Draft Final Report

JAS WG - Joint SO/AC New gTLD Applicant Support Working Group

STATUS OF THIS DOCUMENT

This is the Final Report from the Joint SO/AC New gTLD Applicant Support Working Group, submitted for consideration by the ICANN Board of Directors and the wider community.

SUMMARY

This report is produced in response to an ICANN Board Resolution in Nairobi, inviting the community "to develop a sustainable approach to providing support to applicants requiring assistance in applying for and operating new gTLDs."

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1.   Executive Summary

1.1   Background

- An ICANN Board resolution during the ICANN Meeting in Nairobi recognized the importance of an inclusive New gTLD Program and requested stakeholders "to develop a sustainable approach to providing support to applicants requiring assistance in applying for and operating new gTLDs." See resolution here: http://www.icann.org/en/minutes/resolutions-12mar10-en.htm#20.

- In direct response to this Board resolution, the GNSO Council proposed a Joint SO/AC Working Group, composed by members of ICANN's Supporting Organizations (SOs) and Advisory Committees (ACs), to look into applicant support for new gTLDs.

- The WG, also known as the JAS WG, was formed in late April and decided early on to work in two parallel Working Teams; Working Team 1 focusing on application fee aspects and Working Team 2 addressing issues regarding which applicants would be entitled to special support and of what nature the support could be.

- The WG posted its preliminary findings for public comments on 16 June 2010 and also held a public workshop on 23 June during the ICANN Brussels meeting. Comments received were considered for the development of this final report from the WG.

- For more background information, see section 2 and Annexes A - C.

1.2   Recommendations from the Working Group
- TBC

1.3   Conclusions and Next Steps
- TBC

2.   Objectives and Background

2.1   Objectives

- The objectives for the work were derived from the Nairobi Board resolution #20, as further detailed by the GNSO Council resolution to launch a joint SO/AC Working Group, and by the WG itself in a proposed Charter, subsequently addressed in Resolutions by the GNSO Council and the ALAC. See Annex A for the Charter and Annex B for the relevant resolutions.

2.2   Process Background

- The JAS WG started its deliberations on April 2010 where it was decided to continue the work primarily through weekly conference calls, in addition to e-mail exchanges and the establishment of a Wiki for the WG. The Working Group drafted a Charter that was finalized and put to the chartering organizations GNSO and ALAC for approval. The WG further decided to split in two working teams, WT1 and WT2, to address separate issues.
- The email archives can be found at http://forum.icann.org/lists/gnso-irtp-b-jun09/
- The Wiki can be found at https://st.icann.org/so-ac-new-gtld-wg/index.cgi

2.3   Issue Background

Issue WT1: Fee considerations

TBC

Issue WT2: Who and what

TBC

3.   The Working Group's Recommendations

This chapter provides the final report texts agreed by the WG.

The WG decided early on to work in two parallel Working Teams; Working Team 1 focusing on application fee aspects and Working Team 2 addressing issues regarding which applicants would be entitled to special support and of what nature the support could be. Below are the current findings of the two Working Teams.

Working Team 1:

▪   TBC

Background

Working Team 1 is tasked with meeting the Working Group's Charter Objective 2: To identify how the application fee can be reduced and/or subsidized to accommodate applicants that fulfill appropriate criteria to qualify for this benefit, in keeping with the principle of full cost recovery of the application process costs.

Process

WT1 examined how the application fee has been constructed and explained/justified in the cost consideration documents (1) and the DAG4 in order to determine if there is any potential for requesting the fees be revisited for applicants that meet the established criteria. The WT suggests several options for financial support of applicants. The first two proposals appear to have consensus; the remaining proposals are still under discussion.

The fee for applying for a new gTLD is $185,000. The fee structure is divided as:
1. New gTLD Program Development Costs $ 26,000
2. Fixed and variable Application evaluation costs - Predictable $100,000
3. Risk/Contingency costs $60,000

Proposals

The following suggestions have been formulated by WT1.

1. Waive the cost of Program Development ($26K) for selected entities qualifying for financial assistance. The document New gTLD Program Explanatory Memorandum New gTLD Budget (2) indicates an expected Net profit of $184,600 for the new gTLD program.

This profit could fully or partially offset the loss of waiving the $26k program development costs for several applicants. We expect very few applicants (relative to the total number applying) to meet the criteria for assistance, so the financial burden of waiving these fees should be minimal.

