

TRANSCRIPT

Finance Working Group Telephone Conference *5 June 2013*

Attendees:

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Byron Holland: Alright, well welcome everybody. As we try to make, I think, continued progress with the Finance Working Group, I thought we took a good step forward in Beijing and, certainly, I think—good morning, who joined?

Roelof Meijer: Hello, this is Roelof. Hi Byron.

Byron Holland: Hi Roelof. Welcome. We're just getting started right now. So the goal here is to just continue to build on the momentum that I think we started in Beijing certainly with the different tone and approach that ICANN and Xavier had taken to this discussion. And I really just wanted to use today as, essentially, a working session to get feedback on the set of documents that I had sent to the Working

Group which, I believe, were really an evolution of the work that we did and the documents that we saw in Beijing and, as best I could, try to capture both the detail and the spirit of the discussions in Beijing.

So today, for the most part, I would like to take feedback and have a conversation around the direction that you see here in the documents, the framework that's outlined here and just get input into that so that, as we work towards Durban, hopefully, we can come to something that we have general consensus on putting forward to the community for further input and feedback.

Is there anything else that people would like to add to the agenda for today's call? Okay. Then we'll just dig right in. So I thought—there are really a few documents but the core ones are what I would call the principal document which is the one titled Voluntary Contributions. The other piece is the Excel model, a very simple model that we built around the bands that gave everybody an opportunity to play with the contribution value themselves because, at the end of the day, if we look at this as an equation, we don't have that many variables to play with but this model essentially gave—provides everybody an opportunity to try to fine tune the dials as it were to come up with a total contribution number for the whole community.

And then the appendix which I thought would be a good place to start just as a recap, bringing everybody back up to speed on where we're at. And, really this summarizes, as you can see on the screen, I think where ICANN got to which was a big step from where we have been for most of this discussion. And that's really putting numbers to it. And as crazy as that may seem, this—in Beijing was really the first time we saw actual hard numbers and they are reflected here from the three categories. The expenses specifically identified as being a direct result of supporting ccNSO-related activities and that's \$974,000. And then items that are considered shared expenses or activities that we'd enjoy the benefit of the resources expended by ICANN but as do other communities. And so we share those expenses among a range other communities. And they're listed here. And I think they're certainly the obvious ones, the ICANN Board, the ICANN meetings, IANA, and IDNs. And we've also, in that category, taken into account the ccTLD-ICANN host meeting contribution so that's where you see that as a negative number. I hope that's clear here.

And the total of the specific and the shared is just shy of \$3.7 million which shouldn't be a surprise. That's a number we all saw in Beijing. And I think the other really big difference from the discussion we've had with ICANN since this working group started up until Beijing was around the global expenses. And that's where ICANN for all time until Beijing had been effectively allocating to the cc community a very significant dollar amount as part of that global component.

And the discussion around an exchange of values finally took root and ICANN has basically accepted the fact that the exchange of value here, the value that ccs bring to ICANN and the overall ecosystem versus the global resources expended by ICANN for which we enjoy some benefit in some way, shape or form, that will be very difficult to specifically quantify on both sides. But there's a recognition that it's there and fundamentally coming to the conclusion that let's just agree that there's significant value expended on both sides and we'll call it even on that category. And that's, I think, a major step forward.

So this appendix slide just attempts to capture in a very simple, easy single page, you know, the actual numbers associated with the categories and put a final target number, at least certainly from ICANN's perspective in that bottom right cell which is the \$3.691 million.

So my sense is that's a reasonable place to start in terms of a number and then, really, what we need to focus more on is, okay, if that is a target number, then how is that going to be reasonably distributed among the ccs? And if we go back to Beijing and, for those of you who peruse the transcript, the 25 pages of transcript from that meeting, really, what we did is have general agreement, the framework, the banded model framework was still the appropriate one and, really, the key here was to find a set of principles and a set of bands that reasonably distributed or allocated that—at least the working number \$3.7 million across the cc community.

So that, I think, is generally where we left Beijing and then, with that, I've tried to put more words, essentially, to that framework in terms of a set of principles. Are there are any questions or comments at this point before we move to the next slide?

Okay, hearing that— Lise, please. Go ahead.

Lise Fuhr: Yes, yes. Well, you're talking about the appendix slide?

Byron Holland: Yes.

