MEMORANDUM

TO: ICANN Board of Directors
FROM: Registries Stakeholder Group
SUBJECT: Increase in number of registries

The Board of Directors of ICANN, at the meeting with the Registries Stakeholder Group (RySG) in Prague on 26 June 2012, requested a short memo on scaling and the impact on ICANN stemming from the anticipated increase in the number of registries and from vertical integration.

The RySG believes there are two aspects to these issues:

1. The RySG supports the continuation of the existing structure of the Generic Names Support Organization (GNSO) and its Council. The organization of the GNSO Council into separate houses, comprising Contracted Parties and Non-Contracted Parties respectively, has worked well, and the RySG sees no need for a modification of this fundamental structure. Although there may be an increased number of entities that have interests in multiple stakeholder groups and constituencies (e.g., brand owners that operate registries or registrars or both), we believe that our clearly defined voting structures (discussed below) can deal with any issues that may arise.
2. From an operational standpoint, the RySG has already addressed a number of aspects of scaling and vertical integration.
    The RySG expects that there will be a substantial increase in demand for services of ICANN staff, and has therefore created a Resources group to evaluate this demand and commenced a dialogue with ICANN staff.
    Until recently, the RySG has been a small enough group to operate primarily by consensus. Recognizing that an influx of new members will require changes, the RySG charter has been amended in several respects:
    a. An Executive Committee has been created;
    b. Pending the increase in members with full voting rights (signatories to ICANN Registry Agreements), observer status is available to all applicants for new gTLDs;
    c. Observers have the opportunity to create Interest Groups within the RySG, and a first IG, the New TLD Applicant Group (NTAG), has been set up;
    d. A structure for voting rights based on a combination of domains under management and a one vote per unique operator is available when reaching consensus is no longer practical;
    e. Restrictions on voting in more than one Stakeholder Group or Constituency have been put in place to prevent entities from doing so.