2. Staggered Fees. Instead of paying the entire fee upon acceptance of the applications, applicants meeting the criteria established for support could pay the fees incrementally (perhaps following the refund schedule in reverse). Allowing an applicant to have a staggered fee payment schedule gives the applicant more time to raise money, and investors will be more likely to back an application that passes the initial evaluation. Staggered fees enable an applicant to compete for strings that might otherwise have gone to the first and/or only group with enough money to apply. If the applicant does not proceed through the entire process, they are not "costing" ICANN the full projected amount, therefore cost recovery remains intact.

3. Auction Proceeds. Qualified applicants receive a partial refund from any auction proceeds (3) —for which they can repay any loans or invest into their registry, or the auction proceeds could be used to refill the disadvantaged applicant's foundation fund for subsequent rounds.

4. Lower the Registry fixed fees due to ICANN. In lieu of the Registry-Level fixed fee of US$25,000 per calendar year (4), instead only charge the Registry-Level Transaction Fee of US$0.25 per initial or renewal domain name registration. An annual fee of $25k to ICANN is a barrier to sustainability for an applicant representing a small community. Many TLDs pay much less to ICANN (if anything). If a minimum is absolutely required, then consider lowering this fee by 50% for qualified applicants.

5. Reconsider the Risk/Contingency cost per applicant ($60k). The WT questions if ICANN really expects a total of $30,000,000 ($60k x 500 applications) in unknown costs to surface. This fee could be reduced/excused for the applicants that meet the criteria established by the WG.

6. The Fixed/Variable cost of $100,000 is based on the total cost of the previous round of applications, which the cost considerations document quantifies as $1.8MM for all ten applications. This fee most probably includes costs associated with the conflict that arose from the rejection of the ".XXX" application, which remains unresolved. The fee of $180,000 may have been significantly skewed by the long-term work required for .XXX. The actual evaluation and administrative costs for the other nine applications may have been considerably less than $180,000 per piece. If this is the case, the $100,000 fixed cost fee could be reduced for the applicants that meet the criteria established by the WG.

WT1 is working with WT2 on identifying sources of funding for subsidizing the fees for qualified applicants. The WG suggests that an independent foundation be established, outside of ICANN structures, to assist applicants with funding.

for reference only
Comment Received to date related to WT1 - To be removed in later versions of the doc
WT1-1. It is not unreasonable to ask the broader registrant community to participate in supporting the expansion of the namespace; increase in registrar fees.
WT1-2. The Working Group should propose that each additional script proposed by a gTLD applicant will be priced commensurate with the cost calculations for the fast-track IDN ccTLDs namely, $26,700 per script.
WT1-3. supportive of the staggered fee approach recommended by the WG, and the use of some portion of any auction proceeds to provide a partial refund of application fees to qualified applicants. Since the minimum annual fee of $25,000 would likely be very challenging for some disadvantaged Applicants, Neustar also supports the elimination or reduction of fees for disadvantaged applicants, but only in circumstances where registration volumes do not support payment of the annual minimum.
WT1-4. There are two important points that need to be taken into account prior to the issuance of any final report. First (WT2 issue). Second, while fully supportive of the need to ensure the protection of registrants in the event of a registry failure, the primarily reliance by ICANN on a financial instrument is misguided. There are other mechanisms, beside mere financial instruments, that exist to safeguard registrant interests in the case of a registry failure. While ICANN's application fee may represent a barrier to enter for some potential applicants, the potential posting of a financial instrument prior to the launch of the gTLD represents a much more substantial barrier to entry. This Working Group should address what other support mechanisms exist in the potential case of a registry failure and how they could be made available to applicants.
WT1-5. The working group's current document offers ICANN several possible solutions to allow new TLDs to be available to organisations and/or communities without imposing artificial economic barriers. Since "status quo" is so often mentioned within the ICANN realm, if you examine the current ICANN budget it is clear that economic barriers were removed to allow .museum to operate. The working group's document recognises that strict criteria for economic exceptions need to laid down and that only a limited number of applicants would meet the criteria. Several companies, including ourselves, have stated that they would be willing to offer services to qualified applicants.
WT1-6. Concerns raise that various fee structures in the program (evaluation, auction, etc) are cost prohibitive for non-for-profit organizations and take away funds otherwise used to serve the public. Lower the cost for non-for-profit organizations – waive the cost of program development; staggered fees; partial refund from auction proceeds; lower registry fixed fees; reconsider risk/contingency cost per applicant; consider reduction of fixed/variable cost.

