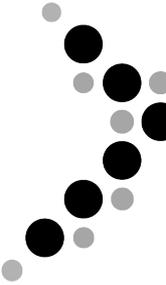


3 February 2020

Jamie Braddeley
President
InternetNZ

PO Box 11 881
Level 11, 80 Boulcott Street,
Wellington 6011,
New Zealand
Office: +64 4 472 1600
Email: info@dnc.org.nz
www.dnc.org.nz

**domain name
commission**nz



Dear Jamie,

Please find enclosed DNCL's end of the third-quarter report for the 2019/2020 financial year.

The end of quarter financials is enclosed at the end of this letter.

INZ Group Projects

DNCL staff continue to be involved this quarter in a number of group-wide major projects including the office re-fit, .nz end to end policy review, and registry transformation project. DNCL continues, where possible, to use existing FTE to support these initiatives in their start-up phases.

Dispute Resolution:

The Annual Expert Meeting was held this quarter where the Experts discussed the annual cases. Other topics discussed included potential changes to .nz dispute resolution policy, implementation of process changes to the existing system and engaging a law student to produce plain English case summaries of existing decisions.

The DNCL Board at its last meeting approved for there to be a pilot of negotiation as a service for resolving disputes as a subset of mediation services. Planning for the implementation of a negotiation phase has commenced.

A project is also underway to re-develop the current architecture and existing information provided to parties regarding the Dispute Resolution service to improve access and use of the service.

Compliance and Enforcement

DNCL continues to invest in its monitoring of the .nz domain name space capability and enforcement of .nz policy under its refreshed approach devised in conjunction with Deloitte.

Our primary focus of late has been on the four data quality pillars: data validation after registration, data matching, data cleansing, and understanding data legacy.

Improvements to the DNCL's data validation process have been made this quarter which has seen gains in the time taken for suspension and cancellation. The Commission has a stretch goal target of achieving real-time suspension for fake registration details and is exploring ways to achieve this goal.

**Keeping .nz
fair for everyone.**

The DNCL continues to refine its threat feeds. Staff are working on how to communicate findings to other intelligence partners and parties with a role in keeping .nz safe trusted and secure.

Market regulatory functions

The trend of market consolidation continues in the .nz domain names, which has resulted in a number of registrars exiting the market. DNCL continues to work closely with a number of Registrars to assist with bulk transfers of domains between legal entities and de-authorisation processes.

An electronic legal contract management system to manage the various legal contracts is planned for 2020.

Pickens Review implementation

Coordination of the Pickens recommendations, as well as the Deloitte compliance recommendations, is being undertaken to identify common streams of work so these can be actioned in a more efficient manner. DNCL intends to issue a progress report on the implementation work at the end of the financial year.

DNCL Board recruitment

Two new board members have been appointed. An official announcement will be made in the February newsletter following their first board meeting at the beginning of February.

Yours sincerely,

Jordan Carter
Chair
Domain Name Commission

Domain Name Commission Limited
Income Statement
For the Quarter Ending 31 December 2019

The following notes relate to the accounts:

- Professional services continue to show litigation costs (\$187,681.70) not contained within the Annual Budget
- With the exception of Professional Services (explained above), Office and Administration (minor overspend) and Personnel and Staff all other areas reported an underspend for the quarter.
- Only Projects (minor overspend) and Professional Services are at an overall loss for the year to date.
- YTD results continue to remain positive, despite litigation expenditure of \$187,681.70 YTD.

	Oct - Dec 2019				Year-to-Date			
	Q2 Act (\$)	Q2 Bud (\$)	Q2 Var (\$)	Q2 Var (%)	YTD Act (\$)	YTD Bud (\$)	YTD Var (\$)	FY Bud (\$)
INCOME								
5050 - Authorisation Fees	3,391	3,000	391	0%	12,000	6,000	6,000	6,000
5080 - DRS Complaint Fees	4,000	8,000	(4,000)	0%	18,000	24,000	(6,000)	34,000
5100 - Management Fees	335,001	335,001	(0)	0%	1,005,003	1,005,003	(0)	1,340,000
7010 - Interest Income	4,154	5,100	(946)	-19%	9,322	7,380	1,942	13,500
1540 - Sundry Income	0	0	0	0%	0	0	0	0
Total Income	346,546	351,101	-4,555	-1%	1,044,325	1,042,383	1,942	1,393,500
EXPENDITURE								
DNCL Board	7,840	8,748	(908)	-10%	22,190	24,994	(2,804)	36,000
Communications	2,804	3,750	(946)	-25%	12,512	21,250	(8,738)	25,000
Compliance	1,717	18,000	(16,283)	-90%	1,717	51,000	(49,283)	69,000
Dispute Resolution Services	14,305	28,976	(14,671)	-51%	33,584	55,228	(21,644)	103,000
Registrars	3,440	3,799	(359)	-9%	12,062	20,497	(8,435)	24,000
International	22,899	42,300	(19,401)	-46%	68,441	88,300	(19,859)	143,800
Office and Administration	70,964	70,794	170	0%	208,344	212,382	(4,038)	283,200
Personnel and Staff	201,696	153,749	47,947	31%	421,359	446,417	(25,058)	604,114
Professional Services **	64,641	8,502	56,139	660%	213,914	25,506	188,408	45,000
Projects	23	8,700	(8,677)	-100%	26,871	26,100	771	35,000
Total Expenditure	390,328	347,318	43,010	12%	1,020,995	971,674	49,321	1,368,114
Depreciation	4,334	9,000	(4,666)	-52%	11,927	19,800	(7,873)	30,000
Other Comprehensive Items	0	0	0		0	0	0	0
Net Profit/Loss	(\$48,116)	(\$5,217)	(\$42,899)	822%	\$11,403	\$50,909	(\$39,506)	(\$4,614)

** Included litigation costs: Q1 = \$30,392.77
Q2 = \$100,656.46
Q3 = \$56,632.46
YTD = \$187,681.69