, we might see different behaviors around the world. So, we may look to try and do that. But it applies, not just to the new gTLDs, but to some of the legacies as well.

KAILI KAN:

Yes, indeed. What I was told was that actually speculation started, first, within the legacy TLDs and then went to ccTLDs. It started out there. Also, going into only a small portion of speculation went into the new gTLDs. Maybe less than half or maybe only about one third of the speculative registration went into the new g's.

JOHNATHAN ZUCK:

Right. George, on your other point about statistical software, because I have that background as well, the only analogy that I can think of from my current life is that I make movies, and sometimes I play the role as director, and even though I'm playing the role as director, I'm familiar with how to use editing software, but I benefit a great deal from having an editor on board and for that exchange to take place. So, the hybrid of your suggestion may be to designate someone, whether it's on the team or it's somebody from Nielsen and we just pay them a little bit more to play that more interactive role. Because I too noticed that David was kind of confined to his slides as a mechanism for answering these, kind of, hypothetical questions and cross-tabs, and that it might be worth

trying to set up a more interactive environment with somebody at Nielsen that, in fact, has the SSPS files in front of them, and we can say, 'Can you run this cross-tab now?' and they run it. 'Oh, that's interesting. What if we did it this way instead?' And so we get to the interactive form of computing, but maybe without expecting folks in the review team just to do it at home. But to make that a concerted effort to have a more interactive exploration of the data may be a good recommendation for us to try and look into. Because I, too, observed that there was a constraint on him based on his memory of the previous survey and, also, what he had decided to put in the slides for this one. So, if we want to really do that kind of drill down, with him or with somebody on his team more adept at doing it, it's probably something we could arrange.

KAILI KAN:

Yes. Well, just one more point to add on to an explanation of China. For China, I would say, the other channels, other than registering domain names, for example, the E-commerce. China's E-commerce company, Alibaba, is much better than Amazon and eBay combined. Almost double the size of these two combined. And it's growing at a 20 percent annual rate. While it has tens of millions of sellers in Alibaba, none of them register a domain name because they use the Alibaba account.

Also, for China's [inaudible] the company, we chat. Okay? They open up the E-commerce as, you know, for home-made meals, and also reported millions and millions throughout the country. Also, in other areas that the alternative means of opening accounts and also apps, rather than

domain names, is especially proliferate in China. Wide spread in China. Therefore, while the registration number is huge, the real usage for them is very little. So, now we have three factors of the China situation. Thank you.

GEORGE: This room has people who are too smart to just believe everything they hear.

[AUDIO BREAK]

CARLOS RAUL GUTIERREZ: Carlos Gutierrez. Thank you very much, George. To the point of the regional differences, I thought it was very important that we had these regional differences shown in the Nielsen report, otherwise ICANN is doing a lot of research for underserved areas which are hardly comparable.

We just had last week a progress report on the Latin American market, and Latin America, of course, we have no problem with the IDNs because we use Latin script, but two very worrisome examples of what's happening, and we have not been able to capture at this level. First, that in Latin America the ccTLDs have a dominant position. Those are local monopolies. 70 percent of registrations in Latin America are handled by ccTLDs. And, as far as new gTLDs are concerned, most new gTLDs come from Belize, Grand Cayman and Panama on their proxy registrations. So, all data had to be cleaned for these black swans. So,

it's very important to get [inaudible] also of these issues, and I think that should be also a message. How are we going to bring these regional efforts that are being financed independently of these efforts, so that they remain comparable? Thank you.

GEORGE:

You've given me a segue into a footnote I'm going to suggest for Johnathan's idea. Johnathan, what you're talking about is a research assistant. Somebody who you can say, 'Go run this cross-tab for me. Do this. I haven't got time, but I can specify it, and then I want you to come right back to me, and we'll go on and do something else.' If you have that capability within ICANN, as opposed to in Nielsen, you would have the opportunity to use that data, not in only this year, but next year and the year after, to look at trends that you hadn't anticipated this year. I'd strongly recommend institutionalizing... I don't know what you call it, but something that would give you the ability to quickly go back and define new regions. For example, if you wanted to lump all the least developed countries of the world together, you could do it if there were a country indicator there, without having to go back to Nielsen.

