

NEW gTLD PROGRAM: NEXT ROUND

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Registry Service Provider (RSP) Evaluation Program Fee

1. What is a Registry Service Provider (RSP) and what is the RSP Evaluation Program?

RSPs provide critical services for the Internet. In light of ICANN's mission to ensure the stable and secure operation of the Internet's unique identifier systems, the main objective of the RSP program is to verify that potential RSPs have the technical capacity to operate those services according to the requirements of the Registry Agreement. Registry service providers deliver critical functions on behalf of the registry operator such as:

- Domain Name System
- Extensional Provisional Protocol
- Registration Data Access Protocol
- DNS Security Extensions

The Registry Service Provider (RSP) Evaluation Program is part of ICANN's New Generic Top-Level Domains (gTLD) Program: Next Round. The program is intended to streamline the application process by reducing the cost and time involved in evaluating new gTLDs by separating the assessment of the technical aspects of operating a gTLD from the application for the gTLD label.

In addition to technical evaluation, the RSP program streamlines additional Registry Services evaluation, including the review of IDN tables used by registries for second-level IDN registrations. RSPs will only be evaluated once regardless of the number of gTLDs to which they provide service. This is in contrast to the 2012 new gTLD application round, where technical evaluation was carried out on a per-application basis.

To encourage optimum use of the program, RSP applicants may choose to be evaluated either before and during the application process for new gTLDs.

2. How much does it cost to be evaluated?

The RSP evaluation fee has been established at a maximum of USD \$92,000 per RSP applicant. The cost is dependent on the number of RSP applications that ICANN receives during the Pre-Evaluation phase (19 November 2024 and close on 20 May 2025).

The fee may be reduced in the form of a refund to USD \$77,000 if ICANN receives more than 50 RSP applicants, or USD \$65,000 if ICANN receives more than 60 RSP applicants as shown in the table below.

RSP Fee Schedule	
Number of RSP Applicants	Fee
0 - 49	USD \$92,000
50 - 59	USD \$77,000
60 and above	USD \$68,500

3. How was the RSP evaluation fee established?

Per recommendation 6.8 of the [GNSO Final Report on the new gTLD Subsequent Procedures Policy Development Procedure](#), the RSP Evaluation Program must be funded on a cost-recovery basis by those seeking evaluation. ICANN estimates that the total cost of the RSP Evaluation Program is approximately USD \$4.1 million. This consists of:

Item	Cost
Design and Implementation	2.0M
Total evaluation cost	1.3M
Contingency (10%)	0.3M
Shared Services (15%)	0.5M
Total	4.1M

Below are descriptions of the various activities that form each of these elements to make up the total cost:

- **Design and implementation** refers to the design and development of an RSP application system that uses best software development practices and the design of business processes to accommodate a new entity (an RSP) in the gTLD evaluation process. As part of the implementation: (1) new technical criteria have been developed to make it easier for applicants to understand what is being asked; (2) processes for the evaluation and approval of registry services and IDN tables have been established; and (3) technical tests using RST 2.0 are being incorporated.
- **Evaluation costs** include the cost of technical, registry services, and IDN table evaluations. This cost includes supporting RSP applicants throughout their journey in the RSP program, which, based on operational experience, it's estimated to require a

considerable amount of staff hours. ICANN org has estimated the potential number of registry services and IDN tables that would be evaluated as the program does not establish a limit for the number of registry services and IDN tables that RSP applicants may submit.

- **Contingency** is an estimate or an assumption of unknown and hard to predict costs. Examples of the set costs are vendor pricing and unforeseen circumstances that may arise.
- **Shared services** include ICANN org's ongoing internal services that support all programs but which are not directly attributable to a specific program or project. These services provide the infrastructure and support that any organization would require to run a business.

Currently, there are ≈35 gTLD main RSPs and ≈10 DNS RSPs (see question 4 below for a description of the different types of RSP) in the marketplace – for a total of ≈45. For the purposes of establishing the fee, ICANN org has estimated that 40 of those RSPs will apply during the pre-evaluation phase. While we anticipate that new RSPs may join the program, we have no guarantees that they will.

4. Why did ICANN decide to use a demand-adjusted fee?

The RSP Evaluation Program is intended to be cost-recovery, and estimating a higher number of applications than ultimately will be received creates significant risk for ICANN. At the same time, ICANN org has no interest in receiving excess fees. The cost-recovery approach, adjusting the final fee to the actual number of applicants received during the first evaluation phase, aims to strike a balance between reducing risk for ICANN and true cost recovery among all RSP applicants.

