

## Questions / Approach for addressing input received on Public Comment Question #2

Question #2 for Public Comment: Do you have any concerns about the updates the CCWG has made, as listed in Section 1 above, in response to the public comment forum? If yes, please specify what changes concern you and why?

### OVERARCHING QUESTION:

**As a result of input provided during the public comment period, are any further revisions needed to the following sections of the Proposed Final Report that were updated since the Initial Report was published?**

- Section 4.1: The descriptions of the mechanisms have been updated to focus on the elements that matter most to the CCWG's decision-making and to reflect additional input received from the ICANN Board and ICANN org. The proposed Final Report also reflects the CCWG's expected recommendation in relation to the mechanism, based on an indicative poll conducted amongst the CCWG members and participants.
- Section 5.1: Response to charter question 1 and corresponding recommendations regarding selection of the mechanism(s) have been updated to reflect further deliberations in the CCWG since publication of the Initial Report.
- Section 5.1: Response to charter question 7 and corresponding recommendations and guidance for the implementation phase have been added regarding the establishment of an Independent Project Applications Evaluation Panel, regardless of the mechanism implemented.
- Section 5.2: Responses to charter questions 3, 5, and 10 now include discussion of considerations specific to mechanism C, in addition to mechanisms A and B. In the Initial Report, only considerations related to mechanisms A and B were provided in these responses, as these were the two most favored mechanisms at the time that the Initial Report was published.
- Section 5.2: Response to charter question 9 and corresponding recommendations have been updated to state that applicants and other parties should not have access to ICANN accountability mechanisms to challenge a decision from the Independent Project Applications Evaluation Panel to not approve an application.
- Section 5.3: Response to charter question 6 and corresponding guidance for the implementation phase has been updated to reflect that the CCWG discussed the possibility of using a "basket" approach to distributing funds and recommended further consideration of this approach during the implementation phase following input from the Board.
- Section 5.4: Response to charter question 11 and corresponding guidance for the implementation phase has been updated to reflect that the CCWG considered recommending the creation of two panels for the purposes of conducting reviews of the mechanism, but based on Board feedback, decided that the details about the review panel(s) should be established in the implementation phase.

- Annex C: Guideline #5 in Annex C has been updated to include input from the Board that auction proceeds should not be used to fund and supplement ICANN's operations, including existing or terminated programs, and should not be used for any applicant's ordinary operations.
- Annex D: Clarification has been provided that inclusion in this list not a guarantee of funding for projects that are designed to be identical or similar to examples included in Annex D.
- Annex E: New Annex: Glossary added.

**If yes, why?**

**If no, why not?**

<b>Comment #1 – Sylvia Cadena (APNIC Foundation)</b>	
<b>Suggestion from Commenter</b>	<b>I support the modifications proposed</b> , in particular the establishment of an Independent Project Applications Evaluation Panel. I also would like to emphasize that although the CCWG didn't reach consensus about the maximum overhead to use for the administration / management of the program it self, as the CCWG didn't have realistic cost estimations, <b>it is crucial that the management of the grants -independent of the mechanism- is conducted efficiently on a maximum of 10 to 15% of the auction proceeds pool, so that at least 85% of the funds in the auction proceeds pool directly benefit the community projects selected.</b> That is really key to make sure no matter what the mechanism selected is, the community benefit remains the most important aspect of funds allocation. That should include staff, operational support, platforms and processes for decision making.
<b>Leadership recommendation</b>	<ul style="list-style-type: none"> <li>- The CCWG has considered and closed the issue of overhead.</li> <li>- In the review of guidelines, the CCWG may want to see if additional text should be added that makes it clear that the CCWG is recommending a prudent approach in setting a standard of overhead (see report pages 31 and 32).</li> </ul>
<b>CCWG discussion / agreement</b>	Support was expressed for the suggested approach from Leadership.  <b>CCWG Agreement #9: CCWG to review text regarding overhead on Report pages 31 and 32 to see if it is sufficiently clear that the CCWG is recommending a prudent approach in setting a standard of overhead.</b>