Anyway, that's just a suggestion. But it goes into my next area, which is the application and implementation study. I'm so glad. This is all a personal reaction, I am so glad you are doing this. The problems you describe, the singular plural problem and the string similarity problem, really caused major, major issues for the Board and as well as for the community in the current round. And we're not done yet. So, both of them put the NGPC, the subset of the Board that was non-conflicted, in the position of either making a decision, which would be regarded by

quite a few of the community as making policy, and we know that's a no-no, or sending it back to the GNSO for some kind of policy decision, which we've made the assumption that this would have taken a long, long time, because it would have opened up a policy decision, maybe it required a PDP, maybe it didn't, whatever. And so, in general, what we did was we eventually just bit the bullet and made the decisions, and that caused a lot of grief.

On the string similarity contention, somebody made the comment that string similarity was based solely on the way in which the string looked visually. That was not the case. I don't know the conditions under which it was made, but we had a case, for example, of the, let's see, dot shop, and I think this has been settled, I'm not sure, dot shop in ASCII and the Japanese combination Kanji Hiragana string for shopping, and the person who judged the similarity of those two strings said, 'they're similar.'

Of course they don't look at all like the same string, and yet we were faced with that, and with no ability in the process to dispute the recommendation of an external expert, who told us that they were the same. And, typically, what we lacked I think was what I'll call, somewhat facetiously, a reverser of insane decisions, and in any of the process, so that we were stuck with that. Now, I think we did manage to reverse that because it was so blatant. But the fact that you're looking at these things and you're looking at things which gave us problems, not only gave the applicants problems, but gave the community and the Board problems for the second round, I think, will be very valuable.

JONATHAN ZUCK: You're welcome. David, go ahead.

DAVID TAYLOR: David Taylor. Yeah, thanks for that George. I couldn't agree more that the string similarity confusion caused much confusion and many problems. I've said this before and I'll say it again, because it's something which ties in with many of the issues we deal with when we talk about, is the whole process made for insiders. People who know what's going on and how you explain it to people. And it's one of those things where I've talked to clients as a lawyer and they asked me, 'Will we be able to apply for a plural?' And I say, 'I don't know,' and they say, 'But, surely, you do know. Because you're involved in this business. And our normal lawyers don't know, so that's why we've come to you.' 'I don't know it depends.' And you go through that whole rigmarole, 'on one hand, on the other hand, etc.' So, to get that cleared up for future rounds will do everybody a favor, but it's a heck of a task.

Just to go back to your point where you said about the visual similarity. I think that Jordan mentioned that, the visual similarity was just on the original, you know, the UNICOM, unicorn, etc. Panels would take everything into account, so that was certainly something which... and again, for disclosure, and as Jordan mentioned after Google, we filed quite a few string similarity objections and defended them. And when you're arguing about whether an 's' is important or not, it depends on many, many factors, and including jurisdiction and the legal basis. So,

very, very complex but compared to the original findings, it was just purely visual.

GEORGE: Thanks for the clarification.

JOHNATHAN ZUCK: David, to quote Nancy Reagan, I think you should just tell your clients 'no'. Just say 'No. No to plurals'.

Any other questions or reactions to George's observations? I get that last one was more just an expression of [inaudible] that we're engaged in that particular topic, which we certainly are. Anything else from any other observers, either in the Adobe Connect room or in the room? I think that distinction may be a non-distinction. Okay, well...

UNKNOWN SPEAKER: [inaudible]

JOHNATHAN ZUCK: I think it is. It's an old hen. Yeah, that was my sense. He never made it back to his computer, so it's a decrepit hand by this point. It's a decayed... It's more of, really, a skeletal hand at this point. So...

UNKNOWN SPEAKER: [inaudible]

JOHNATHAN ZUCK:

Yeah, exactly. It's propped up. Any other comments or commentary from today? Or concerns for tomorrow? We're at the closing of our session for the day. We'll be heading to dinner next, but I just wanted to open up if anybody found anything they want to raise. Otherwise, good job today. Like I said, this was an intense couple of days. The day went by fairly quickly in a lot of respects, so let's just assume that tomorrow is twice as intense and get done as much as we can. Thanks everyone for your participation. And I will see, the review team members anyway, at dinner. Thank you. And you may now stop the recording.

[END OF TRANSCRIPTION]