Lise Fuhr: Because we are supposed to see all the specific and shared costs are from Xavier and they promised to send us some extra materials on the shared, I think, and we never got it. And I spoke to him in Los Angeles, like, a month ago and he would send it to us because he thought he took too much into our share. He thought he was. Well, I just haven't seen those numbers. I'm sorry to be picky on the numbers but I'm just—I agree that we shouldn't get too much into details on the numbers but I still think it's a lot of money we're talking about and, when I see how we divide things—

Byron Holland: Okay, so if he's committed to providing something, he should provide it and then, Bart, maybe we could take note of that and follow up and press on Xavier who will be on the call on June 25th. So we will—let's remind him and also we can talk about it live with him on the 25th. If he is committed to it, then I'm hoping he is going to deliver it before then.

Lise Fuhr: I think he was. I don't know if he is still working on the numbers or what the problem is.

Byron Holland: Go ahead Bart.

Bart Boswinkel: I know Xavier. He's overwhelmed, currently, by the budget et cetera internally but I'll see him, anyway. so I'll remind him and, if you look at the structure of the calls, say, the way we structured it, it was intended that, say, around the 25th, we would revisit and finalize the, say, the total amount.

Byron Holland: So that certainly is an action item for him then if he's made that commitment. I mean, regardless if he's busy, if he made the commitment, he should honor it. Now that said, Lise, actually, since you bring that up and then let's not transition to the next slide just yet, in Beijing, you and Alain had the opportunity to sit down with Xavier and dig in a little deeper into the numbers. My recollection of that was you seem to have been provided comfort and were relatively confident at that point that adding more detailed numbers actually supported the higher level numbers we see here. Could you just give us your take on what happened in Beijing?

Lise Fuhr: Yes, I agree when we saw the numbers, I see the numbers he put into our costs were actually showing somewhere in the budget but we never, kind of, said well, it's okay to use \$377,000 on governance numbers on the ICANN Board. For me

it was like seeing—could I see a larger, again, what he took, what part of our costs he put in to this specific and shared value. And I think there's a nice business logic in it but still think it's a lot of money they use, the CCNSO group, and I'm not sure it should be that much—but our amount that's shared with the other constituencies or—that's fair.. What I'm trying to explain is that I still think we use too much money on the group but it's used or looks like it used.

Byron Holland: Okay Alright. Well, that's certainly a reasonable comment and I will make sure that I press on Xavier as well and remind him of his commitment to you and (inaudible) to this group.

Bart Boswinkel: Lise, this is Bart. Could you be so kind to send me an email what you asked him because—

Lise Fuhr: What I asked him? Yes, and he knows because I met him in Los Angeles when I was there with the RTM (inaudible) and I talked with him and he said, "Oh, I'm just not really sure of some numbers and I'll send it to you when I'm ready." But I say he promised it to Alain and me two days after the meeting so—he never got around to it.

Bart Boswinkel: No no. It's just so I know what you asked him so I don't ask him because I'll see him tomorrow anyway. Is that I don't ask him something different. That's why I asked.

Lise Fuhr: Okay.

Byron Holland: Okay, that's great, Bart, if you could remind him.

Lise Fuhr: I'll send you an email.

Bart Boswinkel: Okay, thank you, Lise.

Byron Holland: Okay, moving on then. But that's a good point, Lise, and I'm glad you brought that up. Thank you. If we could go to the first slide titled Voluntary Contributions of ccTLDs. I think it was at the top of this presentation. Kristina? Who's driving this? Eduardo?

Kristina Nordstrom: It's me. Which slide was it?

Byron Holland: The first one. Eduardo, please go ahead.

Eduardo Santoyo: Just to mention that as (inaudible) that Matthew went to the team a few days ago is that we have to see how these numbers can be affected considering the new gTLD program in the part—and the scope of ICANN activities within the frame of five years now considering the new gTLD program. Then, for the final numbers, we should ask always to consider that (inaudible) could be affected for the nearest structure of ICANN in the next years.

Byron Holland: Yes, and I think that's a great point, Eduardo and Matthew—is Matthew on the call? Did Matthew check in? Gabi?

Gabriella Schitteck: Sorry, I was on mute. No Matthew is not on the call.