<b>Comment #2 – Judith Hellerstein</b>	
<b>Suggestion from Commenter</b>	<b>I agree with the CCWG-Auction Proceeds decision on Recommendation #2.</b> I strongly believe that there needs to be an Independent Project Applications Evaluation Panel to review and evaluate all proposals. The Panel's responsibility will be to evaluate and select project applications. I am also in strong agreement that neither the Board nor Staff will be making decisions on individual applications. Members of the Independent Project Applications Evaluation Panel should not be selected based on their affiliation or representation but instead selected based on their grant-making expertise, ability to demonstrate independence over time, and relevant knowledge. <b>I also strongly support of Recommendation #3</b> and agree with how the CCWG-Auction Proceeds has defined the objectives of new gTLD Auction Proceeds fund allocation

	<ul style="list-style-type: none"> <li>• Benefit the development, distribution, evolution and structures/projects that support the Internet's unique identifier systems;</li> <li>• Benefit capacity building and underserved populations, or;</li> <li>• Benefit the open and interoperable Internet (see Annex C of the report for the complete definition of this statement)</li> </ul> <p><b>I also support recommendations 4 through 6 and recommendations 9-12.</b></p> <p>On Recommendation 8, <b>I do not believe that ICANN ORG should be able to participate in Auction Proceeds</b> but I am not as clear on whether one of the representative bodies within one of the ICANN Constituencies, if they are legal entities in their own right, or whether an ALS which exists in its own right as a legal entity can submit a request provided that all applications meet the stipulated conditions and requirements, including legal and fiduciary requirements.</p>
<b>Leadership recommendation</b>	<ul style="list-style-type: none"> <li>- CCWG to review recommendation 8 text and response to charter question #10 to ensure it is clear.</li> </ul>
<b>CCWG discussion / agreement</b>	<p>Some CCWG members expressed that there is no lack of clarity in recommendation 8. From this perspective, At-Large structures that are legally incorporated should be able to apply for grant funds. Sub-groups of the GNSO that are legally incorporated should also be allowed to apply for grants. The members expressed that it is important for the report to state which groups are and are not eligible to receive grants, if that is not already sufficiently clear. The initial response from leadership is that it may be beneficial to specify who is not eligible, but avoid being too prescriptive.</p> <p><b>CCWG Agreement #8: Leadership team to review the recording and follow up about whether recommendation 8 should be revisited.</b></p>

<b>Comment #3 - ALAC</b>	
<b>Suggestion from Commenter</b>	<p><b>At Large agrees with the CCWG-Auction Proceeds decision on Recommendation #2.</b> As we strongly believe that there needs to be an Independent Project Applications Evaluation Panel to review and evaluate all proposals. The Panel's responsibility will be to evaluate and select project applications. We are in strong agreement that neither the Board nor Staff will be making decisions on individual applications. Members of the Independent Project Applications Evaluation Panel will not be selected based on their affiliation or representation but will be selected based on their grant-making expertise, ability to demonstrate independence over time, and relevant knowledge.</p>

