Agenda

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Timeline

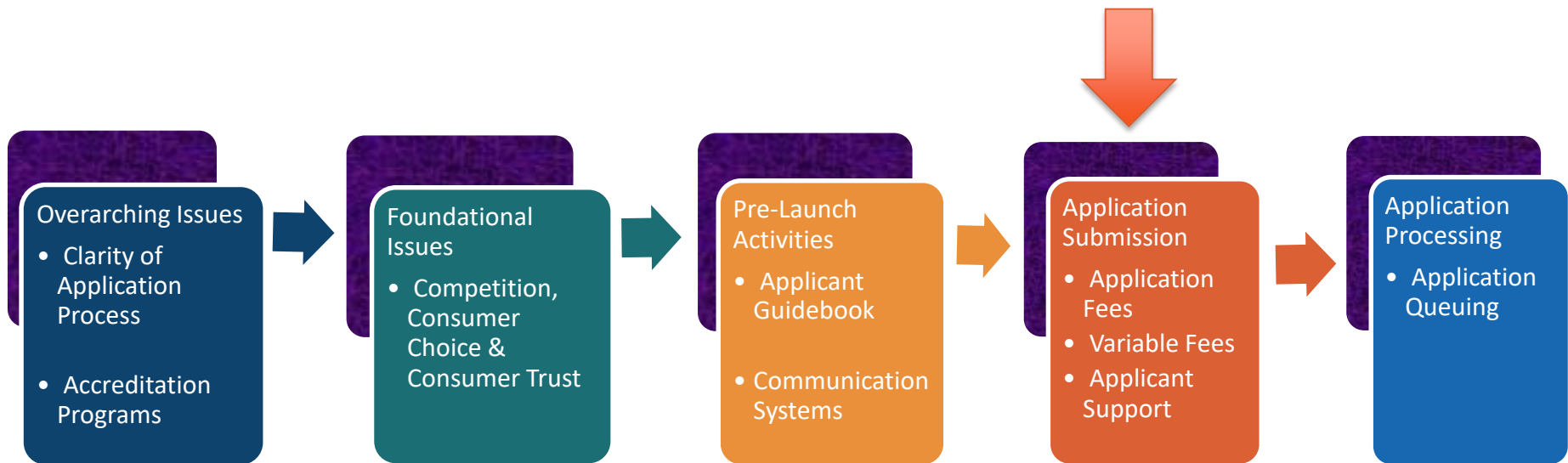| May 2017		Nov 2017	Jan 2018	Mar 2018	Q3 2018	Next Steps
Close of CC2 comment period	Complete initial round of WT deliberations	Complete WT deliberations taking into account CC2	Publish Initial Report for public comment	Public summary of public comment	Complete Final Report	
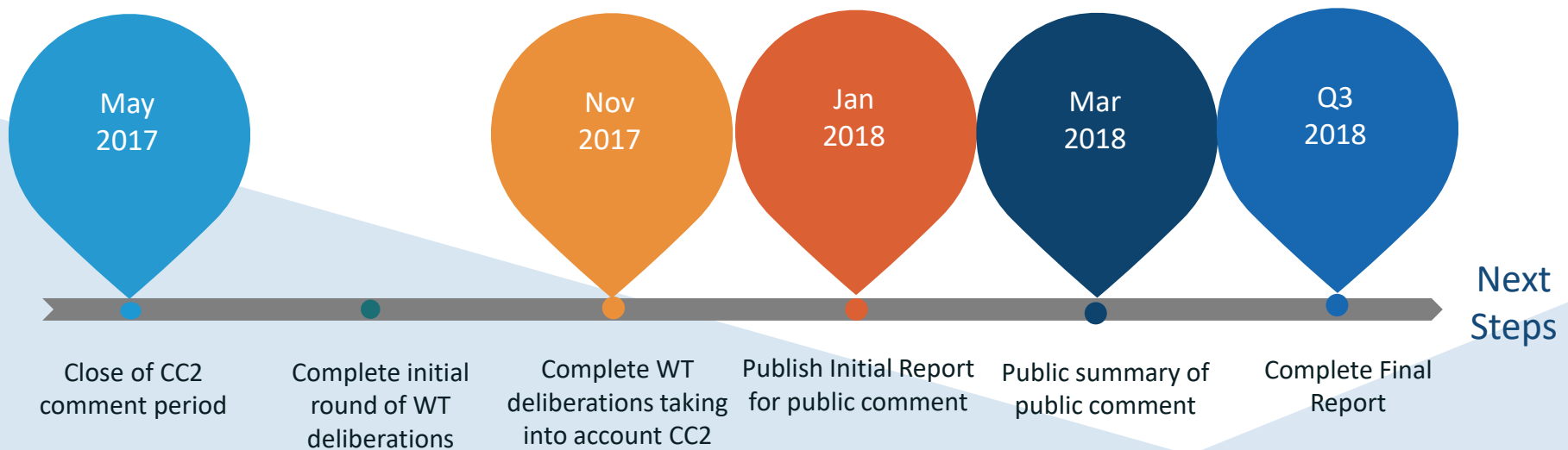
What This Project is About