Byron Holland: So that's a good point. Thanks for raising it, Eduardo. It was also raised in Beijing, I think, by Matthew. And I think that that's a very relevant point so just to recap it, it's really saying that as the gTLD world evolves and as ICANN no doubt expends more resources against that part of their activities, as a relevant proportion there's a potential for the resource percentage, a proportion allocated against the cc space to perhaps drop. Or at the very least, we don't know how

that proportion is going to change and how do we reflect that over time? And I certainly thought it was a relevant comment. This thing that I think where we can capture that is in the shared expenses. I mean, the specific expenses allocated against us are, I think, are, sort of, hard costs to support what we do. And regardless of proportionality of expenses between communities, that's not really impacted because those are just hard dollar costs expended against ccs. So you can kind of strip that one out.

The global one we're just agreeing that it's going to be an exchange of value as opposed to an exchange of dollars. So really where you come up against it is in the shared expenses and my sense is that that's going to be a set of expenses that have to be reviewed on an annual basis. Well, all of these will be. And that's where you will see that proportionality change and I think it's up to us to make sure that we're comfortable on a yearly basis that that is accurately reflecting the proportion of expenses allocated against us. And I think what we might see is, over time, expense items like the ICANN meetings or IANA or, potentially, IDNs—our proportion of those expenses would likely float down as more and more gTLDs come online. But I think to your specific question Eduardo and Matthew, by extension, is that we would be able to capture a change in allocations between communities in this category with the assumption, the underpinning assumption, that we review this on an annual or regular basis. Now ICANN's going to come back with these numbers on an annual basis, I'm assuming, but that is only an assumption and we'd be able to capture that change in proportionality at that time. Does that make sense to you, Eduardo, and anybody else who wants to comment on this particular issue? If you're talking, Eduardo—okay.

Eduardo Santoyo: I assume that yes, I'm saying that, yes, it makes sense but, at the same time, I get that we should include in the model that ICANN should run every year the exercise of the allocation costs because it could be affected in a yearly basis and—

Byron Holland: Okay, well maybe that's actually—maybe that's actually a really good segway to go to the next slide which is up on—no, so back to the Voluntary Contributions slide. The first slide. That one, yes. So we'll just park that notion for a second, Eduardo, and go to this slide which is where we tried to capture a high level, essentially, the principles, maybe guidelines that would underpin this agreement between the CCNSO and ICANN. And just to tie it back to the previous conversation, maybe there's something missing here that actually, as a principle or a guideline, captures that this will be done on a regular basis because I don't think that that is actually articulated here but if we did that specifically, then I think we'd be able to capture the essence of Eduardo and Matthew's comments.

But that said, you know, there are really only five or seven, six points here that were designed to set out the framework with a high level principle and still allow us to have some maneuverability inside the framework. So I wonder if I could ask if there are any comments, suggestions, did we miss anything here other than what Eduardo has already surfaced? Did we capture the spirit and the essence of our output in Beijing?

Keith Davidson: Byron, it's Keith here. Just sort of following up on Eduardo's comments, I'd be a little bit reluctant to see frequent or yearly reviews of the costs. I kind of quite like the idea of doing it every three or four or even five years given that you don't want the fee to be changing on a regular annual basis. You want it to be fairly stable over time. So looking at it once, periodically, seems reasonably appropriate and sensible to me.

Byron Holland: Okay, slight difference of opinion, perhaps, on the frequency. Now let me just press on that a bit, Keith. Do you think—we have talked and certainly we have

made it known to ICANN that whatever the final shape of this looks like, that we would want it to be in place for at least five years before we have this conversation again, if not longer. If you had your druthers, would you have it reviewed a couple of times over that five year period or would you say, for this five-year period it's going to be X? I mean, where would you find comfort between those two points on the spectrum?

Keith Davidson: I think if you were going to have any review, you'd have to wait at least for the first three years to see if the (inaudible) of the fees was working and so on, and so on. So no more than one review. But I think Eduardo was hinting at the idea of having more frequent reviews than that and just, I think, I may not have heard Eduardo correctly, but that's what I took and certainly I wouldn't want more than one review in a five-year period anyway. But to me, the logic seems to be more rational and it avoids any swinging or ping-ponging of the fees and I think the hardest thing for us all would be to be going back to our Board saying well, it went up last year but this year it's coming down because ICANN's (inaudible) so it's better to have that longer term stability, I think.