	<p><b>We are also in support of Recommendation #3</b> and agree with how the CCWG-Auction Proceeds has defined the objectives of new gTLD Auction Proceeds fund allocation.</p> <ul style="list-style-type: none"> <li>● Benefit the development, distribution, evolution and structures/projects that support the Internet's unique identifier systems;</li> <li>● Benefit capacity building and underserved populations, or;</li> <li>● Benefit the open and interoperable Internet (see Annex C of the report for the complete definition of this statement)</li> </ul> <p><b>At Large also supports recommendations 4 through 6 and recommendations 9-12.</b></p> <p><b>On recommendation 7, we believe it should read “Must not have access” instead of “should not have access”</b> we are requesting this change because, in practice, ICANN ORG generally adheres to IETF RFC 2119 which states that the word “Must” or the terms "Required" or "Shall", mean that the definition is an absolute requirement of the specification. However, “Should” or the adjective "Recommended", mean that there may exist valid reasons to ignore a particular item, but the full implications must be understood and carefully weighed before choosing a different course.</p> <p>On Recommendation 8, <b>we do not believe that ICANN ORG should be able to participate in Auction Proceeds</b> but we are not as clear on whether one of the representative bodies within one of the ICANN Constituencies, if they are legal entities in their own right, or whether an ALS which exists in its own right as a legal entity can submit a request provided that all applications meet the stipulated conditions and requirements, including legal and fiduciary requirements.</p>
<p><b>Leadership recommendation</b></p>	<ul style="list-style-type: none"> <li>- Recommendation 7 text currently reads: “Applicants and other parties should not have access to ICANN accountability mechanisms such as IRP or other appeal mechanisms. . .” Leadership suggests changing this text to: “No right exists for applicants and other parties to access to ICANN accountability mechanisms such as IRP or other appeal mechanisms. . .”</li> <li>- CCWG to review recommendation 8 text to ensure it is clear.</li> </ul>
<p><b>CCWG discussion / agreement</b></p>	<p>From one perspective, the leadership proposal is less clear than the text proposed by ALAC and may not be functionally equivalent. ICANN Legal provided feedback that it will be important to flag in the CCWG’s recommendation that the Bylaws need to be changed to reflect that the IRP/Reconsideration is not to be used in this regard.</p>

	<b>CCWG Agreement #9: CCWG and ICANN Legal to review text of recommendation 7 to ensure that the language is clear that the Bylaws need to be changed to reflect that the IRP/Reconsideration is not to be used in regard to grant decisions.</b>
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<b>Comment #4 - RySG</b>	
<b>Suggestion from Commenter</b>	<b>The RySG does not have concerns about the updates the CCWG has made.</b> We appreciate the additional detail and information around each of the mechanisms in sections 4 and 5, and support the inclusion of the recommendation around establishing an Independent Project Applications Evaluation Panel. The latter accords with our earlier comments on the CCWG's Initial Reports.
<b>Leadership recommendation</b>	- No additional action needed, noting support for CCWG changes.
<b>CCWG discussion / agreement</b>	

<b>Comment #5 - BC</b>	
<b>Suggestion from Commenter</b>	The BC is pleased to comment on the Proposed Final Report of the new gTLD Auction Proceeds CCWG and hereby commend the Working Group for the dedication put into the work leading to the production of the proposed Final Report. The BC notes that the CCWG has already recognized that Bylaws must be amended to eliminate Request for Reconsideration and Independent Review Panel from the available remedies to challenge grants. These are amendments to Fundamental By-Laws and which should require Empowered Community approval. . . With respect to risk management, we note in the report as recommended that the funds, which are to be dispersed using an Independent Expert Panel as evaluators, may not be used for matters currently covered in the ICANN budget.  [Staff note: text contained between the ellipses above addresses the mechanisms under consideration and is therefore included with the BC's comments in response to question #1]
<b>Leadership recommendation</b>	- Leadership to confirm point about Bylaws changes with ICANN Legal.
<b>CCWG discussion / agreement</b>	

<b>Comment #6 - IPC</b>	
<b>Suggestion from Commenter</b>	The IPC notes that the community has been extremely busy with other matters during the period between the last public comment on the CCWG Auction Proceeds work and this proposed Final Report. <b>The IPC would encourage the CCWG to review the Proposed Final Report with the</b>

	<b>public at ICANN67 in Cancun in order to obtain further public input from members of the community and the public generally before finalizing the Report.</b>
<b>Leadership recommendation</b>	<ul style="list-style-type: none"> <li>- Due to the remote nature of the ICANN67, the CCWG will no longer holding a session at this meeting.</li> <li>- CCWG to consider holding a webinar at the close of its work to share recommendations contained in the Final Report.</li> </ul>
<b>CCWG discussion / agreement</b>	

