

QUARTERLY REPORT ON THE TRANSITION OF THE STEWARDSHIP OF THE INTERNET ASSIGNED NUMBERS AUTHORITY (“IANA”) FUNCTIONS (Q2 FY2016)

The Consolidated and Further Continuing Appropriations Act, 2016, Public Law 114-113, directs the National Telecommunications and Information Administration (“NTIA”) to report on all aspects of the proposed transition of the U.S. government’s stewardship role over the IANA functions. NTIA’s previous reports and detailed background can be found at NTIA’s web site.¹ This report covers activities from January 1, 2016 to March 31, 2016. As required by Public Law 114-113, NTIA will continue to update this report on a quarterly basis.

I. Status of IANA Stewardship Transition Proposal

A. IANA Stewardship Transition and Enhancing ICANN Accountability

At the 55th meeting of the Internet Corporation for Assigned Names and Numbers (“ICANN”), which was held March 3 - 10 in Marrakesh, Morocco, the Cross-Community Working Group on Enhancing ICANN Accountability (“CCWG-Accountability” or “CCWG”) finalized its proposal and received consensus support from its Chartering Organizations to submit the proposal to the Board.

On March 10, 2016, the CCWG-Accountability and the IANA Stewardship Transition Coordination Group (“ICG”) forwarded their approved proposals to the ICANN Board for transmittal to NTIA. During the ICANN Board’s public meeting on March 10, the Board voted unanimously to accept the proposals and forwarded the completed transition proposal package, which is comprised of the ICG and CCWG proposals, to NTIA for review.²

As noted in our previous reports, the ICG portion of the proposal represents the recommendation of the three communities primarily responsible for the IANA functions (consolidated protocol parameters, Internet numbering, and name-related functions) that form the plan for transitioning the IANA functions. For the protocol parameter function, the proposal relies on existing vehicles and practices that have been used for over a decade—a Memorandum of Understanding between the Internet Engineering Task Force (IETF) and ICANN and an annually updated Supplementary Agreement. For the Internet numbering function, the plan proposes that ICANN continue to act as the operator for those services under a contractual Service Level Agreement with the five Regional Internet Registries and establishes a Review Committee to monitor performance. For the naming function, the plan proposes: a new, separate legal entity that

¹ These reports and other NTIA publications on this topic can be found at: <http://www.ntia.doc.gov/category/iana-functions>.

² The complete IANA stewardship transition proposal package is available at: <https://www.icann.org/en/system/files/files/iana-stewardship-transition-package-10mar16-en.pdf>.

is separable from ICANN; a Customer Standing Committee responsible for monitoring performance of the naming function per contractual requirements and service level expectations; and a multi-stakeholder IANA Function Review process.

The CCWG-Accountability portion of the proposal was developed by the multi-stakeholder community, which included representatives appointed from ICANN’s Supporting Organizations (“SOs”) and Advisory Committees (“ACs”), as well as interested members of the public.³ The proposal recommends new accountability mechanisms for ICANN post-transition.⁴ This portion of the proposal recommends a power sharing structure between the ICANN Board and ICANN community Supporting Organizations and Advisory Committees by creating new community powers. This “Empowered Community” will be able to challenge Board decisions and replace Board members, as well as the entire Board, using a defined engagement and escalation path.

B. NTIA Engagement

NTIA attended the ICANN meeting in Marrakesh, Morocco, and observed discussions regarding the approval of the CCWG-Accountability proposal by its Chartering Organizations, including the Governmental Advisory Committee (“GAC”). During this quarter, NTIA also monitored virtual meetings, held twice per week, to finalize the details of the accountability proposal. In addition, NTIA followed the March 17 House Communications and Technology Subcommittee hearing on “Privatizing the Internet Assigned Number Authority,” and noted all of the witnesses’ support for the transition proposal’s recommendations. NTIA also took note of the fact that all witnesses confirmed that the proposal is fully implementable by September 30, 2016, when NTIA’s contract with ICANN expires.

C. Transition Timing

NTIA received the stewardship transition proposal on March 10 and has set a target of 90 days to complete its review.⁵ During this time, the ICG and CCWG-Accountability will be working with outside counsel to create implementable draft Bylaws from the recommended Bylaw amendments in the transition proposal. The public will be given the opportunity to comment on whether these draft Bylaws adequately reflect the recommendations of the proposal. NTIA is closely watching this process, and will not finalize its review until this process is completed. The ICANN Board is expected to vote on whether these draft Bylaws adequately represent the recommendations of the proposal on or around May 27.

In addition, ICANN has stated that in the event of NTIA’s approval of the stewardship transition proposal, ICANN would produce an implementation report by August 15, certifying that

³ The ICANN Community consists of three Supporting Organizations (“SOs”) that develop topic-specific policies, as well as four Advisory Committees (“ACs”) that provide advice on those policies and the wider ICANN activities.

⁴ See ICANN Announcements, “Proposed Charter for Enhancing ICANN Accountability Cross Community Working Group (CCWG) Submitted for Consideration” (Nov. 5, 2014), available at: <https://www.icann.org/news/announcement-2014-11-05-en>.

⁵ NTIA’s blog post on the review process is available at: <https://www.ntia.doc.gov/blog/2016/reviewing-iana-transition-proposal>.

it is prepared for contract expiry on September 30, 2016. NTIA maintains the flexibility to extend its contract with ICANN if necessary.

NTIA recognizes that Congress has a strong interest in this proposal, and we expect Congress to closely monitor and review the proposal, as well as our evaluation of the plan. NTIA will continue to provide timely updates to Congress in addition to quarterly written reports.

II. Next Steps

In the third quarter of FY2016, NTIA will review the IANA stewardship transition proposal against the criteria it established at the outset of the transition process,⁶ guided by the recommendations in the U.S. Government Accountability Office report published last September.⁷ NTIA has said that the proposal must support and enhance the multi-stakeholder model of Internet governance, *i.e.*, it should be developed by the multi-stakeholder community and have broad community support. We will not accept a transition proposal that replaces the NTIA role with a government-led or intergovernmental organization solution. The proposal must maintain the security, stability, and resiliency of the domain name system; it must meet the needs and expectations of the global customers and partners of the IANA services; and it must maintain the openness of the Internet. NTIA will continue to keep Congress apprised of new developments throughout the review process.

III. Conclusion

The two years of effort by the Internet community to develop the transition plan has been truly historic and unprecedented work. NTIA believes that engaging the global Internet community to work out these important issues has strengthened the multi-stakeholder process and will result in ICANN becoming even more directly accountable to the customers of the IANA functions and to the broader Internet community. The successful completion of the transition will help ensure that the Internet remains an engine of social and economic empowerment both at home and abroad.

NTIA is cognizant of the directive from Congress to inform the relevant committees in advance of any decision related to the transition. NTIA appreciates the interest of Congress in this important topic and thanks Congress for its continued support for the multi-stakeholder model of Internet governance.⁸

⁶ NTIA's announcement is available at: <https://www.ntia.doc.gov/press-release/2014/ntia-announces-intent-transition-key-internet-domain-name-functions>.

⁷ See U.S. Government Accountability Office report on Internet Management (September 18, 2015), *available at*: <http://www.gao.gov/products/GAO-15-642>.

⁸ See S.Con.Res.50, 112th Congress (2011-2012), *available at* <https://www.congress.gov/bill/112th-congress/senate-concurrent-resolution/50/text>.