Byron Holland: Okay. Anybody want to weigh in on where the appropriate balance would lie? So let me just fill in on that just in terms of my perspective. I think that we want to have some ability to have a review given that we don't know—we don't have clarity on how the new gTLD landscape is really going to affect ICANN in terms of expenses. Balanced against the point of stability that Keith raises which I think we can probably all agree none of us want to be going back to our boards on an annual basis saying the ICANN expense is up and down and up and down and up and down. So somewhere in the middle we need to find a balance. Keith's suggestion perhaps of after the initial three-year ramp in a five-year term seems reasonable on first blush. Does that make sense to the group?

Lise Fuhr: Lise here. I think timing is very important because we're just launching new TLDs now so if we launch that now and wait three years, I think that's a long period. And I think that we should—I agree we shouldn't evaluate every year or every second year, that often, but we should do it before the three years because if we do something on this now and it's still (inaudible) is looking good and the costs are looking good, then I think we should evaluate in a year or two because then the new TLDs would have gone through some period and must have shown on the (inaudible).

Byron Holland: Okay.

Lise Fuhr: I have another one. It's not about evaluation but if we have this introduction to the (inaudible) I would like us to make the assumption that ICANN is cost-conscious—

Byron Holland: I'm sorry, can you just repeat that? That ICANN is what?

Lise Fuhr: Cost-conscious. So they are not overspending because that's what—as a non-profit, you should take care of not using too much money and , of course, not too little, but still we don't have anything about how ICANN should spend that money in this introduction. I recognize the spend and they're a non-profit (inaudible) but there's lot of money coming into ICANN and I'd really like to have this stated in the paper too.

Byron Holland: Okay. Fair point. Any thoughts that that, in terms of let's call it the points on the Voluntary Contributions slide that one of the general principles would be recognizing that ICANN itself behaves in a cost-conscious way?

Sieger Springer: An efficient way.

Byron Holland: Cost efficient.

Sieger Springer: This is Sieger. Yes, I agree with Lise and I must admit, though, I have to (inaudible) a little bit of hope for the slides you have. I think, in principle, they are fine on the high level but, for sure, it's something that comes to my mind so, if it's okay to the group, I will get back to you on the next conference call.

Byron Holland: Okay.

Bart Boswinkel: Byron, this is Bart. I think—no I absolutely agree that ICANN should be cost-conscious but my question is whether that should be part of this exercise or whether that should be more in the realm of the SOP Working Group. Because what I see right now is, say, we're going into the ways ICANN is using the money and that's the result, in fact, of the discussion the SOP is having with ICANN.

Byron Holland: On the other hand, it probably never hurts to reinforce the message or say it twice. Like any good communication, it takes multiple instances of the message. Does anybody really—I hear what you're saying, Bart. Does anybody really object to adding that high level principle in the expenditure of resources, of which we're impacted as a community? ICANN will govern itself in a very cost efficient manner or some such wording to that effect. Does anybody object to that? We've heard Sieger and Lise suggest they're certainly in favor of it. Would people generally be favorable to add that as a principle?

Keith Davidson: Keith here. I'd be happy to see a principle added for this.

Byron Holland: Okay. And Eduardo, maybe I could just ask you, put you on the spot right now, do you think that would help in addressing the issue that you raised? If you're talking, Eduardo, you're on mute. But maybe I'll keep going and you can jump in. In terms of the rest of the principles and there's five identified, there are five identified in two sub-bullets. Are there any comments or feedback on those? We heard, I think, a valuable addition with the rest of the principles articulated here. Are we capturing it?

Eduardo Santoyo: I just have one comment—if we are going to (inaudible) what about those guys, the ccTLDs that are not contributing? Who are in charge of them—are going to be asked the rest of the cc community or they are going to be part of ICANN so part of the DNS—I don't know. Something—I guess that we need to think something about. Those guys are not contributors.

Byron Holland: And are you suggesting that there should be in a set of high level principles that, sort of, articulate a framework? Are you suggesting that we should try to have something in here that would address the notion of non-contributors within the cc community? Is that—am I understanding your comment?

Eduardo Santoyo: I really don't know, Byron.

Byron Holland: Okay. Yes because that's certainly going—we haven't really talked about that in this call but that's certainly—

Eduardo Santoyo: I really don't know, Byron.

Byron Holland: Okay. Any other—

Eduardo Santoyo: Probably not here.

Byron Holland: Okay. We've got a bit of a lag between us.

Lise Fuhr: It's Lise talking. I don't think we should put anything in with people not saying. Let's focus on the positive part of this one.

