**CCWG-Accountability Comments on Draft New ICANN Bylaws**

**Introduction**

Because of the complexity of the Draft ICANN Bylaws and the limited time that was available to the CCWG-Accountability to review the most recent draft prior to publication for comment, the CCWG-Accountability elected to use the ICANN public consultation to perform a more complete analysis the Draft ICANN Bylaws dated 20 April 2016 that were posted for public comment (“Draft Bylaws”).

These comments are not offered as criticism of the outstanding work performed by the legal drafting team in producing these Draft Bylaws. The CCWG tasked the two law firms that have advised the CCWG when it prepared the CCWG-Accountability Supplemental Final Proposal

on Work Stream 1 Recommendations (“CCWG Proposal”) to be part of the legal drafting team. The drafting exercise was a collaborative effort between the law firms and ICANN’s legal department. We commend the lawyers involved for the collegial manner in which this exceptionally complex task was undertaken, and for the work product, which with the few exceptions noted here embodies the spirit of the CCWG Proposal.

Given the necessary complexity of the Draft Bylaws and the short timeframes we are working under, the CCWG-Accountability participants were unable to conduct a thorough review prior to publication for public consultation. To remedy this situation, the CCWG-Accountability has held a series of meetings since the publication of the Draft Bylaws for public consultation to identify any remaining issues its participants, as a group, had with the Draft Bylaws.

Each issue presented in this document has been discussed by the CCWG-Accountability participants at meetings and has been agreed to as a CCWG-Accountability comment on the Draft Bylaws. The list of topics mentioned in this CCWG-Accountability public comment might appear to be long, but many of the points cited are included as a final check to ensure that the CCWG Proposal requirements have been implemented in the ICANN Bylaws.

CCWG-Accountability members and participants may also submit comments in their individual or organizational roles.

**Comments:**

1. Draft Bylaws Section 1.1 (c)

1.1. Text from the Bylaws: “*ICANN shall not regulate (i.e., impose rules and restrictions on) services that use the Internet’s unique identifiers or the content that such services carry or provide, outside the express scope of Section 1.1(a). For the avoidance of doubt, ICANN does not hold any governmentally authorized regulatory authority, and nothing in the preceding sentence should be construed to suggest that it does have authority to impose such regulations.”*

1.2. Issue: The last clause of the last sentence: "*...impose such regulations*" appears to create some ambiguity.

1.3. Recommendation: Remove this clause and end the sentence with "such authority." The text would now read: “*ICANN shall not regulate (i.e., impose rules and restrictions on) services that use the Internet’s unique identifiers or the content that such services carry or provide, outside*

*the express scope of Section 1.1(a). For the avoidance of doubt, nothing in the preceding sentence should be construed to suggest that ICANN does have such authority.”*

1. Draft Bylaws Section 1.1 (d) (ii)

2.1. Text from the Bylaws: “*Notwithstanding any provision of the Bylaws to the contrary, the terms and conditions of the documents listed in subsections (A) through (F) below, and ICANN’s performance of its obligations or duties thereunder, may not be challenged by any party in any proceeding against, or process involving, ICANN (including a request for reconsideration or an independent review process pursuant to Article 4) on the basis that such terms and conditions conflict with, or are in violation of, ICANN’s Mission or otherwise exceed the scope of ICANN’s authority or powers pursuant to these Bylaws (“Bylaws”) or ICANN’s Articles of Incorporation (“Articles of Incorporation”):”*

2.2. Issue: The CCWG-Accountability notes that the CCWG Proposal mentioned grandfathering provisions for the RA and RAA only. Previous discussions within the CCWG-Accountability while preparing the Draft Bylaws led to the conclusion that inclusion of renewals were acceptable for these types of agreements, as long as these renewals did not include any new terms. Any new terms would need to be within the scope and mission of ICANN.

2.3. Recommendation: The CCWG-Accountability highlights for the benefit of its Chartering Organizations and the ICANN Board that provisions B, C and D of Section 1.1 (d)(ii) were not requested by the CCWG Proposal. In addition, some of the referenced documents, including the ICANN-PTI contract, do not yet exist. While we understand the desire to minimize the possibility of disputes regarding the legitimacy of important agreements relevant to ICANN’s Mission, the implementation phase is not a time to incorporate new provisions that were not in the CCWG Proposal.

[Lawyers’ comment: What is the recommendation and what direction is the CCWG-Accountability providing to the legal drafters? In our May 7, 2016 comments on the draft CCWG-Accountability comment letter, we suggested a recommendation: “We request that the groups most directly involved with the documents addressed in subsections (B) through (E) weigh in on the need to include grandfathering language for those documents. Depending on such input, a final determination should be made as to whether those documents should be included in the grandfathering provision.”]