5. Are there benefits to applying during the pre-evaluation phase?

RSPs can choose to apply during the pre-evaluation phase or during the new gTLD application application submission period. Applying during the pre-evaluation phase allows RSPs, if they pass, to be added to the public list of evaluated RSPs before the opening of the new gTLD application window, allowing those RSPs to promote themselves earlier to potential new gTLD applicants. Additionally, the more RSPs that apply during the pre-evaluation phase, the lower the evaluation fee will be.

6. Why does ICANN org count the number of RSPs after pre-evaluation rather than at the end of the program application submission period?

ICANN org expects most RSP evaluations to occur in the pre-evaluation phase. However, it would create administrative complexities to wait until all RSPs have been evaluated because it is not known when all evaluations would be completed.

7. Who is eligible to apply to the RSP Program?

Any established corporation, organization, or institution may submit an RSP application. Applications from individuals or sole proprietorships will not be considered. Applications from or on behalf of yet-to-be-formed legal entities, or applications presupposing the future formation of a legal entity (for example, a pending joint venture) will not be considered. It also may be worth noting that although there are some cases in which the registry operator also serves as its own RSP, the expectation is that new gTLD applicants will contract with a third-party RSP when the new gTLD applicant does not have the technical experience and capabilities for running a gTLD.. A gTLD applicant must identify at least one of each of the following RSP types: Main, DNS, and DNSSEC.

8. How does the proposed RSP evaluation fee for this new gTLD application period compare to the approach and costs of the 2012 round?

In 2012, the cost of panelists for technical and registry services evaluation alone was approximately USD \$22M, without accounting for systems development and business process design or other costs. In comparison, the estimated costs of implementing and running the RSP program are approximately USD \$4.1M.

In 2012, the cost for technical evaluation was part of the gTLD evaluation fee and paid for by the gTLD applicant. Per the Final Report recommendations, a separate RSP program has been established that will separately evaluate RSPs. All new gTLD applicants are required to use evaluated RSPs. Once an RSP has been successfully evaluated, it can offer its services to new gTLD applicants. The price for these services is negotiated directly by the RSP and the new gTLD applicant.

9. Why are the personnel costs of existing org members included in the costs for the RSP program? Aren't these already covered under ICANN's operational budget?

Because this is a cost-recovery program, all costs for the RSP program are included in the cost projections and expected to be recovered in the application fee, including those for ICANN staff and external vendors. The costs of staff and vendors that work on this Next Round program is recovered by the application fees, not by the ICANN operational budget, as per the principle of cost recovery of the program defined in the policy. This applies to all fee calculations, including for the RSP program. This approach is the same as the one applied during the 2012 round, as the cost recovery policy requirement was the same then.

gTLD Evaluation Fee

1. How does ICANN org determine the gTLD evaluation fee?

The GNSO Final Report recommendations confirm that the fee is “set to recover costs associated with the new gTLD program. The fee is set to ensure that the program is fully funded and revenue-neutral and is not subsidized by existing contributions from ICANN funding sources, including generic TLD registries and registrars, ccTLD contributions and RIR contributions.”

As outlined in the [Operational Design Assessment](#) (ODA), the new gTLD Program scope represents the activities necessary to progress the implementation of the SubPro policy recommendations. This scope encompasses the operationalization of the systems and resources that will receive and process applications to the final step of delegating the gTLDs of successful applicants. This includes, amongst other activities, resolving open concerns, managing communication with the community, designing and developing the systems necessary to process applications, and hiring and training additional staff. In addition, funding for infrastructure development and operationalization is necessary to complete the implementation of the application evaluation processes and systems. A global communications campaign, onboarding of evaluation panels and vendors, payment of certain software licenses, conducting contract execution activities and pre-delegation checks, all are included in costs.

The costs associated with the new gTLD program can be broken down as follows:



Scope of Budget: Activities to implement the next round mainly up until the opening of the application window

As outlined in the New gTLD Program: Next Round Implementation Plan, the Implementation Budget is as follows:

Implementation Budget - 2023 Q2 Through 2026 Q2				
USD in Millions Work Stream	Avg FTE	Personnel Costs	External Costs	Total
Policy Implementation	8.5	\$5.9	\$2.8	\$8.7
Program Design	6.0	\$4.2	\$1.9	\$6.1
Infrastructure Development	10.5	\$7.2	\$10.6	\$17.8
Operationalization	6.7	\$4.7	\$2.9	\$7.5
Overarching Program Support	8.9	\$6.1	\$3.8	\$9.9
Sub-Total	40.6	\$28.1	\$21.9	\$50.0
Contingency	0.0	\$6.0	\$4.0	\$10.0
Shared Services	0.0	\$4.7	\$5.3	\$10.0
Total	40.6	\$38.8	\$31.2	\$70.0

