

# Cross Community Working Group (CCWG) on new gTLD Auction Proceeds

## Summary of Discussions So Far

# Cross Community Working Group (CCWG) on new gTLD Auction Proceeds

## Legal and Financial Considerations

The establishment of a Cross-Community Working Group to develop principles for allocation of the proceeds of the New gTLD Program last-resort auctions is consistent with ICANN's commitment to community participation in determining how those proceeds are used.

As part of ICANN's participation in the drafting team, ICANN is providing a memo that outlines some of the issues that will impact how ICANN can disburse the New gTLD Auction Proceeds. Because of the legal and financial restrictions that ICANN will have to take into account when disbursements are made, this memo is provided as a starting point to identify the considerations that could guide the CCWG in its work and that might be appropriate for reference in the CCWG's Charter.

As stated in the Applicant Guidebook:

See [Note to Auction Proceeds DT re. legal and fiduciary principles](#)

See <https://www.surveymonkey.com/results/SM-ZXCS2DJG/>

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## Legal and Financial Considerations

The purpose of an auction is to resolve contention in a clear, objective manner. It is planned that costs of the new gTLD program will offset by fees, so any funds coming from a last resort contention resolution mechanism such as auctions would result (after paying for the auction process) in additional funding. Any proceeds from auctions will be reserved and earmarked until the uses of funds are determined.

See [Note to Auction Proceeds DT re. legal and fiduciary principles](#)

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## Legal and Financial Considerations

*Funds must be used in a manner that supports directly ICANN's Mission and Core Values and also allows ICANN to maintain its not for profit status.*

*Possible uses of auction funds include formation of a foundation with a clear mission and a transparent way to allocate funds to projects that are of interest to the greater Internet community, such as grants to support new gTLD applications or registry operators from communities in subsequent gTLD rounds, the creation of an ICANN-administered/community-based fund for specific projects for the benefit of the Internet community, the creation of a registry continuity fund for the protection of registrants (ensuring that funds would be in place to support the operation of a gTLD registry until a successor could be found), or establishment of a security fund to expand use of secure protocols, conduct research, and support standards development organizations in accordance with ICANN's security and stability mission.*

See [Note to Auction Proceeds DT re. legal and fiduciary principles](#)

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## Guidelines and Proposed Principles

1. Consistency with ICANN's Mission as Set out in the Bylaws
  2. Private benefit concerns
  3. Must not be used for political activities
  4. Should not be used for lobbying activities
  5. Conflict of Interest Considerations
  6. Procedural Concerns
  7. Financial and Fiduciary Concerns

See [Note to Auction Proceeds DT re. legal and fiduciary principles](#)

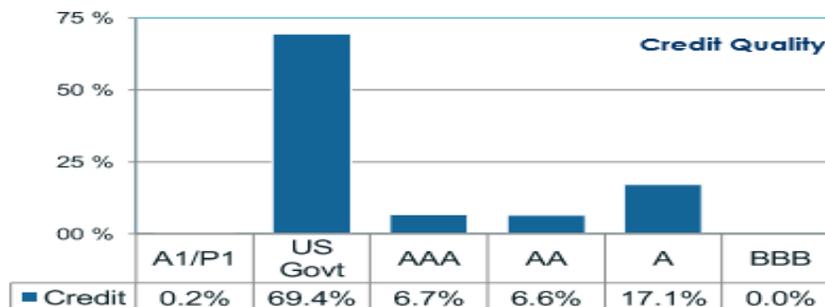
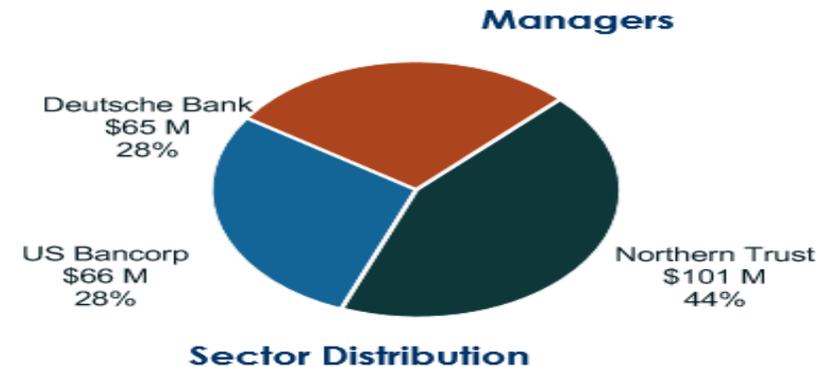
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## Investment Management