1. Draft Bylaws Section 1.1(d) (ii) (A)(1)-(2)

3.1. Text from the Bylaws: “(1) *all registry agreements and registrar accreditation agreements between ICANN and registry operators or registrars in force on, or undergoing negotiation as of, [1 October 2016]1, including, in each case, any terms or conditions therein that are not contained in the underlying form of registry agreement and registrar accreditation agreement*; *(2) any registry agreement or registrar accreditation agreement not encompassed by (1) above that is based on substantially the same underlying form of registry agreement or registrar accreditation agreement that existed on [1 October 2016]….*”

3.2. Issue: As discussed above under Comment 2, the documents listed in subsections B (ASO-NRO-IETF-RIRs), C (RZM) and D (PTI contract) of Section 1.1(d)(ii) are not part of the CCWG Proposal. In addition, the text of the Bylaws provision that grandfathers existing Registry Agreements and Registrar Accreditation Agreements as well as new agreements on the existing forms appears to require clarification to ensure that it embodies the intent of the CCWG Proposal. Specifically, the CCWG agreed (1) to grandfather existing Registry Agreements (RAs) and Registrar Accreditation Agreements (RAAs), (2) that existing RAs and RAAs can be renewed, (3) that applicants of the current gTLD round can sign the RA in the currently used form and (4) that the terms and conditions of new form gTLD RAs and RAAs are not grandfathered. We understand that existing RAs and RAAs are “evergreen” and must be renewable in accordance with their terms.

3.3. Recommendation: Review the language to ensure it is consistent with the CCWG Proposal and captures the scope of the grandfathering contemplated in the CCWG Proposal as further developed in CCWG discussions after the CCWG Proposal was issued.

[Lawyers’ comment: As we noted in our May 7, 2016 comments on the draft CCWG-Accountability comment letter, we recommend revising 3.2 above to reflect the direction provided by the Bylaws Coordination Group dated 11 April 2016: “Lawyers shall ensure:

* Existing Ry and Rr agreements can be renewed
* Applicants of the current “round” can sign the Ry agreement in the currently used form
* The t&cs of new form gTLD Ry and Rr agreements are not grandfathered.”

Please provide us with guidance in relation to the scope of the grandfathering.]

1. Draft Bylaws Section 4.3 (s)

4.1. Text from the Bylaws: “*An IRP Panel should complete an IRP proceeding expeditiously, issuing an early scheduling order and its written decision no later than six months after the filing of the Claim, except as otherwise permitted under the Rules of Procedure. For the avoidance of doubt, an IRP Panel’s failure to issue a written decision within six months after the filing of a Claim shall not be grounds for another Claim.”*

4.2. Issue: Some members of the CCWG-Accountability are concerned that the language “*For the avoidance of doubt, an IRP Panel’s failure to issue a written decision within six months after the filing of a Claim shall not be grounds for another Claim”* may be inconsistent with CCWG Proposal, Annex 7, which contemplates that, absent unusual circumstances, an IRP will be completed within six months of the filing of the Claim. However, nowhere does the CCWG Proposal contemplate an IRP against an IRP Panel for failure to issue a timely decision, nor does the CCWG Proposal contemplate an IRP against ICANN to hold an independent IRP Panel, over which ICANN has no control, accountable for failure by the IRP Panel to issue a timely decision.

4.3 Recommendation: The language should be reviewed to ensure that it is consistent with the CCWG Proposal.

[Lawyers’ comment: The CCWG recommendation that the language should be reviewed to ensure that it is consistent with the CCWG Proposal fails to provide guidance given the lack of discussion in the CCWG Proposal regarding an IRP, as explained above. In our May 7, 2016 comments on the draft CCWG-Accountability comment letter, we suggested the following recommendation: “The CCWG Proposal was silent as to the means for ensuring that an independent IRP Panel would complete the IRP within six months and this should be addressed in the Rules of Procedure. Consideration should also be given to whether the sentence that begins “For the avoidance of doubt” is necessary to assure that an IRP Panel failure to meet the six month deadline is not grounds for a new IRP against ICANN.”]

1. Draft Bylaws Section 4.6 (e) (v)

5.1. Text from the Bylaws: “*The Directory Service Review shall be conducted no less frequently than every five years, measured from the date the previous Directory Service Review Team was convened*.”

5.2. Issue: Although this is consistent with the CCWG Proposal, approving the new Bylaws in October 2016 would make the Directory Services (WHOIS) Review immediately 1 year late given the last review began in October 2010.

5.3. Recommendation: This was an unintended consequence of the CCWG Proposal and an appropriate correction to avoid this default situation should be implemented.

