

#### 4.2.17 Variable Fees

- 4.2.17.1 *Explanation of Subject*

For the 2012 New gTLD Program round, the application fee of \$185,000 USD was the same for all applicants, save for two exceptions - applicants eligible for the year 2000 proof of concept credit and applicants approved via the Applicant Support Program (ASP). As application types were limited to standard applications and community-based applications, a single application fee price point was selected. Other elements that only applied to certain applications required the submission of additional fees that were collected separately, which included objections, registry services evaluation, and Community Priority Evaluation (CPE). The single application fee price point was also consistent with the approach to treat every application individually and consistently. While there was little variability in the application fee amount, it could be considered consistent with Implementation Guideline B:

*Application fees will be designed to ensure that adequate resources exist to cover the total cost to administer the new gTLD process.*

*Application fees may differ for applicants.*

The ASP was a reflection of Implementation Guideline N:

*ICANN may put in place a fee reduction scheme for gTLD applicants from economies classified by the UN as least developed.*

- 4.2.17.2 *Questions and Concerns Related to Subject*

As noted above, establishing the single application fee, with few exceptions, was consistent with the approach of minimal application types and evaluating each application individually and consistently. DG Members noted that program elements that likely resulted in economies of scale, such as the submission of essentially identical applications or the utilization of a limited set of back-end providers, could be considered for a reduced application fee amount in subsequent procedures.

The DG also noted that the possible introduction of different TLD types, such as .Brand, strings related to regulated industries, or other types that a potential PDP-WG on New gTLD Subsequent Procedures may seek to recommend, could result in differing application evaluation tracks which may accordingly warrant the consideration of different applications fees.

The topic of variable application fees is likely an output of many other subjects that the possible PDP-WG may consider, such as the aforementioned application types, ASP, accreditation programs, or other new developments. This subject should also be considered in concert with discussions related to section 4.2.10 on Application Fees (or combined).

- *4.2.17.3 Relevant Guidance*
  - Implementation Guideline B
  - Implementation Guideline N
- *4.2.17.4 Rationale for Policy Development*

As noted above, the application fee is likely to be driven by any changes to the program and should remain dependent upon the principle of cost recovery (as opposed to generating excess revenues), as recommended in Implementation Guideline B. In addition, the existing language in Implementation Guideline B supports the concept of differing application fee amounts for different applicants. The creation of application types could result in the requirement to perform a new costing analysis exercise based on changes that have been recommended for implementation.

The derivation of the fee amounts may be driven by changes to the program, and as such, policy development was not anticipated by the DG, though a possible PDP-WG may reach a different conclusion. Notably, subjects such as the ASP do not currently operate under the principle of cost recovery like the rest of the program and may require policy development.