### Current Auction Proceeds investments

As of March 31, 2017

Portfolio Characteristics	
Portfolio Market Value (USD)*	\$231.9 Million
Average Credit Quality	AA / Aa2 / AA
Weighted Average Maturity	0.36 Years
Total Return Inception to Date (Northern Trust)	1.10%



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## Proposals Within the Remit of ICANN Mission

The proposed objectives for fund allocation by the CCWG are:

Specific objectives of new gTLD Auction Proceeds fund allocation are:

- (1) Benefit the development, distribution, evolution and structures/projects that support the Internet's unique identifier systems;
- (2) Benefit capacity building and underserved populations, and;
- (3) Benefit the Open Internet [Open Internet and Interoperable Internet on a separate slide]

New gTLD Auction Proceeds are expected to be allocated in a manner consistent with ICANN's mission.

Details of the proceeds to date can be found at <http://newgtlds.icann.org/en/applicants/auctions/proceeds>

See also [Note to Auction Proceeds DT re. legal and fiduciary principles](#)

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## Proposals Within the Remit of ICANN Mission

There were, however, various topical discussions, suggestions from the gTLD AP participants on what type of proposals the AP may accept.

Also, discussions on what mechanisms the sub-group should adopt in drafting a community-based definition, to serve as a guide for the projects the gTLD AP would use for.

Regarding that, members suggested that the ISOC's open internet definition be adopted as, an example, for the draft of sub-group's own Open Internet/Interoperable Internet definition.

<https://docs.google.com/document/d/1HV3dzTkKIYCyIRbzPW3Uk3MctwK0BQTth39DitIW-L4/edit>

[https://docs.google.com/document/d/1zQ66hCxrboAJPKeuU6nHwzHQwmU6g\\_3kS0JUssc\\_tSk/edit](https://docs.google.com/document/d/1zQ66hCxrboAJPKeuU6nHwzHQwmU6g_3kS0JUssc_tSk/edit)

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## Open Internet/Open Interoperable Internet Definition