Byron Holland: Okay.

Keith Davidson: It's Keith here. I don't think that it's the job of the CCNSO to gather the fees. I think we're setting a framework here and it's been handed over to ICANN—I mean, ICANN's not going to come with an enforcement regime of deleting us from the IANA database if we don't pay or anything like that. But I think it becomes ICANN's issued to collect the money, not ours. So I think we should avoid any mention of that in the principles that the first word of the slide, voluntary, says it all.

Byron Holland: Right. So maybe, let me just press on that a little bit though. Recognizing I got lightly chastised for using the word "free-rider" last meeting. But for those who are not paying, I think Keith is entirely right. We're not in the compliance or the enforcement business or the collection business as the CCNSO but there's still somewhere on the spectrum between enforcement and collection and silence that do we—should we be doing anything in terms of communication or making comment on that issue? Encouraging. Or do we just leave—are we just silent on that issue, speak to the positive and the framework and let ICANN worry about the rest of it?

Keith Davidson: I see where you're coming from and I have no issues with the CCNSO encouraging members to pay their fair dues. I think if we don't then what's the point of going through the exercise? Encouragement is one thing but I don't see us issuing them invoices or following up or chasing the secretariat to find out who has paid or not. But it could be a worthwhile process of encouragement if that's what you mean. I've got no problems with that at all.

Byron Holland: Okay. Okay. Well, maybe I'll just take another moment--

Eduardo Santoyo: Okay, I agree and I agree with you Keith.

Byron Holland: Okay. Thank you Eduardo and Keith. Maybe we'll just take another minute here on this slide before we go to the Excel slide. Are there any other comments on what is written here or anything that's not captured here? And I know, Sieger, you're going to take some time to think about it and perhaps have some more feedback later but, anybody else want to speak on this slide or the general principles? Hearing none, for now, let me just recap some of the key points that I've heard that I think it would be reasonable to have a principle in there that speaks to ICANN working in a cost efficient or cost-conscious manner. And that there would be some review that could capture any potential change in relative expense allocations. But that review would be periodic as opposed to annual and time to be defined but certainly not an annual one. So let me take another crack at this, another version of it that captures the essence of those two points and I'll provide it back before the next meeting and, perhaps, any other feedback, please—you can send it straight to me.

So with that, we'll move on to the actual banded model which I think is the next slide here. Right. And we just created this so that, as I said, this is effectively an equation with a limited number of variables and, if we accept, and I'm using this as an assumption, but if we accept the \$3.69 million number that ICANN has put forward, at least to work with for now, then there's only so many variables that we can play with to try to get to that number and that's, effectively, what the little Excel model that was created allows everybody to do. Sort of fine tune and play with the bands. Now, there's a couple of assumptions here. One is that it's roughly \$3.7 million that we're aiming for and, two, that there was a general acceptance and that's what I heard from Beijing that there were six bands would

be a reasonable number. I think that's expanded one from the previous or the current regime of five bands. And that just reflects that the changing size of registries over time since 2006 when the current iteration was created.

But of course, there is a bit of subjectivity in terms of the contribution amount per cc and that's the table—I mean, if you look within the table, if you look at the column that has \$225,000 allocated against the registries of greater than \$5 million names.

So this was an attempt to be a straw man model that allowed everybody to have the opportunity to play with it and see if they could come up with an equation that met the final objective but, for some reason, seemed to be a better allocation.

So I throw it open to the group to provide any feedback or commentary on the bands or the allocations per cc. Or have we captured, at least, the essence of the conversations that flowed out of Beijing here? Because there's nothing like hard numbers to general concepts to get people's attention.

Sieger Springer:

Hi Byron, this is Sieger. First, being in the A bandwidth, it would mean a serious increase in our contribution. We are not against it to contribute more over time but we would certainly not go in the first instance to the amount you suggested in the sheet. But first of all we are for contributing more as a community and we think this could work and we also think that, well, we should do it as a community, not only with the number of ccs who are contributing now that at we convince others also to join us. And if there's other people not being capable of paying the amount tied to the bandwidth then that can be discussed, of course, but we would like to see as many people joining this scheme and taking responsibility for our role as ccs towards ICANN and vice versa. So that's a general notion from SIDN and I think this is good news to you because, (inaudible) said it before as well.

