**Report to the Auction Proceeds Charter Drafting Team on**

**Board Considerations on the Draft Charter for New gTLD Auction Proceeds**

*Based on the discussions at ICANN56 Board Workshop session on 24 June 2016, on the Draft Charter of the CCWG New gTLD Auction Proceeds, the Board developed the following inputs for the Drafting Team (DT). A document proposing limited modifications to the Draft Charter to align with these inputs is also provided.*

**FOR THE DRAFT CHARTER**

 **BOARD PARTICIPATION**

The Board recommends that the language relating to specific Board Committee Chairs be removed. The Board will appoint general liaison(s), which may or may not be the identified Chairs, and have the prerogative to alternate a liaison where necessary.

In determining its participation on the DT, the Board identified the Chairs of the Audit Committee and Finance Committee to serve as liaisons due to the particular issues raised at the drafting stage.

**BOARD CHARTER APPROVAL**

Given the Board’s role in considering the CCWG recommendations, it agrees with the DT that it does not need to affirm the Charter.

**DIVERSITY LANGUAGE ON ULTIMATE RECIPIENTS**

The Board recommends that the language be removed from diversity section that touches upon diversity of the ultimate recipients of the proceeds. This language appears to be out of scope for the Draft Charter, in that it suggests limitations for the design and recipients that should be left to the determination of the CCWG.

**GOVERNANCE POLICY DEVELOPMENT AND REPORTING OF PERFORMANCE**

The Board recommends to the DT that the Charter should include specific direction to the CCWG to develop or identify a Governance Policy to be used to guide the distribution of the proceeds. The Board also recommends that specific measures of success should be considered for the reporting on the use of the proceeds.

**CONFLICT OF INTEREST**

The Board reconfirms that conflict of interest concerns, and appropriate identification and management of conflicts, is paramount at all levels of the DT, CCWG and ultimate proceed distribution process.

The Board strongly recommends that the following language be reflected in the Charter in order to adhere to high ethical standards and support arms-length transactions in the distribution of the proceeds: No member of the CCWG may be related in any way to prospective applicants for proceeds, and the administrative mechanism for processing applications must include strong rules and enforcement of conflict of interest. Individuals involved in the CCWG and in the subsequent administrative mechanism must execute a conflict of interest declaration documenting their existing potential involvements and agreement not to be involved in application or direction of the proceeds.

 **GUIDING PRINCIPLES**

The Board recommends that the DT add a new guiding principle that the recommendations should be designed in a manner to support ICANN’s nonprofit status and financial and operational stability. This primary guiding principle is implicitly stated through the limitations and considerations identified in the Charter, but an explicit statement of this key tenet is important.

**ADHERENCE TO MISSION**

The Board confirms that the auction proceeds shall be used consistently with ICANN’s mission. It will be important that any proposed uses for the proceeds be tested against ICANN’s mission.