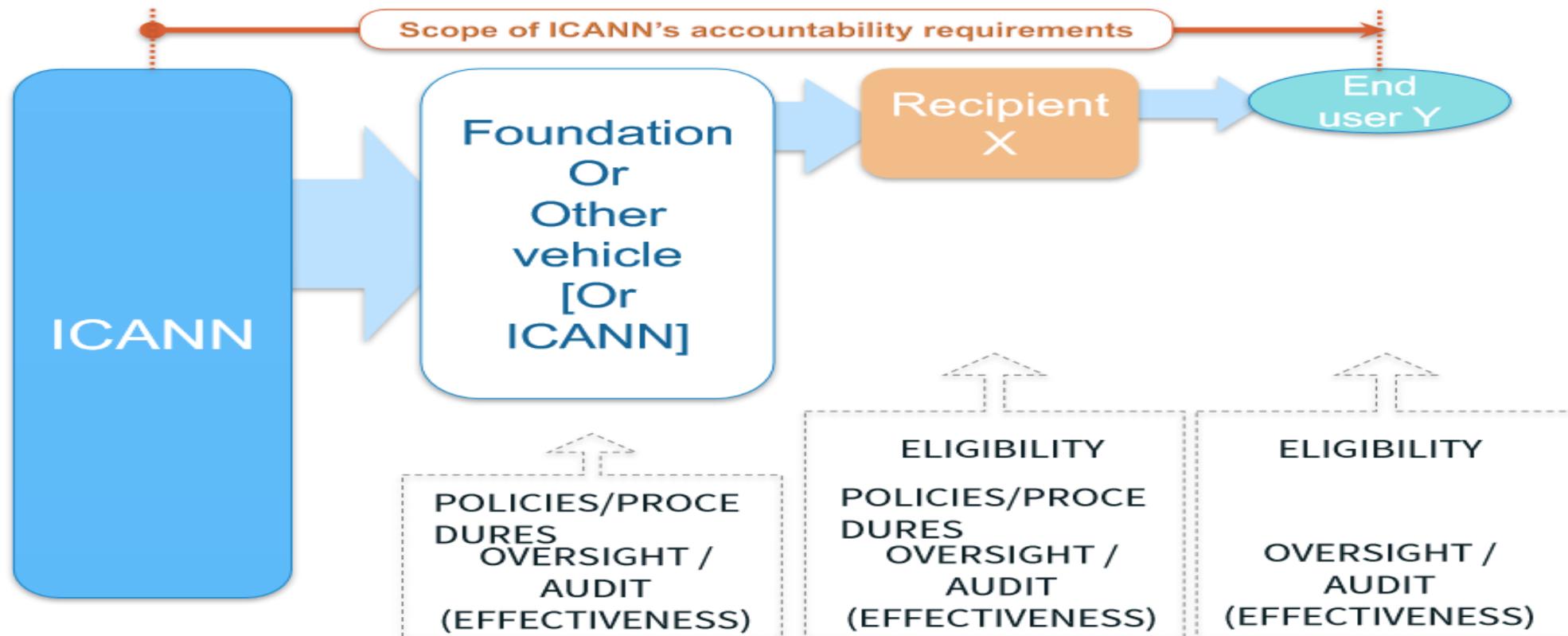
A small group has volunteered to draft, produce the definition of *Open and/or Interoperable Internet*, as agreed by the members of gTLD Auction Proceeds.

[https://docs.google.com/document/d/1zQ66hCxrboAJPKeuU6nHwzHQwmU6g\\_3kS0JUssc\\_tSk/edit](https://docs.google.com/document/d/1zQ66hCxrboAJPKeuU6nHwzHQwmU6g_3kS0JUssc_tSk/edit)

# Cross Community Working Group (CCWG) on new gTLD Auction Proceeds

Different options on ICANN's role in the solicitation and evaluation of proposals, and disbursement process.

## Auction proceeds – funding workflow illustration



# Cross Community Working Group (CCWG) on new gTLD Auction Proceeds

Different options on ICANN's role in the solicitation and evaluation of proposals, and disbursement process

## Scenarios – Resource Impact

	1: Internal to ICANN/ICANN Foundation		2: Hybrid (ICANN and Outsourced each distribute)		3: Fully Outsourced with oversight		4: Fully Outsourced with no oversight	
	Internal Resources	External Resources	Internal Resources	External Resources	Internal Resources	External Resources	Internal Resources	External Resources
<b>Governance</b> Monitoring of entire process/ Fiduciary responsibility	✓ Yes	✗ No	✓ Yes	✓ Yes	✓ Yes	✓ Yes	⊘ (no way to monitor/ maintain fiduc. resp.)	⊛ Unknown
<b>Application Process</b> Solicitation and evaluation of applications in line with stated purposes	✓ Yes	✗ No	✓ Yes	✓ Yes	✓ Yes (oversight)	✓ Yes	⊘ (no way to assure purposes achieved)	⊛ Unknown
<b>Disbursement Process and Monitoring</b> Proper distribution and use of funds	✓ Yes	✗ No	✓ Yes	✓ Yes	✓ Yes (oversight)	✓ Yes	⊘ (no way to ensure proper use of funds)	⊛ Unknown
<b>Operational Costs</b> Administration / responsibility to maintain reasonable costs	✓ Yes	✗ No	✓ Yes	✓ Yes	✓ Yes	✓ Yes	⊘ Not Applicable	⊛ Unknown