<b>Comment #7 - NCSG</b>	
<b>Suggestion from Commenter</b>	NCSG has no other concerns regarding the updates made by the CCWG.
<b>Leadership recommendation</b>	- No additional action needed.
<b>CCWG discussion / agreement</b>	

<b>Comment #8- Carl Lundström, Centrabit doo and Centrabit AG</b>	
<b>Suggestion from Commenter</b>	Yes, they do not recitify the above-mentioned two problems.
<b>Leadership recommendation</b>	These comments appear to be out of scope as they do not specifically relate to the recommendations in the proposed Final Report. No additional action needed.
<b>CCWG discussion / agreement</b>	

<b>Comment #9 - Jimmy</b>	
<b>Suggestion from Commenter</b>	I believe that raising the price of .com domain registration will adversely affect people like me who want to own their own place on the internet, but can't afford exorbitant fees.
<b>Leadership recommendation</b>	These comments appear to be out of scope as they do not specifically relate to the recommendations in the proposed Final Report. No additional action needed.
<b>CCWG discussion / agreement</b>	

## Question #2 for Public Comment

#	Comment	Contributor	Type of change suggested by commenter / Possible action and/or question for CCWG	CCWG Response / Action Taken
<p><b>Section Summary:</b></p> <p><u>Question #2 for Public Comment:</u> Do you have any concerns about the updates the CCWG has made, as listed in Section 1 above, in response to the public comment forum? If yes, please specify what changes concern you and why?</p> <p><u>Overview of Comments:</u> A number of comments expressed support for the revisions provided. Comments offered additional considerations regarding:</p> <ul style="list-style-type: none"> <li>• Target level of overhead associated with the selected mechanism</li> <li>• Whether ICANN org or its constituent parts could be a beneficiary of auction proceeds</li> <li>• Language in recommendation #7 regarding access to Accountability Mechanisms</li> <li>• Additional consultation with the community at ICANN67</li> </ul>				
1.	<p><b>I support the modifications proposed</b>, in particular the establishment of an Independent Project Applications Evaluation Panel. I also would like to emphasize that although the CCWG didn't reach consensus about the maximum overhead to use for the administration / management of the program it self, as the CCWG didn't have realistic cost estimations, <b>it is crucial that the management of the grants -independent of the mechanism- is conducted efficiently on a maximum of 10 to 15% of the auction proceeds pool, so that at least 85% of the funds in the auction proceeds pool directly benefit the community projects selected.</b> That is really key to make sure no matter what the mechanism selected is, the community benefit remains the most important aspect of funds allocation. That should include staff, operational support, platforms and processes for decision making.</p>	Sylvia Cadena, APNIC Foundation	CCWG to consider whether the points raised regarding overhead have been sufficiently covered and addressed by the CCWG.	<p><b>Support Concerns</b></p> <p><b>Proposed CCWG Response:</b></p> <p><b>Action Taken:</b> None at this time</p> <p><b>[COMPLETED / NOT COMPLETED]</b> – [Instruction of what was done.]</p>
2.	<p><b>I agree with the CCWG-Auction Proceeds decision on Recommendation #2.</b> I strongly believe that there needs to be an Independent Project Applications Evaluation Panel to review and evaluate all proposals. The Panel's responsibility will be to evaluate and select project applications. I am also</p>	Judith Hellerstein, submitted in her individual capacity	CCWG to note Judith Hellerstein's position regarding disbursement of auction proceeds to ICANN org and consider whether clarification is	<p><b>Support Concerns</b></p> <p><b>Proposed CCWG Response:</b></p>