This PDP was chartered by the GNSO Council in January 2016 to consider the experiences from the 2012 round of the New gTLD Program to determine what additions or modifications are needed for the existing new gTLD policy recommendations.

Work Track 1

Initial Report Sections with related subjects discussed in Work Track 1

Overarching Issues	Foundational Issues	Pre-Launch Activities	Application Submission	Application Processing
• Clarity of Application Process • Accreditation Programs	• Competition, Consumer Choice & Consumer Trust	• Applicant Guidebook • Communication Systems	• Application Fees • Variable Fees • Applicant Support	• Application Queuing

Initial Report Drafting Progress:
https://community.icann.org/display/NGSPP/f.+Report+Drafting

Application Submission:
https://community.icann.org/download/attachments/69272887/Section%201.5%20Application%20Submission_28Apr2018.pdf?version=1&modificationDate=1524959668000&api=v2

Relevant Policy

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."

Background: 2012 round
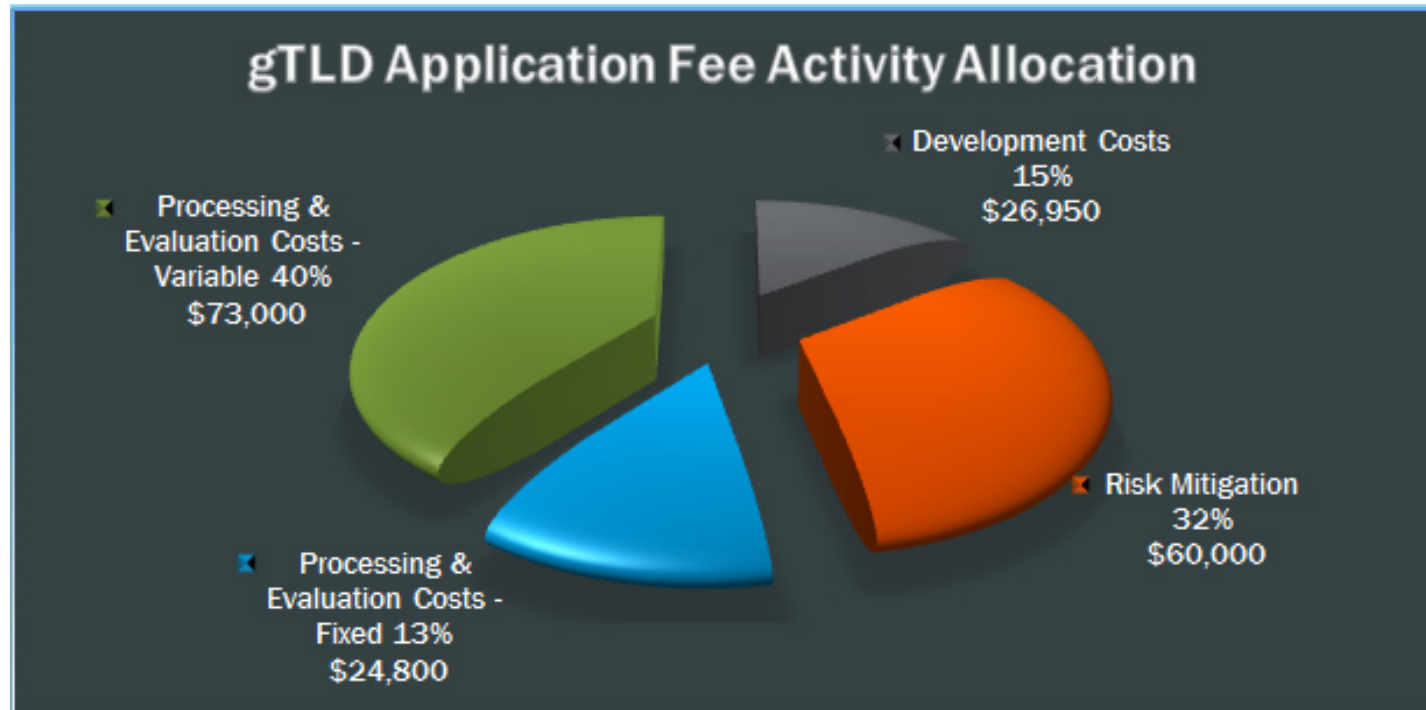
Application Fees – 1.5.1

Preliminary Recommendations

- Application fee amount should continue to follow the "*revenue neutral*" principal but with improved accuracy.

