



At-Large Consolidated Policy Working Group

Supplemental Initial Report on the New gTLD Subsequent Procedures PDP (Overarching Issues & Work Tracks 1-4)

Justine Chew, APRALO | v3, 17 December 2018, focus on consensus building re Auctions as Mechanism of Last Resort

Policymaking in the ICANN **At-Large** Community



CPWG: What, How & Timelines



1 What are we developing?

ALAC Comments/Statement to the GNSO New gTLD Subsequent Procedures Supplemental Initial Report (Additional Topics)

Wiki workspace: <https://community.icann.org/x/Jh68BQ>

PC page: <https://www.icann.org/public-comments/new-gtld-subsequent-procedures-supp-initial-2018-10-30-en>

2 How and Timelines

[1] Start	[2] Deliberate				[3] Settle for ALAC Vote	[4] Submission
Review Report	Call for inputs to frame positions	Consider proposed positions	Consider draft statement	Consensus building for draft statement	Settle draft statement	Submit ratified statement
5 Nov 2018	CPWG call 7 Nov	CPWG call 5 Dec	Via CPWG email list & wiki	CPWG call 19 Dec	Per wiki 20 Dec	21 Dec 2018 (extension given)

Following deliberations via its 5 & 12 Dec calls as well as discussions over the CPWG mail list

2.1 Auctions: Mechanism of Last Resort

- No consensus – to try to rebuild consensus, failing which, all non-consensus positions to be included

2.2 Private Resolution of Contention Sets (incl. Private Auctions)

- **Consensus: NO** to total ban on all forms of private resolution but **YES** to disallowing forms of private resolutions which result in “paying off” an applicant for withdrawing their application in contention set
- **Consensus: NO** to private auctions.

2.3 Role of Application Comment

- **Consensus: YES** to 2 suggested optimization of mechanism and systems for Application Comment.
- **Consensus: YES** to limiting the comment period for CPE to run parallel to the IE comment period to ensure CPE applications not subjected unreasonable comment period
- **Consensus: YES** to allowing 7-day extension for applicants to respond to late comments

Following deliberations via its 5 & 12 Dec calls as well as discussions over the CPWG mail list

2.4

Change Requests

- **Consensus: YES** to recommendations for operational improvements to existing high-level 7 criteria-based CR process from 2012
- **Consensus: YES** to ICANN Org determining if re-evaluation needed for new JV out of CR
- **Consensus: YES** to ICANN Org having to perform a re-evaluation of the new applied-for string in all string related evaluation elements (e.g. DNS Stability, String Contention, etc) and for the new string to be (a) subject to name collision risk assessment, (b) put out for public comment and (c) open to established Objection procedures
- **Consensus: NO** to any change request for a new string where name collision risk is present or if the new string is not closely related to the original string – as determined through expert /community input – or if the new string is an exact match to an already-applied-for string.
- **Consensus: YES** to public comment being important process for CR

2.5

Registrar Support for New gTLDs

- **Consensus:** Agreement to ALAC not commenting on this section of Supplemental Report