	<p>in strong agreement that neither the Board nor Staff will be making decisions on individual applications. Members of the Independent Project Applications Evaluation Panel should not be selected based on their affiliation or representation but instead selected based on their grant-making expertise, ability to demonstrate independence over time, and relevant knowledge. <b>I also strongly support of Recommendation #3</b> and agree with how the CCWG-Auction Proceeds has defined the objectives of new gTLD Auction Proceeds fund allocation</p> <ul style="list-style-type: none"> <li>• Benefit the development, distribution, evolution and structures/projects that support the Internet's unique identifier systems;</li> <li>• Benefit capacity building and underserved populations, or;</li> <li>• Benefit the open and interoperable Internet (see Annex C of the report for the complete definition of this statement</li> </ul> <p><b>I also support recommendations 4 through 6 and recommendations 9-12.</b></p> <p>On Recommendation 8, <b>I do not believe that ICANN ORG should be able to participate in Auction Proceeds</b> but I am not as clear on whether one of the representative bodies within one of the ICANN Constituencies, if they are legal entities in their own right, or whether an ALS which exists in its own right as a legal entity can submit a request provided that all applications meet the stipulated conditions and requirements, including legal and fiduciary requirements.</p>		<p>needed in the Final Report text regarding potential funding of representative bodies within one of the ICANN Constituencies.</p> <p><b>THEME: FUNDS DISBURSEMENT TO ICANN ORG OR CONSTITUENT PARTS</b></p>	<p><b>Action Taken:</b> None at this time</p> <p><b>[COMPLETED / NOT COMPLETED]</b> – [Instruction of what was done.]</p>
<p><b>3.</b></p>	<p><b>At Large agrees with the CCWG-Auction Proceeds decision on Recommendation #2.</b> As we strongly believe that there needs to be an Independent Project Applications Evaluation Panel to review and evaluate all proposals. The Panel's responsibility will be to evaluate and select project applications. We are in strong agreement that neither the Board nor Staff will be making decisions on individual applications. Members of the Independent Project Applications Evaluation Panel will not be selected based on their affiliation or representation but will be selected based on their grant-making expertise, ability to demonstrate independence over time, and relevant knowledge.</p>	<p>ALAC</p>	<p>CCWG to consider whether the suggested revision to recommendation #7 provides additional clarity regarding access to ICANN accountability mechanisms.</p> <p>CCWG to note ALAC's position regarding disbursement of auction proceeds to ICANN org and consider whether clarification is needed in the</p>	<p><b>Support</b> <b>Concerns</b> <b>New Idea</b></p> <p><b>Proposed CCWG Response:</b></p> <p><b>Action Taken:</b> None at this time</p> <p><b>[COMPLETED / NOT COMPLETED]</b> – [Instruction of what was done.]</p>

	<p>We are also in support of Recommendation #3 and agree with how the CCWG-Auction Proceeds has defined the objectives of new gTLD Auction Proceeds fund allocation.</p> <ul style="list-style-type: none"> <li>● Benefit the development, distribution, evolution and structures/projects that support the Internet's unique identifier systems;</li> <li>● Benefit capacity building and underserved populations, or;</li> <li>● Benefit the open and interoperable Internet (see Annex C of the report for the complete definition of this statement)</li> </ul> <p><b>At Large also supports recommendations 4 through 6 and recommendations 9-12.</b></p> <p><b>On recommendation 7, we believe it should read “Must not have access” instead of “should not have access”</b> we are requesting this change because, in practice, ICANN ORG generally adheres to IETF RFC 2119 which states that the word “Must” or the terms "Required" or "Shall", mean that the definition is an absolute requirement of the specification. However, “Should” or the adjective "Recommended", mean that there may exist valid reasons to ignore a particular item, but the full implications must be understood and carefully weighed before choosing a different course.</p> <p>On Recommendation 8, <b>we do not believe that ICANN ORG should be able to participate in Auction Proceeds</b> but we are not as clear on whether one of the representative bodies within one of the ICANN Constituencies, if they are legal entities in their own right, or whether an ALS which exists in its own right as a legal entity can submit a request provided that all applications meet the stipulated conditions and requirements, including legal and fiduciary requirements.</p>		<p>Final Report text regarding potential funding of representative bodies within one of the ICANN Constituencies.</p> <p><b>THEME: ACCOUNTABILITY MECHANISMS</b></p> <p><b>THEME: FUNDS DISBURSEMENT TO ICANN ORG OR CONSTITUENT PARTS</b></p>	
4.	<p><b>The RySG does not have concerns about the updates the CCWG has made.</b> We appreciate the additional detail and information around each of the mechanisms in sections 4</p>	RySG	No additional action needed.	<p><b>Support</b></p> <p><b>Proposed CCWG Response:</b></p>