Next Round Processing Budget

Scope of Budget: Activities mainly following the close of the application window to process applications through delegation

In addition, contingency and risk costs are included for all unforeseen and unplanned expenses that may occur throughout the program due to unknown factors or hard to predict costs. Examples of hard to predict costs are: 1) legal fees and litigation; 2) duration of the program (e.g., the 2012 Round has not closed); 3) vendor pricing; 4) Emergency Back-End Registry Operator (EBERO) program, 5) receiving a lower volume of applications than assumed.

2. What is included in the gTLD evaluation fee?

The following evaluations and reviews are included in the estimated gTLD evaluation fee:

Included in estimated gTLD Evaluation Fee
Legal Compliance
Background Screening
Financial Evaluation
DNS Stability Review
String Similarity
Variant Review
Name Collision (2012 approach)
Geographic String Determination
Safeguard Assessment
Other (e.g. closed generics, competition, string length)

3. What is excluded from the gTLD evaluation fee?

Similar to the 2012 round, there are also a number of conditional or elective evaluations that are string- and/or applicant-related. **Fees for these evaluations will be charged separately** and determined well before the opening of the application window, based on the effort required to carry out these evaluations. This includes, amongst others:

Not included in the gTLD Evaluation Fee
Community Priority Evaluation (CPE)
Geographic name review
Brand exemptions (Spec 13)
Code of Conduct exemption
Reserved names eligibility
Background screening (if required after change request)

Joint venture review
“Occupancy” fee for lingering applications ¹

Note that some of these conditional evaluations have been added due to related policy recommendations (e.g., joint venture review). Others were introduced in the 2012 round after the AGB had been published (e.g., brand exemptions). For others, setting of the fees will be informed by the actual costs that were incurred in 2012 (e.g. CPE).

Note that there are other fees that a successful applicant may need to pay after execution of the Registry agreement, such as fees for the Trademark Clearing House (TMCH) as well as annual registry fees. As an illustration, the current annual registry fees can be found at section 6.1 of the 2023 version of the registry base agreement, available here: <https://itp.cdn.icann.org/en/files/registry-agreements/base-registry-agreement-21-01-2024-en.html#article6.1>.

4. How does the fact that the number of applicants is unknown make it challenging to determine an appropriate gTLD evaluation fee?

The biggest challenge is that the number of applications that will be received is unknown. The ODA made an assumption of 2,000 applications – similar to the number of applications received during the 2012 round – but if a significantly lower number is received, this would represent a significant financial risk for ICANN, especially from the perspective of the already-paid costs that could not be recuperated.

At the same time, the more conservative we would be in our assumptions, the higher the fee would turn out to be, which could create a new risk that it would no longer be considered attractive or even prohibitive.

To mitigate these risks, ICANN org has created various scenarios that give some insight into the deficit that could occur if fewer than the estimated number applications are received. In these models, we have already applied a conservative approach in relation to the implementation costs which are basically “sunk” costs (i.e., we will have spent that money before we even receive a single application) by dividing those costs over 1,000 applications for all scenarios that we have modeled. At the same time, we are proposing a refund to applicants immediately after the close of the application window if more than the USD \$70M of implementation costs has been recovered and we have an excess.

Furthermore, as part of our planning, we are also putting emphasis on establishing a minimum capability at the start of the processing phase, but with plans in place to immediately ramp up processing capabilities if the number of applications is significantly higher. We believe that this is a helpful way to keep the costs as low as possible. This is, for example, also a guiding principle

¹ For further discussion / consideration.

for how we are setting up the processing flow and order of evaluations, as well as building of the application system.