> WT1-7. Comprehensive statement from African/Afralo about the extent of the support (financial, technical, linguistic, legal…); support is of utmost importance for geographic, cultural linguistic, and more generally community based applications; Since Africa is disadvantaged and lagging behind due to the digital divide, we strongly suggest that ICANN provides supplementary support and additional cost reduction for gTLDs applications from African countries

Working Team 2:

. Who should receive support?

Key to making a support program work is the choice of initial support recipients. With this in mind Working Team 2 considered a number of possible applicants, but agreed that the initial focus should be on finding a relatively limited and easily identifiable set of potential applicants which would be non-controversial to support. Based on these criteria, the Working Team recommended the following:

a. At least in the initial/pilot phase, target support to ethnic and linguistic communities (e.g. the Hausa community, Quechua speakers, Tamil speakers). These potential applicants have the benefits of being relatively well defined as groups, and pass the test of being generally non-controversial. Such communities already have a history of recognition at ICANN and facilitating community on the web is one of ICANN's core values.

b. Address support for other groups, especially NGOs and civil society organizations at a future point as the idea of who constitutes a "community" in this space is less clear and the tests for which groups might need/merit support would be trickier. Moreover, the number of applicants could be very large.

c. Overall, the Working Team recommended giving some preference to applicants geographically located in Emerging Markets/Developing countries and in languages whose presence on the web is limited.

d. A series of groups are not recommended for support based on our work, specifically :

- Applicants that don't need the support/have ample financing
- Applicants that are brands/groups that should be self-supporting companies
- Applicants that are geographic names (such as .Paris and others)
- Purely Government/parastatal applicants (though applicants with some Government support might be eligible)
- Applicants whose business model doesn't demonstrate sustainability

2. What kinds of support might be offered?

The group recommended a number of different kinds of support that could be valuable for potential applicants, support which falls relatively neatly into three categories:

a. Logistical, outreach and fee Support in the Application Process

- Translation of relevant documents – a major concern noted by non-English speaking group members, who noted the extra time and effort needed to work in English
- Logistical and technical help with the application process – including legal and filing support that are expensive and in short supply in most Emerging Markets nations
- Awareness/outreach efforts – to make more people in underserved markets are aware of the gTLD process and what they can do to participate in the gTLD process
- Fee reduction/subsidization and/or some sort of phased-in payment for deserving applicants – this discussion builds off of the work of Working Team 1, and includes two key ideas:
    - o That deserving applicants might receive some reduced pricing in general
    - o That some sort of phasing for payment might be appropriate, enabling selected applicants to effectively "pay as they go" for the application process rather than having all funds assembled up front

b. Technical Support for Applicants in operating or qualifying to operate a gTLD

- Infrastructure – providing IPv6 compatible hardware and networks as needed
- Education/consulting – to help with DNSSEC implementation
- Possible technical waivers or "step ups" – allowing applicants to build their capabilities rather than needing to demonstrate full capacity before applying (as appropriate)
- Grouping and/or lower cost registry service/CoCCA-type back end service

c. Support for Build-out in Underserved Languages and IDNs for new gTLDs

- Price discounts to incentivize build-out in scripts with a limited presence on the web
- Bundled pricing to promote build out in multiple scripts – incentivizing an expansion of IDN content as new gTLDs are launched by encouraging applicants to build out in numerous scripts at once
- Clear tests to prevent gaming and ensure that support reaches its targets
- · 	Agree with the idea of Working Team 2 to offer some kind of "Support for Build-out in Underserved Languages and IDNs for new gTLDs" – bundling applications with lower fees for extra languages. ...there may not be so many IDN applications unless ICANN offers incentives or discounted fees on bundled applications that include non-Latin IDNs.
-