	and 5, and support the inclusion of the recommendation around establishing an Independent Project Applications Evaluation Panel. The latter accords with our earlier comments on the CCWG's Initial Reports.			<p><b>Action Taken:</b> None at this time</p> <p>[COMPLETED / NOT COMPLETED] – [Instruction of what was done.]</p>
5.	<p>The BC is pleased to comment on the Proposed Final Report of the new gTLD Auction Proceeds CCWG and hereby commend the Working Group for the dedication put into the work leading to the production of the proposed Final Report. The BC notes that the CCWG has already recognized that Bylaws must be amended to eliminate Request for Reconsideration and Independent Review Panel from the available remedies to challenge grants. These are amendments to Fundamental By-Laws and which should require Empowered Community approval. . . With respect to risk management, we note in the report as recommended that the funds, which are to be dispersed using an Independent Expert Panel as evaluators, may not be used for matters currently covered in the ICANN budget.</p> <p>[Staff note: text contained between the ellipses above addresses the mechanisms under consideration and is therefore included with the BC's comments in response to question #1]</p>	BC	No additional action needed.	<p>Support</p> <p><b>Proposed CCWG Response:</b></p> <p><b>Action Taken:</b> None at this time</p> <p>[COMPLETED / NOT COMPLETED] – [Instruction of what was done.]</p>
6.	<p>The IPC notes that the community has been extremely busy with other matters during the period between the last public comment on the CCWG Auction Proceeds work and this proposed Final Report. <b>The IPC would encourage the CCWG to review the Proposed Final Report with the public at ICANN67 in Cancun in order to obtain further public input from members of the community and the public generally before finalizing the Report.</b></p>	IPC	CCWG to consider the suggestion that the CCWG review the Proposed Final Report with the public at ICANN67.	<p>New Idea</p> <p><b>Proposed CCWG Response:</b></p> <p><b>Action Taken:</b> None at this time</p> <p>[COMPLETED / NOT COMPLETED] – [Instruction of what was done.]</p>
7.	NCSG has no other concerns regarding the updates made by the CCWG.	NCSG	No additional action needed.	<p>Support</p> <p><b>Proposed CCWG Response:</b></p> <p><b>Action Taken:</b> None at this time</p>

				[COMPLETED / NOT COMPLETED] – [Instruction of what was done.]
8.	Yes, they do not recitify the above-mentioned two problems.	Carl Lundström, Centrabit doo and Centrabit AG	These comments appear to be out of scope as they do not specifically relate to the recommendations in the proposed Final Report. No additional action needed.	<p><b>Concerns</b></p> <p><b>Proposed CCWG Response:</b></p> <p><b>Action Taken:</b> None at this time</p> <p>[COMPLETED / NOT COMPLETED] – [Instruction of what was done.]</p>
9.	I believe that raising the price of .com domain registration will adversely affect people like me who want to own their own place on the internet, but can't afford exorbitant fees.	Jimmy	These comments appear to be out of scope as they do not specifically relate to the recommendations in the proposed Final Report. No additional action needed.	<p><b>Concerns</b></p> <p><b>Proposed CCWG Response:</b></p> <p><b>Action Taken:</b> None at this time</p> <p>[COMPLETED / NOT COMPLETED] – [Instruction of what was done.]</p>