Byron Holland:

Okay. Thank you. Well obviously I certainly appreciate that general, what I'd call philosophical support of the models from SIDN given, obviously, this would have a non-trivial impact on the largest of the registries in terms of the contribution so clearly it's important to get that feedback. And I think, within your comments, you raised a point about not being able to or being willing to make change in the first year which I certainly appreciate and I think, within the principles that we just talked about, one of them was the notion that in working towards this new framework, that there would be a three- to five-year ramp-up to get to this new dollar contribution amount. So that's definitely considered within the actual framework.

Lise Fuhr:

Byron, it's Lise talking. Denmark is also strongly in support of contributing but I'm a little concerned about how we put in the band and the numbers because, like in center, you don't have numbers that can be—you don't have the bandwidth according to how many domain names you have. You have—(inaudible) and you say, I want to be in this one. You put pressure on the different ccTLDs by saying if you have more than one million, you should be in bandwidth C. Like we're in C, we're above (inaudible) million and we pay \$25,000 a year which would be treble. Sure my Board would be very annoyed if we should pay treble. And I like the idea of bands, having bands so you can choose, and that's kind of how we put in the numbers of the domain names. And I think I agree, we should talk more and even Denmark would consider paying more but I don't have my Board's approval for that but I'll certainly bring it to the Board. I'm not happy about how we put in the different numbers in how you relate it to the domain names.

Byron Holland:

So let me ask you a question.

Lise Fuhr: Sure.

Byron Holland: Let me ask you a question then. Is it about the domain names? I mean, if I simply took this slide and stripped out the domain name guidance and just had bands A through F but no number of domains beside them and just say, we as a group said, okay, pick your band, is that going to address your concern?

Lise Fuhr: That would be so much better for me and we had talked about this too because you have, like, one of the biggest ccTLDs, you don't take any money for domain names. So actually, they might be in band A but, if they don't make any money, you can't pay \$225,000. So for me it's more important to say to people we have these six bands and you can—anyway, in Denmark we would pick what we think what was right and I'm not sure we would commit to a fee band. We might raise our contribution but, like, we would pay maybe double instead of \$25,000 we would pay \$50,000. So I'd like to see that idea. We might not even play by it from Denmark, from our side, but I think it's a good idea still even though—but I don't like the relation to the number of domain names because I don't think you—you would cause more trouble having more domain names. So you shouldn't pay more for having more. And that's kind of, in principle, relating to the ICANN idea of paying per domain names like the gTLD says.

Byron Holland: Right, however, I guess that is—it is, again, one of the underlying assumptions that those registries that have far larger domains under management, as a general rule, have a greater capacity to pay. DotTK being an edge case that that's one of those edge cases we can all point to but I wouldn't want to build a general framework based on the edge. And though they have whatever, 15 million domains or whatever the number is right now, and don't charge, all that means is we don't understand their business model. They're certainly not running a 15 million domain registry for free but, without going into everybody's individual business models or revenue models, here's the challenge, right? We have, in this case, a six variable equation that leads to a fixed outcome. If we agree on the fixed outcome, ie. \$3.691 million, then it's simply a question of taking those six variables and finding a way to get them to \$3.691 million. So my concern here, Lise, is if we don't—it's voluntary. The title word number one, voluntary.

But we want to give enough guidance that people think about it. And let's take DK for example. We're not saying you have to pay \$75,000. That's not the case at all here. But we're certainly strongly suggesting that if the community believes we should pay our own way, ie. \$3.6 million, this is what we're going to have to do to get there. And then I guess my take on it is, at the very least you have to make a conscious decision not to fund in the band. And you're free to do so but at least give every registry pause for thought to make a conscious decision about not doing it. And that's why I think I put the numbers there to make everybody well, okay, I see how it works and if we do this, then there's a reasonable, and you'll notice I picked the word reasonable, not equitable, because it's almost impossible to talk about fairness here because everybody will have a different take, but at least a reasonable distribution. And then you're free not to.

Lise Fuhr: And it's okay, I'm not going to, well, I'll just say I don't like the idea of relating to the numbers because that has nothing to do with the revenue of the business. You can have, like, zero and you couldn't afford paying for what the fee you do now or you could have tons of money, being a small registry. So for me this is not how—it's a guideline and I will not—I don't think we should discuss that any more.

Byron Holland: Okay.

Lise Fuhr: My point is—no, no, no but I find it too much up the alley of how you do the gTLDs.

