

New gTLD Auction Proceeds Cross Community Working Group (CCWG) Update

August 2017

WHAT IS THE CURRENT STATUS OF THIS PROJECT?

The CCWG commenced its deliberations at the end of January 2017 with 26 members appointed by Chartering Organizations, 49 participants and 28 observers. The CCWG is tasked with developing a proposal(s) for consideration by the Chartering Organizations on the mechanism that should be developed in order to allocate the new gTLD Auction Proceeds. As part of this proposal, the CCWG is also expected to consider the scope of fund allocation, due diligence requirements that preserve ICANN's tax status as well as how to deal with directly related matters such as potential or actual conflicts of interest. The CCWG will NOT make any recommendations or determinations with regards to specific funding decisions (i.e. which specific organizations or projects are to be funded or not).

The CCWG initially focused on assessing the [expertise](#) available within the CCWG as well as identifying potential external experts that may assist the CCWG in its deliberations. The group has also identified a series of possible questions for external experts (see [here](#)) to help inform the CCWG's deliberations.

Furthermore, the CCWG deliberated its approach for dealing with the charter questions as well as the proposed timeline and agreed to the following phases:

1. Initial run-through of all charter questions to assess initial responses, identify possible gating questions, and determine potential order in which questions need to be dealt with.
2. Address any charter questions that have been identified requiring a further detailed response before commencing the next phase.
3. Compile list of possible mechanisms that could be considered by CCWG.
4. Determine which mechanism(s) demonstrates most potential to meet CCWG expectations as well as conform with legal and fiduciary constraints.
5. Answer charter questions (as organized per phase 1.) for mechanism(s) that demonstrate the most potential.
6. Publish Initial Report for public comment following consensus on mechanism and responses to charter questions that meet legal, fiduciary, and audit constraints.

To facilitate deliberation on key concepts, the WG has been using surveys to collect input, and this approach was found to be quite successful so far (see <https://community.icann.org/x/PNrRAw> to review the outcome of the initial run-through of charter questions as well as surveys conducted to date). Since ICANN59, the group's discussions have focussed on those questions that were identified required a preliminary response prior to moving into the next phase of work such as the objectives/priorities for fund allocation, the timeframe for fund allocation as well as whether or not ICANN the organization should be allowed to benefit from auction proceeds.

WHAT ARE THE EXPECTED NEXT STEPS?

The CCWG expects to complete its work on Phase 2 in the next couple of meetings so it is able to commence its work on Phase 3 which will focus on compiling a list of possible mechanisms that could be considered by CCWG. See further details about the work plan and approach [here](#).

WHAT IS THIS ABOUT?

The New Generic Top-Level Domain (gTLD) Program established auctions as a mechanism of last resort to resolve the competition sets between identical or similar terms (strings) for new gTLDs – known as string contention. Most string contentions (approximately 90% of sets scheduled for auction) have been resolved through other means before reaching an auction conducted using ICANN's authorized auction service provider, Power Auctions LLC. However, it was recognized from the outset that significant funds could accrue as a result of several successful auctions conducted by ICANN. Following the ICANN Board's commitment to do so, the auction proceeds derived from such auctions have been reserved and earmarked within ICANN until such time as the ICANN Board authorizes a plan for the appropriate use of the funds. These proceeds are to be considered as an exceptional, one-time source of revenue.

Following a number of sessions on this topic during the ICANN53 in Buenos Aires (see <https://buenosaires53.icann.org/en/schedule/mon-soac-high-interest> and <https://buenosaires53.icann.org/en/schedule/wed-cwg-new-gtld-auction>), a discussion paper was published in September 2015 to solicit further community input on this topic as well as the proposal to proceed with a CCWG on this topic. As the feedback received on the discussion paper confirmed the support for moving forward with a CCWG, James Bladel, GNSO Chair, reached out to all the ICANN Supporting Organizations (SOs) and Advisory Committees (ACs) to ask for volunteers to participate in a Drafting Team (DT) to develop a charter for a CCWG on this topic. All ICANN SOs/ACs, apart from the ccNSO, responded to this request and have put forward volunteers to participate in the drafting team. The DT commenced its deliberations on Tuesday, 23 February 2016. A draft charter for community discussion was published in advance of ICANN56 and discussed during the [cross-community session](#) held at ICANN56. Following ICANN56, the DT [reviewed all the input received](#) and updated the proposed charter accordingly. On 13 September 2016, [this proposed charter](#) was shared with all ICANN SOs/ACs with the request to review it and identify any pertinent issues that would prevent adoption of the charter, if any. Subsequently, a webinar was held on 13 October 2016 to allow for some additional time and information to undertake this review. The final proposed charter was submitted to all ICANN SOs/ACs on 17 October 2016 following which each ICANN SO/AC confirmed the adoption of the charter. Subsequently, a [call for volunteers](#) was launched and the CCWG was chartered by the Address Supporting Organization (ASO), the At-Large Advisory Committee (ALAC), the Country Code Names Supporting Organization (ccNSO), the Generic Names Supporting Organization (GNSO), the Governmental Advisory Committee (GAC), the Security and Stability Advisory Committee (SSAC), and the Root Server System Advisory Committee (RSSAC) to propose the mechanism that should be developed in order to allocate the new gTLD Auction Proceeds. Following approval of the proposal(s) by the Chartering Organizations, it will be submitted to the ICANN Board for its consideration.

WHY IS THIS IMPORTANT?

The new gTLD Auction Proceeds, derived from these last resort auctions, are distinct and ring-fenced funds. As such the Auction Proceeds are a single revenue source (derived from all new gTLD Auction Proceeds round 1). The proceeds, net of direct auction costs, are fully segregated in separate bank and investment accounts. The proceeds are invested conservatively and any interest accrues to the proceeds. 17 contention sets have been resolved via ICANN auction since June 2014. The total net proceeds to date are \$233.5 million USD. Details of the proceeds can be found [here](#). As of 11 February 2017, 16 contention sets remain to be resolved, but it is important to keep in mind that approximately 90% of contention sets scheduled for auction are resolved prior to the auction. The total amount of funding resulting from auctions, will not be known until all relevant applications have resolved contention.

HOW CAN I GET INVOLVED?

Anyone interested can join this effort at any time as a participant or observer. Please complete the registration form at goo.gl/forms/bb65ilznLv or contact the GNSO Secretariat: gnso-secs@icann.org.

MORE INFORMATION

- New gTLD Auction Proceeds CCWG Workspace, including Charter, background documents and information: <https://buff.ly/2xeLKt9>
- CCWG Charter Question templates: <https://community.icann.org/display/CWGONGAP/Charter+Question+Templates>
- CCWG Work Plan: <https://community.icann.org/display/CWGONGAP/Work+Plan>