for reference only
Comment Received to date related to WT 2 - To be removed in later versions of the doc
WT2-1. The targeting of ethnic and linguistic communities in the initial/pilot phase while providing preference to applicants geographically located in Emerging Markets/Developing countries and in languages whose presence on the web is limited. The document also presents appropriate criteria for determining who would not qualify for special support. Some additional thought should be given, however, to the evaluation process for those Applicants who wish to participate, including the timing and resources required. The transparency of the process, including information about the Applicants, the details of the program applications, as well as financial or other support received is particularly important to foster confidence in the program.
WT2-2. Reference to the Government Advisory Committee (GAC) communiqué in connection with this issue is also relevant, specifically that ICANN is urged, " to set technical and other requirements, including cost considerations, at a reasonable and proportionate level in order not to exclude developing country stakeholders from participating in the new gTLD-process. Key documents should be available in all UN languages. The GAC urges that the communications and outreach strategy for the new gTLD round be developed with this issue of inclusiveness as a key priority."
WT2-3. There are two important points that need to be taken into account prior to the issuance of any final report. First the proposal to prohibit "any" support from applications in connection with governments is overly broad and inappropriate. Second, (WT1 Issue)
WT2-4. Support to pilot phase, targeting ethnic/linguistic communities, but WT2 should consider also non-for-profit organizations under specific circumstances
WT2-5. Issue about information being globally available, specially to those that are not aware of ICANN; more education and comprehensive communication; live in-person seminars.
WT2-6. Comprehensive statement from African/Afralo about the extent of the support (financial, technical, linguistic, legal…); support is of utmost importance for geographic, cultural linguistic, and more generally community based applications; Since Africa is disadvantaged and lagging behind due to the digital divide, we strongly suggest that ICANN provides supplementary support and additional cost reduction for gTLDs applications from African countries

. Other recommendations?

The Working Team also agreed on a series of "principles" that are recommend to guide the community as the support process is finalized, namely:

a. Self-Financing responsibility – ICANN/community support should comprise not more than 50% of the total cost of an application. The WG saw this as a good way to encourage accountability and sustainability.

b. Sunset period – Support should have an agreed cut-off/sunset point, perhaps 5 years, after which no further support would be offered. This was recommended as another measure to promote sustainability and as a way to help limited resources reach more applicants.

c. Transparency – Support requests and levels should be made public to encourage transparency.

d. Applicant form is not limited – While many groups receiving support would be NGOs, applicants would need to be non-profits. Some might start as non-profits but morph into hybrids or for-profits and others might be appropriate for-profit or hybrid applicants.

e. Limited Government support – The receipt of some support from government(s) should not disqualify a community applicant from receiving gTLD support. However, the process is not designed to subsidize government-led initiatives.

f. Repayment in success cases – In cases where supported gTLDs make money significantly above and beyond the level support received through this process, recipients would agree to re-pay/rebate application subsidies into a revolving fund to support future applications.

Additional Questions and Possible Responses:

- Q: Can we offer standardized plans of support? A: This will become clear over time, but standardizing packages of support should help reduce support costs.

Q: Is there a minimum number of people in a community needed to create "critical mass"

for viability? A: There was extensive discussion around this, but no consensus. It is

hoped that new business models will emerge specifically for work with smaller

| Other - 1. Criticism to the complexity of the New gTLD process as compared to early times – Postel, IANA... |
| Other - 2. Criticism to ICANN's public comment process |

Other - 3. AGB, v4 not aligned with Failover Plan
Other - 4. Not every new TLD needs to be regarded as a gTLD. Cultural and Linguistic TLDs could well deserve their own unique class designation as clTLDs. A new class… a new approach… a new fast-track.
Other - 5. It would behoove the Applicant Support WG to interact with the Vertical Integration WG on the above to better define the exceptions category so that a combined recommendation might be offered to the ICANN Board. The WG will also need to evaluate whether an exception for the registry operator is to be preferred over a subsidization effort to support a new local registrar.

4.   Public Comment Summary

This section features summaries of comments received. All comments can be found in Annex E.

4.1 Public Comment Period

- The public comment period in English language ran from 16 June 2010 to 21 July 2010.

- An extended public comment period to accommodate French, Spanish, Arabic, Russian, Chinese ran from 23 July 2010 to 23 August 2010.

- Thirteen (13) submissions from eight (8) different parties were made to the public comment forum.

- Parties:
    - Danny Younger
    - Stefano Cimatoribus
    - George Kirikos - Leap of Faith Financial Services Inc.
    - Jeff Neuman – Neustar
    - Dr. Ibaa Oueichek - Arab Team for domain names and Internet issues
    - Michele Neylon :: Blacknight
    - Debra Y. Hughes - American Red Cross
    - AfriICANN/AFRALO Statement

Summary of points raised:

- Criticism to the complexity of the New gTLD process as compared to early times – Postel, IANA...
- Criticism to ICANN's public comment process
- AGB, v4 not aligned with Failover Plan
- Not every new TLD needs to be regarded as a gTLD. Cultural and Linguistic TLDs could well deserve their own unique class designation as clTLDs. A new class… a new approach… a new fast-track.
- It is not unreasonable to ask the broader registrant community to participate in supporting the expansion of the namespace; increase in registrar fees.
- The Working Group should propose that each additional script proposed by a gTLD applicant will be priced commensurate with the cost calculations for the fast-track IDN ccTLDs – namely, $26,700 per script.
- It would behoove the Applicant Support WG to interact with the Vertical Integration WG on the above to better define the exceptions category so that a combined recommendation might be offered to the ICANN Board. The WG will also need to

evaluate whether an exception for the registry operator is to be preferred over a subsidization effort to support a new local registrar.