1. Draft Bylaws Section 22.8

6.1. Excerpt from the Bylaws: “*If three or more Decisional Participants deliver to the Secretary a joint written certification from the respective chairs of each such Decisional Participant that the constituents of such Decisional Participants have, by consensus, determined that there is a credible allegation that ICANN has committed fraud or that there has been a gross mismanagement of ICANN’s resources, ICANN shall retain a third-party, independent firm to investigate such alleged fraudulent activity or gross mismanagement*.”

6.2. Issue: Requiring that the Decisional Participants determine by “consensus” is inconsistent with the CCWG Proposal (CCWG Proposal Annex 1, Paragraphs 37-38) and is also inconsistent with the Empowered Community practice of allowing Decisional Participants to determine their own procedures.

6.3. Recommendation: The phrase “by consensus,” should be struck, and should be replaced with a clarification that such decisions are made according to individual Decisional Participant’s decision making processes.

1. Draft Bylaws Section 22.8

7.1. Excerpt from the Bylaws: “…*The Board shall consider the recommendations and findings set forth in such report. Such report shall be posted on the Website, which may be in a redacted form as determined by the Board, including to preserve attorney-client privilege, work product doctrine or other legal privilege or where such information is confidential, in which case ICANN*

*will provide the Decisional Participants that submitted the certification a written rationale for such redactions*.”

7.2. Issue: The Board power to redact should not be so broad and was not specified in the CCWG Proposal (CCWG Proposal, Annex 1, Paragraphs 37-38). The CCWG-Accountability accepts that there is a need to provide the Board with the ability to redact some information but believes that the current language would allow the Board to solely determine what it can redact without limitations. The CCWG-Accountability believes only a specified lists of grounds, as set out in the draft Bylaws, should be an acceptable basis for redaction.

7.3. Recommendation: Suggest replacing “including” with “in order to” to limit what can be redacted by the Board to a set list of elements.

1. Draft Bylaws Section 27.3 (a)

8.1. Text from the Bylaws: “*(a) The Core Value set forth in Section 1.2(b)(viii) shall have no force or effect unless and until a framework of interpretation for human rights (“FOI-HR”) is approved by (i) the CCWG-Accountability as a consensus recommendation in Work Stream 2, (ii) each of the CCWG-Accountability’s chartering organizations and (iii) the Board (in the case of the Board, using the same process and criteria used by the Board to consider the Work Stream 1 Recommendations).”*

8.2. Issue: The language stating that the FOI-HR must be approved by “*(ii) each of the CCWG-Accountability’s chartering organizations…”* is inconsistent with the CCWG Proposal, Annex 6 and may lead to some interpretations that formal approval is required from every Chartering Organization.

8.3. Recommendation: The CCWG-Accountability would ask that this language be reviewed to ensure that the decision process for the FOI-HR is aligned with the approval process from the CCWG-Accountability Charter which does not require the approval of all Chartering Organizations.

1. Draft Bylaws Section 1.2(b)(viii)

9.1. Text from the Bylaws: “*(viii) Subject to the limitations set forth in Section 27.3, within the scope of its Mission and other Core Values, respecting internationally recognized human rights as required by applicable law. This Core Value does not create and shall not be interpreted to create any additional obligations for ICANN and shall not obligate ICANN to respond to or consider any complaint, request or demand seeking the enforcement of human rights by ICANN, except as provided herein. ”*

9.2. Issue: current wording creates ambiguity with regards to potential enforcement duties of ICANN. The CCWG Proposal Annex 6, Paragraph 10 mentions that “any type of external enforcement or regulatory activity would be wholly out of scope.”

9.3 Recommendation (as proposed by CCWG-Accountability legal counsel): Replace current language with the following: “*(viii) Subject to the limitations set forth in Section 27.3, within the scope of its Mission and other Core Values, respecting internationally recognized human rights as required by applicable law. This Core Value does not create, and shall not be interpreted to create, any obligation on ICANN outside its Mission, or beyond obligations found in applicable law. This Core Value does not obligate ICANN to enforce its human rights obligations, or the human rights obligations of other parties, against such other parties*.”

1. Draft Bylaws Section 7.12 (b)

10.1. Text from the Bylaws: “*This Section 7.12(b) shall apply to Board vacancies occurring when all Directors (other than the President) are recalled as provided by Section 7.11(a)(ii). Within five days following the date such Directors are removed…..” [Note that this cross-reference is in error and should be to Section 7.11(a)(iii).]*

10.2. Issues:

10.2.1 Section 7.11(a)(iii) states: “*(iii) All Directors (other than the President) may be removed at the same time by the EC by delivering an EC Board Recall Notice to the Secretary pursuant to and in compliance with Section 3.3 of Annex D. The vacancies created by such removal shall be filled by the EC in accordance with Section 7.12(b).*”