5. What is the proposed gTLD evaluation Fee?

For now, ICANN org has shared a fee range resulting from the different scenarios that have been modeled based on the number of applications received². This results in a fee range of USD \$208,000 - USD \$293,000 (see table hereunder):

Base Fees Per Application (USD in Thousands) Program Category	Number of Applications			
	500	1,000	1,500	2000
(1) Implementation	\$70	\$70	\$70	\$70
(2) Evaluations	\$20	\$17	\$17	\$16
(3) QA, Objections, Auctions	\$11	\$9	\$8	\$7
(4) Processing & Program Support	\$87	\$60	\$48	\$42
(5) Org Shared Services	\$18	\$13	\$11	\$10
Subtotal Next Round Program	\$206	\$169	\$154	\$145
(6) Risk / Contingency (30% of Fee)	\$88	\$73	\$66	\$62
Total Fee	\$293	\$242	\$220	\$208
Potential Fees Pending Review				
Variant Subsidy Placeholder	\$7	\$3	\$2	\$2
NCAP2 Placeholder	TBD	TBD	TBD	TBD
Total Net Excess / (Deficit)	(\$35,000)	\$0	\$35,000	\$70,000

For further information of what is included in each of these elements:

- **Implementation:** As a risk mitigation measure, the application fee assumes the USD \$70M implementation costs will be recovered from 1,000 applications. Therefore, each application will contribute USD \$70K towards the recovery of the USD \$70M implementation costs. If more than 1,500 or 2,000 applications are received, the excess to cover the implementation costs will be returned to applicants as outlined in the executive summary.
- **Evaluations:** Many evaluations are expected to be performed by outside vendors (though vendor outreach is still to be performed). Expected to be a mix of fixed and variable costs. Estimates factor in inflation rate of 44% from 2012 contracted rates, staff research, knowledge, and 2012 lessons-learned.
- **Quality Assurance, Objections, Auctions:** will be performed by outside vendors. Expected to be a mix of fixed and variable costs. Estimates factor in inflation rate of 44% from 2012 contracted rates, staff research, knowledge, and 2012 lessons learned.
- **Processing and Program Support:** Processing and program Support costs are across these cost categories: a) Personnel (ICANN Staff) and temporary contractors, b) External Costs, c) Travel and Meetings, d) Shared Services. These costs support handling the

² Note, the modeling has been done for now for 500, 1000, 1500 and 2000 applications, but it is also possible that less than 500 or more than 2000 applications are received.

applications from the evaluation phase through delegation of the gTLD and are a mix of fixed and variable costs.

- **Org Shared Services:** ICANN org ongoing internal services that support all programs but which are not directly attributable to a program or project. These services provide the infrastructure and support that any organization would need to run a company/business.
- **Risk / Contingency:** Similar to the 2012 New gTLD application fee, the Next Round Application fee includes an assumption for unknown and hard to predict costs. The risk / contingency part represents 30% of the gTLD evaluation fee. Examples of hard to predict costs are: 1) Legal Fees and litigation, 2) Duration of Program, for example, the 2012 Round still has not closed, 3) Vendor Pricing, 4) Emergency Back-End Registry Operator (EBERO) program, 5) lower volume of applications than assumed.

6. When / how will ICANN set the final gTLD evaluation fee?

The final evaluation fee for new gTLDs will be set through further input from the IRT, and further discussions with the ICANN Board. ICANN org expects to confirm the gTLD evaluation fee at the latest by September 2024 for inclusion in the AGB.

7. What would be the deficit / excess that would be incurred if fewer or more applications than anticipated are received in the different scenarios?

Evaluation Fee Volume Scenarios (USD in Millions)	500	1,000	1,500	2,000
\$208,000 Evaluation Fee				
Total Fees Received	\$104	\$208	\$312	\$415
Total Program Costs	\$182	\$242	\$295	\$345
Net Excess / (Deficit)	(\$78)	(\$34)	\$17	\$70
\$220,000 Evaluation Fee				
Total Fees Received	\$110	\$220	\$330	\$440
Total Program Costs	\$182	\$242	\$295	\$345
Net Excess / (Deficit)	(\$72)	(\$22)	\$35	\$94
\$242,000 Evaluation Fee				
Total Fees Received	\$121	\$242	\$363	\$484
Total Program Costs	\$182	\$242	\$295	\$345
Net Excess / (Deficit)	(\$61)	\$0	\$68	\$138
\$293,000 Evaluation Fee				
Total Fees Received	\$147	\$293	\$440	\$587
Total Program Costs	\$182	\$242	\$295	\$345
Net Excess / (Deficit)	(\$35)	\$52	\$145	\$241

8. How does this compare to the 2012 fee?

For background, in 2012 the gTLD evaluation fee was set at USD \$185,000 and it was estimated that 500 applications would be received. The actual number of applications received was 1,930 with 1,241 delegated to date.