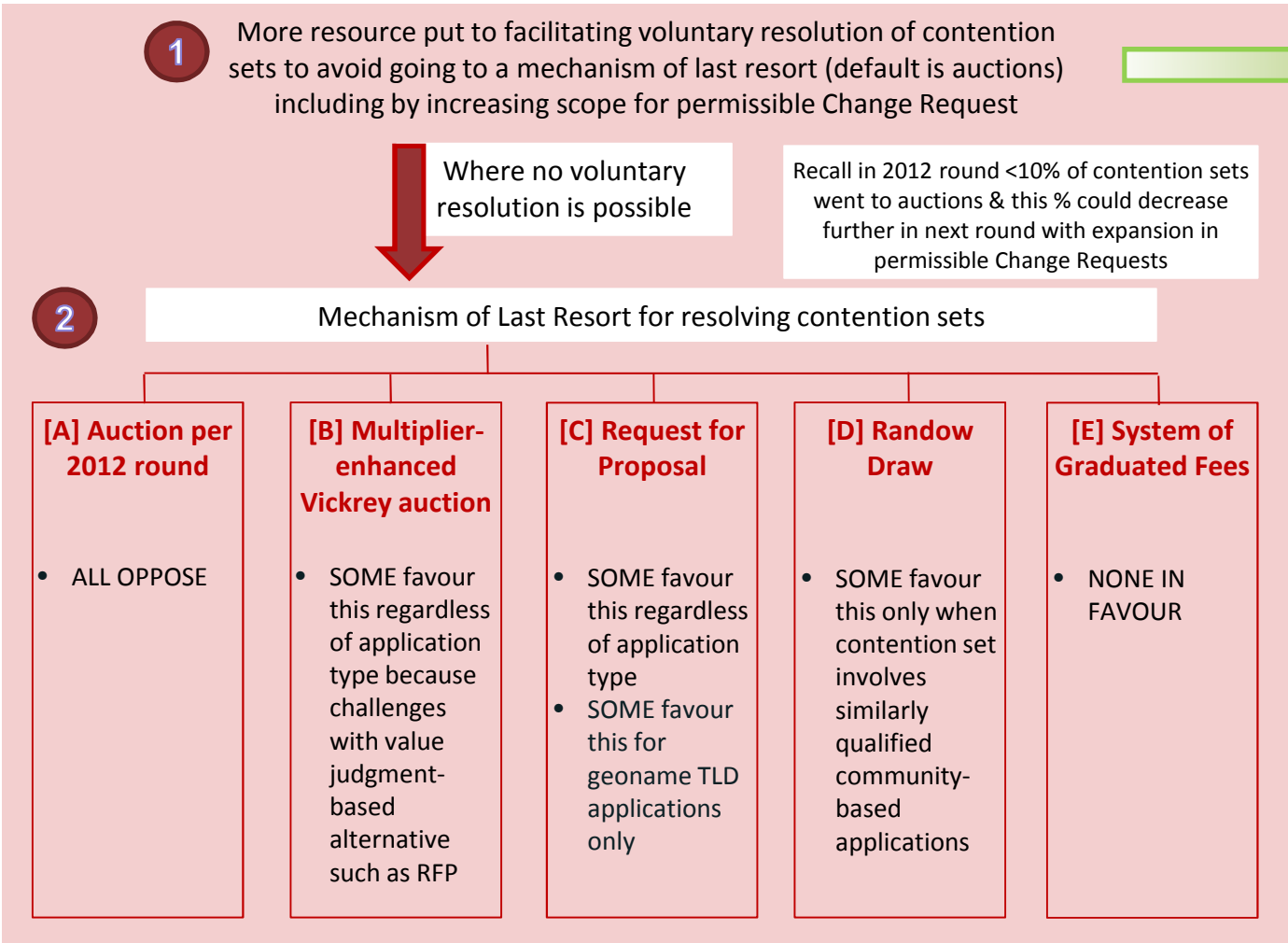
2.1

Auctions: Mechanism of Last Resort

PROPOSED AMENDED DRAFT STATEMENT as at 17 Dec based on earlier consensus

- ❑ **The ALAC proposes that the ICANN Community explore the introduction of a multiplier-enhanced Vickrey auction (as described in our response to Option 2.1.d.1) in place of the regular highest-bid auction process as the resolution mechanism of last resort but also advocates for more guidance and resources to be put in place to help applicants get out of contentions sets voluntarily in order to avoid going through to auctions to resolve their contention sets. Further, in the event the Vickrey auction mechanism is to proceed, then all such auctions should be conducted by ICANN-appointed auction service providers.**
 - ✓ Retain belief that auctions, by design wherein the highest bid prevails, will naturally favour applicants with deepest pockets -- not always the case that the “best” applicant is the one with the most resources
 - ✓ **Considered alternative contention set resolution mechanism**, one based on comparative evaluation processes would strive for greater fairness along with the ability to select the “best” applicant using a pre-determined set of criteria
 - ❖ Thus, **favour the “Request for Proposals” option**, but not the “Random Draw” or the “System of Graduated Fees” options.
 - ❖ But the ALAC acknowledges that **true success of a comparative evaluation mechanism**, especially one based on value judgments, **is heavily dependent on not only the availability but consistent application of clear and strict assessment and scoring processes**. Based on the experience of the 2012 round of applications which underwent Community Priority Evaluation (CPE), we are **not confident that an alternative mechanism based on comparative evaluation processes can be established easily. If at all, its development would require extensive consultation with all stakeholder groups.**
 - ✓ Given <10% contention sets from 2012 round went to auction + with expansion of permissible Change Requests (controlled flexibility) → possibility that incidences of contention sets could be more desirably resolved other than by way of auctions.
 - ✓ Supportive of the option to **introduce the Vickrey auction in place of the “regular” auction**. Although the Vickrey auction still relies on the notion of a winning highest bid, the ALAC opines that its nature of accepting placement of secret-bids will do a lot to prevent in future rounds the repeat of some of the speculative applications which were seen in the 2012 round.
 - ❖ Temper weakness of auction by adding a **multiplier feature** in Vickrey auction in favour of certain applicants – ASP, CPE – where secret bid automatically upgraded by a fixed capped multiplier.

2.1 Auctions: Mechanism of Last Resort



Private Resolution of Contention Sets

NONE IN FAVOUR OF total ban on private resolution mechanisms but ALL OPPOSE private auctions

- NOTES**
- ❑ CPWG 5 Dec 2018 call produced majority view in favour of Vickrey auction
 - ❑ Draft statement released for comment on 9 Dec
 - ❑ A number of CPWG members lobbied for the rejection of any form of auctions in ALAC's statement
 - ❑ Call made by CWPG Co-Chair on 14 Dec in attempt to build consensus
 - ❑ The position as at 17 Dec, gathered from feedback on email lists, is as set out here