10.2.2 Allowing 5 days to replace Board vacancies due to the EC recalling the Board seems inconsistent with the CCWG Proposal Annex 4, Paragraph 82: “*If the ICANN Board were to be recalled, an Interim Board would be put in place. Interim Directors would be named with the exercising of the Community Power to ensure continuity.*”

10.3. Recommendation (as proposed by CCWG-Accountability legal counsel): Correct the cross-reference in Section 7.12(b) and replace the current language with: “*(b) This Section 7.12(b) shall apply to Board vacancies occurring when all Directors (other than the President) are recalled as provided by Section 7.11(a)(iii). Concurrently with delivery of any EC Board Recall Notice (as defined in Section 3.3(f) of Annex D), the EC Administration shall provide written notice of the EC’s designation of individuals to fill such vacancies (each such individual, and “Interim Director”) to the Decisional Participants and to the Secretary, who shall cause such notice to be promptly posted to the Website.”* ..

1. Draft Bylaws Section 4.6(b)(ii)

11.1. Text from the Bylaws: “*The issues that the review team … may assess are the following”*

11.2. Issue: The use of “may assess” does not properly implement CCWG Annex 9, Paragraph 84 which states : "Issues that may merit attention in this review include:" The Draft Bylaws formulation may unintentionally restrict the list of issues that are within the scope of the review team.

11.3. Recommendation: Review the language to ensure it is consistent with the CCWG Proposal.

[Lawyers’ comment: We strongly recommend that you delete Comment 12. On March 31, 2016, counsel posed the following question to the Bylaws Coordination Group and received confirmation that the disqualification in Section 7.4(d) be included in the Bylaws: “Confirm that chairs of the Decisional Participants and persons designated by the Decisional Participants to serve on the EC Chairs Council cannot be nominated or serve on the ICANN Board. Such a provision would be consistent with other provisions in the current Bylaws, which provide that (a) “no person who serves in any capacity (including as a liaison) on any Supporting Organization Council shall simultaneously serve as a Director or liaison to the Board” (Article VI, Section 4.2) and (b) persons serving on the Nominating Committee must be “neutral and objective, without any fixed personal commitments to particular individuals, organizations, or commercial objectives in carrying out their Nominating Committee responsibilities” (Article VII, Section 4.4).”]

[Lawyers’ comment: We strongly recommend that you delete Comment 13 because the California Nonprofit Public Benefit Corporation Law does not provide for or permit the exclusion of the director who is the subject of the removal from voting. Section 5222(a)(3) provides that, in a corporation without members, director removal requires the vote of a majority of the directors then in office. Section 5151(e) permits the bylaws to raise the required vote to a larger proportion of the directors (i.e., from a majority then in office to 3/4 of all directors). Section 5211(c) provides that each director shall have a vote on each matter presented to the Board for action.]

1. Draft Bylaws Annex D, Section 1.4(b)(i-ii)

12.1. Text from the Bylaws: “*(i) The Approval Action does not relate to a Fundamental Bylaw Amendment and is (A) supported by three or more Decisional Participants and (B) not objected to by more than one Decisional Participant; or (ii) The Approval Action relates to a Fundamental Bylaw Amendment and is (A) supported by three or more Decisional Participants (including the Fundamental Bylaw Amendment PDP Decisional Participant if the Board Notice included a PDP Fundamental Bylaw Statement) and (B) not objected to by more than one Decisional Participant.”*

12.2. Issue: The higher threshold should apply not only to Fundamental Bylaws, but also to the Articles of Incorporation. [Lawyers’ comment: This is not addressed in the CCWG Proposal.]

12.3. Recommendation: Review the language to ensure it is consistent with the CCWG Proposal.

[Lawyers’ comment: The CCWG Proposal did not address whether a higher threshold relating to PDP-related Fundamental Bylaw amendments or Articles amendments would apply. It only addressed the higher threshold relating to PDP-related Standard Bylaws amendments (see Annex 2, Paragraph 54). In response to a question from the legal teams, the Bylaws Coordination Group confirmed that that the PDP threshold requirement should also apply to Fundamental Bylaws amendments but did not address whether the PDP threshold requirement should apply to Articles amendments. If the CCWG believes that it should, it should so indicate in its recommendation to review the language to ensure that it is consistent with the CCWG Proposal and as further directed.]

Conclusion

In conclusion, we reiterate that these comments are not offered as criticism of the outstanding work performed by the legal drafting team in producing these Draft Bylaws. We commend the lawyers involved for the collegial manner in which this exceptionally complex task was undertaken, and for the work product, which with the few exceptions noted here embodies the spirit of the CCWG Proposal. [Lawyers’ comment: Note that a few of the exceptions noted above do not appear in the CCWG Proposal.]

Our group looks forward to the adoption of these Bylaws and is committed to remaining fully engaged in their finalization, as well as the rest of the implementation effort.