- Any excess fees related to the application process and absent the use of an *Application Fee Floor* (described below) should be refunded back to applicants.

- If a deficit arises, an equal amount should be recovered in future TLD application windows.

- If the estimated application fee falls below a predetermined threshold amount, the actual application fee will be set at a higher "floor" amount instead ("Application Fee Floor").

- The purpose of an *Application Fee Floor,* would be to deter speculation, warehousing of TLDs, and mitigating against the use of TLDs for abusive or malicious purposes.

Application Fees – 1.5.1

- *Application Fee Floor* is a predetermined minimum Application Fee value
- By definition, a *Application Fee Floor* will not meet the "revenue neutral" principle as the floor amount will be greater than the application fees creating an excess.
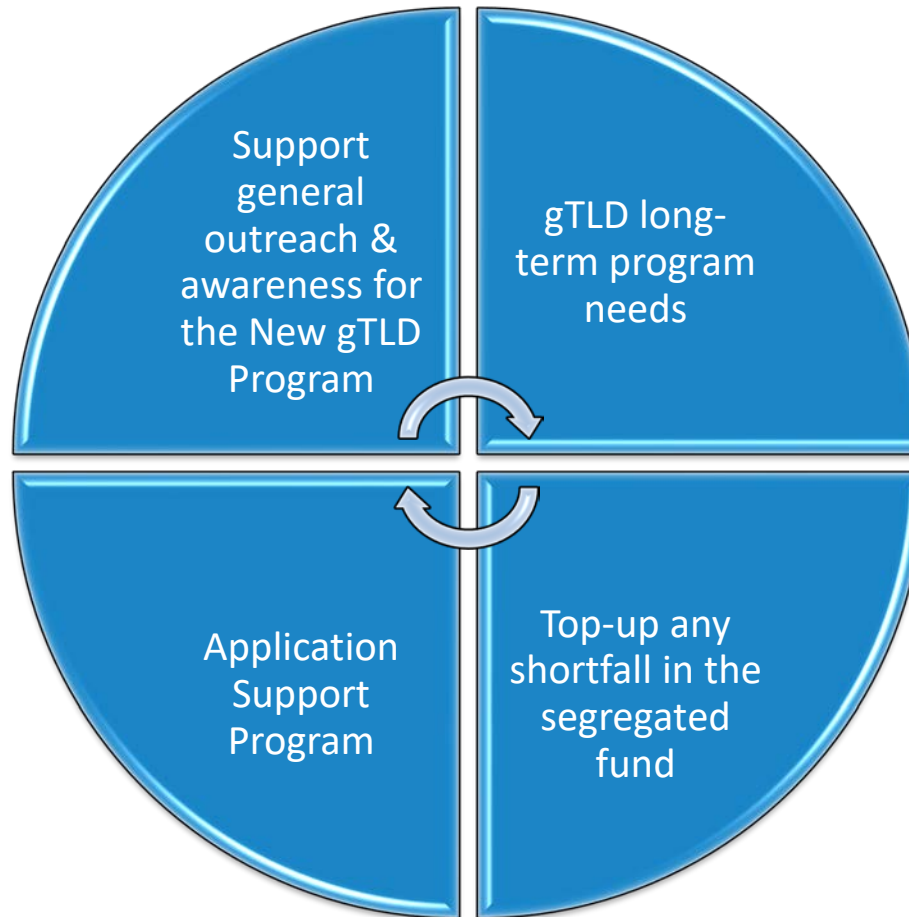
Application costs are **less** than the floor value	
Floor Value	$102k
Excess Funds Distributed per Schedule	$7k ($102k - 95k)
Application Fee	$100k
Application Processing Costs	$95k

Application costs are **greater** than the floor value	
Application Fee	$130k
Excess Funds Distributed per Schedule	$20k ($130k - 110k)
Floor Value	$105k
Application Processing Costs	$110k

** All values are for illustrative purposes only

ICANN

Application Fees – 1.5.1

Fees in excess of the Application Fee Floor should benefit the following categories:

Support general outreach & awareness for the New gTLD Program

gTLD long-term program needs

Application Support Program

Top-up any shortfall in the segregated fund

- To help alleviate the burden of an overall shortfall, a separate segregated fund should be set up to absorb any shortfalls and topped-up in a later round.