Byron Holland: Okay, duly noted. Keith, go ahead.

Keith Davidson: Yes, just sort of following up on (inaudible) here. One I recall my days as Chair of APTLD and having the same debate we're having right now about whether this relates to the number of domain names or the revenue end by the registry and so on. What APTLD decided to do was in its bands and suggested contributions was, sort of, a semi-correlated domain name number and revenues per registry number. And so if you fit somewhere around these bands, choose an amount you want to pay and go ahead and pay it and that wasn't a bad way. And that was during a time where China was doing what (inaudible) now is doing and giving away free domain names. So China had that problem of not much revenue but quite a large number of domain names.

As a methodology, it probably wouldn't be a bad thing and it's not a request for people to divulge what their registry is earning in terms of revenue, it's just part of the overall matrix of our own choice.

Byron Holland: So just so I can be clear on this, are you suggesting that, effectively, we continue to let's say, have six bands but in the bands there would be, let's say we left it as is—there would be a domains under management element?

Keith Davidson: Yes.

Byron Holland: And/or a revenue element. And as a registry you could say I'm going to be in this band because either A, I'm of this general domains under management side, or B, I fall into this general category.

Keith Davidson: Yes, correct.

Byron Holland: That's interesting.

Keith Davidson: Yes, I'd be happy to dig out the APTLD structure and post the link to the list to show you how APTLD coped with that. And it's worked for APTLD for more than ten years now. So it's sort of—it's as a guideline for you to salute from, not a rule. And there are always going to be anomalies. There's are always the anomalies of those who charge very little or nothing and I think this is an issue about greatest good for greatest number and it would be impossible—we would be the last people on earth who would want to find a compulsory lever that everyone has to abide by. So we are appreciating the no one size fits all solution so it gives people a choice and trusts them to be sensible and forthcoming and reasonable fees.

But going on to the actual fees, I'd have to say we're in the Band D for dotNZ and that reflects exactly what we're paying now so it's now increase or decrease to us. And I think what I'm seeing here is significant increases at the top and, potentially, decreases at the bottom as you get down to Band E and F and I wonder if some tinkering with the quantum there might be a bit more appropriate. And I was thinking more along—or even the chance of adding one more band and I think you could have a Band E that was 250,000 to 500,000 and a Band F that's 50,000 to 250,000 and then you could have a sub-50,000. And I think the 50,000 to 250,000 category should easily be paying \$10,000 and each of the others could go up. You know, Band E could go up by \$5,000 apiece easily.

Byron Holland: Okay.

Keith Davidson: Just my thought. And given that there's an element here of flex fee, the cost of our IANA services don't vary that much between a 15 million name registry and a 500 name registry so, recognizing that as well, the guides other than people who are absolutely start-up or brand new in the game or never have very high numbers where something like \$500 is probably quite a (inaudible), let's say that anyone over 50,000 probably has, in general, a cash flow model that should allow them to pay \$5,000 or something like that. So that's my thought is that you, sort of, you are potentially punishing those at the top a little too heavily and leaving off the people at the bottom a little too lightly.

Byron Holland: Okay. Thank you for that feedback. I'd appreciate the link to the APTLD model.

Keith Davidson: Yes, I'll post that for the list as soon as I can find it.

Byron Holland: Okay.

Lise Fuhr: Sorry Byron, I have to leave the call. I have another call coming up.

Byron Holland: Sure. I was just about to say recognizing what time it is, we're about a minute or two past our day so I'm just going to—well, first off, thank you for the feedback. There's been a lot of good feedback. Two, I'm going to look at the Voluntary Contribution principles and refine them based on a couple of the good comments there. And I'll also tweak the bands to reflect some of the feedback we've heard here and also do a little bit of research to see if we can incorporate potentially, or see what it looks like, to incorporate another element, the revenue element to the bands to give people choice. So certainly the action items and the take-away and also remind Xavier of his commitment and just also remind all of you that Xavier will be on the next call which we are hoping will be June 25th. So with that I will bring this call to a close. Thank you very much, everybody. That was very helpful and, hopefully, we're continuing on with the momentum that we saw and created in Beijing. So with that, thank you all. Have a great day and bye for now.

Lise Fuhr: Thank you, Byron.

Unidentified Participant: Bye bye.

Unidentified Participant: Sweet dreams.

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