Kathryn C. Brown
Senior Vice President
Public Policy Development &
Corporate Responsibility

![Verizon]

1300 I Street, N.W., Suite 400 West
Washington, DC 20005

Phone 202 515-2407
Fax 202 336-7914
kathryn.c.brown@verizon.com

August 10, 2009

Ms. Fiona Alexander
Associate Administrator
Office of International Affairs
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, N.W., Room 4701
Washington, DC 20230

      Re: Assessment of the Transition of the Technical Coordination and
              Management of the Internet's Domain Name and Addressing Systems
              <u>Docket No. 090420688-9689-01</u>

Dear Ms. Alexander:

As NTIA continues its consideration of the future of ICANN, Verizon is submitting the following input. Verizon was active among multinational industry participants who consulted on the creation of ICANN in 1998, and we have since been a longstanding and active member of ICANN's user community within the Internet Service Providers and Connectivity Providers (ISPCP), Business and IP constituencies. Verizon provided input through several of its associations to the previous NOI on the mid-term review of the Joint Project Agreement (JPA) in February 2008 and to the pending NOI. Thus, we have been engaged in many discussions on ICANN with a wide range of interested parties. Below are our thoughts as to some of the best ideas that have surfaced and possible ways forward.

The primary objective is to preserve the security and stability of the Internet, given its enormous importance as a means of global communications and commerce. The private sector-led model represented by ICANN is inherently the right model for achieving this objective and has been effective in managing the Domain Name System. It is notable that the European Network Operators Organization (ENTO), EuroISPA, and GSMA Europe on July 13 publicized their support for the private sector-led ICANN model in contrast to the EC's support for intergovernmental oversight. While ICANN embodies the right model and has had many successes, there is room for significant improvement. This is particularly due to the complexity and reach of its DNS functions, which have expanded so dramatically from technical functions to decisions involving important global policy implications since the structure was first established.

Against this backdrop, we believe that ICANN's future should include the following elements, and we note that variations on many of these proposals are in the NOI record.

- o Increased accountability and transparency for ICANN:
  - Changes in structure that establish a mechanism and private-sector entity for review of Board decisions.
  - Certain decisions to be subject to super-majority votes of the Board.
  - Use of mechanisms embodied in the Administrative Procedures Act (APA) for policy-making and enforcement proceedings – this would go a long way toward addressing concerns that important decisions are made without adequate economic, factual, or public interest support.
  - An independent entity empowered to review financial auditing and transparency, stronger conflict of interest rules, and related accountability of process issues, to avoid even the perception conflicts and irregularities and preserve trust in ICANN as a non-profit corporation under U.S. law.

- o Consideration of further structural changes necessary in order to make ICANN more accountable to a broader set of stakeholders, including business and individual users of the Internet:
  - The current gTLD saga has exemplified a general lack of consideration for the impacts of critical policy decisions on these stakeholders – with an unquestioning focus on creation of unlimited new gTLDs, in the name of "competition" alone, without factoring in the significant potential for customer confusion, fraud and harm to businesses and trademark owners. It might be useful to create a task force with representatives of ICANN, the U.S. government, the GAC, and various private sector experts not currently involved with ICANN to explore options for more extensive structural changes than those identified above, which could replicate the type of accountability that a corporation has to its shareholders and a non-profit to its members.

- o Solving of certain operational problems and creation of mechanisms to avert or solve similar problems going forward:
  - Slow and careful roll-out of new gTLDs: (1) Conduct a full independent economic study of the domain name market to determine whether new domain names are even needed or wanted and the effect of new TLDs on consumers and business owners; (2) limit the initial expansion to a limited number of internationalized domain names, e.g., Chinese and Arabic scripts; and (3) limit any additional roll-out until adequate rights protection mechanisms are in place.
  - Greater policing of registrars non-compliance with their contractual agreements, including violations of anticybersquatting laws.
  - Improved accuracy of Whois data.
  - Publicly available information on the results of enforcement actions.

- Serious consideration of results of the "scaling" study underway at ICANN and additional review by DoC if necessary. This study is evaluating the cumulative effects of concurrent changes on multiple fronts: IPv6, DNSSEC, IDNs, gTLDs, and more.

o As noted above, there should be a stronger role for business and consumer communities. The registry and registrar communities are more than adequately represented in ICANN, but they in many respects are only one party, while equally important players in the Internet ecosystem, to which the ICANN DNS functions are integral, are not sufficiently represented. Business should participate in the Board review entity and perhaps have increased representation on the Board. There could also be a business advisory committee, similar to the OECD's BIAC, or at least the Board could meet periodically (perhaps quarterly) with businesses that have a stake in the continued security and stability of the DNS and the Internet more generally. In addition, thought should be given as to ways to better recognize consumer perspectives.

o Ways should be found to address the policy concerns of other governments by evolving the ICANN mechanism, but not by abandoning the private-sector model or shifting toward slow-moving bureaucracy and stifling regulation. Such an evolution could involve an increased role for the support, advice, and contribution of governments through the Government Advisory Committee (GAC), and consideration of ways that interests of international community might be met even more effectively, for example, in the areas of ccTLDs and internationalized domain names.

o In the interest of safeguarding the security and stability of the Internet, the objective should be to preserve the IANA function as is.

We believe that ultimately ICANN and the Department of Commerce should enter into a stable and ongoing relationship set forth in a co-signed charter or other instrument memorializing their understandings. In order to accomplish improvements and resolve issues described above, there could be an interim working arrangement for a period such as a year (assuming that the work could be completed within that time frame). Alternatively, the final instrument could be adopted soon and include an initial phase with mechanisms and timelines for accomplishing the above objectives. During such an initial phase, there should be extensive consultations with other governments and groups of stakeholders and periodic status reports. It will also be essential to maintain the complementary roles of ICANN, ITU, and IGF, which will require ongoing policy development and engagement by the U.S. government, industry, and civil society.

We appreciate the careful and inclusive review that NTIA has been conducting and your consideration of these further thoughts regarding the future of ICANN.

Sincerely,

Kathryn C. Brown