Changes resulting in higher costs for 2026	Changes resulting in lower costs for 2026
<ul style="list-style-type: none">• Inflation – 44% increase in all costs by 2026• Additional evaluations compared to 2012 including, RVCs, safeguard assessment, brand exemptions, limited challenges/appeals mechanism, IDN variant review, joint venture review.• Increased complexity of evaluations for the following: background screening (for example, GDPR requirements), string contention, reserved name determinations, CPE Evaluations, string changes, change requests.• Objectives of the program include the intent to diversify and enable broader access to the domain name system across the world. Supporting this objective includes activities that are different and supplemental to the 2012 round.	<ul style="list-style-type: none">• Evaluations are carried out per entity/applicant instead of per application for background screening and financial evaluation.• Technical evaluation performed on each RSP moved under the RSP Program with separate fee.• Removal of Continuing Operations Instrument (COI) requirement.• More planning opportunity and benefit of experience from the previous round.

It is important to note that ICANN org did not use the 2012 as a starting point for its calculations, by adding to or subtracting from it, but the different scenarios have been built from the ground up by considering all the evaluations and steps an application will need to go through and the expected resources needed to assist applicants and applications in this process.

9. Why is the contingency or risk set at the same level as in 2012?

Similar to the 2012 New gTLD application fee, the Next Round Application fee includes an assumption for unknown and hard to predict costs. The risk or contingency part represents 30% of the gTLD evaluation fee. Examples of hard to predict costs are: 1) legal fees and litigation, 2) duration of program (e.g., the 2012 Round still has not closed, 3) vendor pricing, 4) Emergency Back-End Registry Operator (EBERO) program, 5) receiving a lower volume of applications than had been assumed.

Although there are unknowns from the 2012 round that are now known and are being mitigated against, there are numerous changes to the program that can result in new unknowns.

10. What if, despite taking a risk-mitigating approach to determining the application fee, there will still be a deficit, or an excess if more applications than assumed are received?

Per the policy recommendations, “in managing funds for the New gTLD Program, ICANN must have a plan in place for managing any excess fees collected or budget shortfalls experienced. The plan for the management and disbursement of excess fees, if applicable, must be communicated in advance of accepting applications and collecting fees for subsequent procedures.” ICANN org will share the proposed plan with the IRT in the near future.

11. Are there still additional charges that could be added to the gTLD evaluation fee?

Yes, the current models include two placeholders, both for topics that are still under consideration by the ICANN Board, namely:

a. IDN Variants:

There is a set of recommendations that is pending consideration by the ICANN Board as part of the IDN EPDP Phase 1 report in relation to variants and how applications for up to 4 variants should be 'free' for 2012 applicants and new applicants, which basically means due to the cost recovery nature of the program that these costs would need to be absorbed into the program.

As at the time of writing, the ICANN Board is still considering these policy development process (PDP) recommendations. ICANN org has included a placeholder that indicates the additional charge that will need to be added to the gTLD base evaluation fee if the Board adopts these recommendations (see IDN Variant Placeholder in the table further above). The amounts assume that 25 applications may be received from existing gTLD registries, and another 25 applications from new applicants, for a total estimate of 50 variant applications from up to 30 individual applicants.

b. Name Collision Evaluation

Similarly, there are still a number of other topics under consideration by the ICANN Board, most notably the Name Collision Analysis Study Group 2 Report (NCAP2), that could result in increased fees to all applicants. The current fee includes implementation of the 2012 approach, but if the Board accepts the SSAC Advice on NCAP2, it is the expectation that an additional fee will need to be charged to cover the cost associated with the resources needed to implement this recommendation. In its [public comment](#), ICANN org estimated that the implementation of the proposal in NCAP2 could range from millions to tens of millions of USD. To provide applicants with an idea of the potential additional costs that may result from the implementation of NCAP2, a placeholder has been included in the evaluation fee. Following Board consideration of the SSAC Advice on NCAP2 and direction to ICANN org on this topic, it will be confirmed whether or not this placeholder will be needed.

12. Are the costs of implementation “amortized” over the processing of applications that could be received on an on-going basis after the next round?

The idea of being able to amortize any costs, like systems as an example, over a broader scope of application processing than the next round assumes that such costs are incurred for work that has value beyond the conclusion of the next round. While this is plausible in principle:

- The costs of the next round are, as per policy requirement, recovered by the fee collected during this next round.
- Amortizing next-round costs requires two factors to be determined that are highly unpredictable at the moment:
 - how long would the next round last, and
 - how many applications would be received in the next round and how many applications would be processed in subsequent rounds over what period of time.

Therefore, it is impossible at this stage to determine with any degree of reliability an amount of implementation costs that could be deferred and amortized over applications received after the next round.