- The amount should be a predetermined value that is reviewed periodically to ensure its adequacy.

Application Fees: Questions for Feedback

Questions for Feedback

1. What happens if the revenue-cost neutral amount results in a refund that is greater than the Application Fee Floor value? Should there be any minimum dollar value for this to come into effect?

2. What aspects should be considered in establishing the Application Fee Floor value?

3. When the application fee is set at the floor amount, do you have additional suggestions on the disbursement of excess funds?

4. How do we address the timely disbursement of excess funds? What is the length of time applicants should expect a refund after the evaluation process is complete?

Variable Fees – 1.5.2

Relevant Policy

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."

Implementation Guideline N: "ICANN may put in place a fee reduction scheme for gTLD applicants from economies classified by the UN as least developed."

Background

All applicants were responsible for the same $185,000 USD fee, with two exceptions: applicants eligible for the year 2000 proof of concept credit and applicants approved through the Applicant Support Program.

Preliminary Recommendations

Number of alternative approaches were discussed but no agreement has been reached. All applications should incur the same base application fee amount regardless of the type of application or the number of applications that the same applicant submits.

Variable Fees – 1.5.2

Options being considered:

- Different application fees for different types of applications is only warranted if the cost incurred for processing those different types is significant (for discussion purposes, 20% was used).

- Fees imposed for changing the type of application should be higher than applying for the desired TLD type originally (for discussion purposes, the applicant must pay 125% of the difference between the different application types in terms of fees plus any other related processing fees.)

Variable Fees: Questions for Feedback

Questions for Feedback

1. If the number of applications exceed capacity limits and projected processing costs should there be an option to increase capacity and costs to meet service expectations. If so, how should capacity vs. increased costs and/or limits be set? What is an acceptable increase and how would the actual percentage be determined?

2. Should there be any exception to the rule that all Applicants pay the same Application Fee regardless of the type of Application? Why or Why not?

3. If different types of applications results in different costs, what value (e.g., amount, percentage, other) would justify having different fees?

4. If fees are imposed for changing the type of application, again what is an acceptable percentage and how should the percentage be determined?

Applicant Support – 1.5.4

Relevant Policy

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."

Implementation Guideline N: "ICANN may put in place a fee reduction scheme for gTLD applicants from economies classified by the UN as least developed."

Background
- Reduced evaluation fee of USD $47,000 instead of the full evaluation fee of $185,000

- ICANN set aside USD $2,000,000 to seed the initial ASP

- If the Applicant did not qualify, it was required to withdraw with no opportunity to raise the additional funds

Applicant Support – 1.5.4

Preliminary Recommendations

- Applicant support should be open to applicants regardless of their location.

- Geographic outreach should target the Global South but also consider the "middle applicant" which are struggling regions that are further along in their development compared to underserved or underdeveloped regions.

- Applicants who do not meet the requirements should be allowed to pay the additional application fee and transferred to the standard application process

- Improve awareness by engaging with other ICANN communities and suitable partners while improving awareness through extensive promotional activities.

- Support should include mentorship on the management, operational and technical aspects of running a registry to help ensure a viable business for the long-term.

Applicant Support – 1.5.4

Preliminary Recommendations (continued)

- Multifaceted approach based on pre-application support, including longer lead times to create awareness, encouraging participation of insightful experts who understand relevant regional issues along with tools and expertise on how to evaluate the business case.

- Financial support should consider other related fees including attorney, application writing and ICANN annual maintenance.

- ICANN should evaluate additional funding partners including through multilateral and bilateral organizations to help support the ASP.

- ICANN should consider whether additional funds are required for the next round to support the ASP.

Applicant Support: Questions for Feedback

Questions for Feedback

1. ASP should be open to applicants regardless of their location. How will eligibility criteria need to be adjusted to accommodate any change in scope of the program?

2. Metrics: What does success look like? Is it the sheer volume of applications and/or those approved? Or a comparison of the number that considered applying vs. the number that actually apply?

3. What are realistic expectations for the ASP in developing regions, where a critical domain name industry infrastructure may be absent or where operating a registry may simply not be a priority for the potential applicants?

Questions for Feedback (continued)

4. If there are more applicants than funds, what evaluation criteria should be used to determine how to disperse the funds: by region, number of points earned in the evaluation process, type of application, communities represented, other?

5. What should the source of funding be for the ASP? Should those fund be considered an extra component of the Application Fee? Should ICANN use a portion of any excess fees to fund subsequent Application Support Periods?

Questions

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