- Agree with the idea of Working Team 2 to offer some kind of "Support for Build-out in Underserved Languages and IDNs for new gTLDs" – bundling applications with lower fees for extra languages. ...there may not be so many IDN applications unless ICANN offers incentives or discounted fees on bundled applications that include non-Latin IDNs.

- supportive of the staggered fee approach recommended by the WG, and the use of some portion of any auction proceeds to provide a partial refund of application fees to qualified applicants. Since the minimum annual fee of $25,000 would likely be very challenging for some disadvantaged Applicants, Neustar also supports the elimination or reduction of fees for disadvantaged applicants, but only in circumstances where registration volumes do not support payment of the annual minimum.

- The targeting of ethnic and linguistic communities in the initial/pilot phase while providing preference to applicants geographically located in Emerging Markets/Developing countries and in languages whose presence on the web is limited. The document also presents appropriate criteria for determining who would not qualify for special support. Some additional thought should be given, however, to the evaluation process for those Applicants who wish to participate, including the timing and resources required. The transparency of the process, including information about the Applicants, the details of the program applications, as well as financial or other support received is particularly important to foster confidence in the program.

-    Reference to the Government Advisory Committee (GAC) communiqué in connection with this issue is also relevant, specifically that ICANN is urged, " to set technical and other requirements, including cost considerations, at a reasonable and proportionate level in order not to exclude developing country stakeholders from participating in the new gTLD-process. Key documents should be available in all UN languages. The GAC urges that the communications and outreach strategy for the new gTLD round be developed with this issue of inclusiveness as a key priority."

-    There are two important points that need to be taken into account prior to the issuance of any final report. First the proposal to prohibit "any" support from applications in connection with governments is overly broad and inappropriate. Second, while fully supportive of the need to ensure the protection of registrants in the event of a registry failure, the primarily reliance by ICANN on a financial instrument is misguided. There are other mechanisms, beside mere financial instruments, that exist to safeguard registrant interests in the case of a registry failure. While ICANN's application fee may represent a barrier to enter for some potential applicants, the potential posting of a financial instrument prior to the launch of the gTLD represents a much more substantial barrier to entry. This Working Group should address what other support mechanisms exist in the

potential case of a registry failure and how they could be made available to applicants.

- The working group's current document offers ICANN several possible solutions to allow new TLDs to be available to organisations and/or communities without imposing artificial economic barriers. Since "status quo" is so often mentioned within the ICANN realm, if you examine the current ICANN budget it is clear that economic barriers were removed to allow .museum to operate. The working group's document recognises that strict criteria for economic exceptions need to laid down and that only a limited number of applicants would meet the criteria. Several companies, including ourselves, have stated that they would be willing to offer services to qualified applicants.

- Concerns raise that various fee structures in the program (evaluation, auction, etc) are cost prohibitive for non-for-profit organizations and take away funds otherwise used to serve the public. Lower the cost for non-for-profit organizations – waive the cost of program development; staggered fees; partial refund from auction proceeds; lower registry fixed fees; reconsider risk/contingency cost per applicant; consider reduction of fixed/variable cost.

- Support to pilot phase, targeting ethnic/linguistic communities, but WT2 should consider also non-for-profit organizations under specific circumstances

- Issue about information being globally available, specially to those that are not aware of ICANN; more education and comprehensive communication; live in-person seminars.

4.2 Brussels Workshop, comments from the audience

Add transcript summary

4.3 Brussels Workshop, AfriICANN/AFRALO Statement

During the ICANN Brussels meeting, the WG received a written statement from AfriICANN/AFRALO, supporting the preliminary findings of the WG, while emphasizing the need to support applicants from Africa.

5.   Conclusions and Next Steps

The Working Group proposes - TBC.

Annex A – JAS WG Charter

Chartered objectives for the Working Group (as adopted by the GNSO Council and ALAC):

Preamble: The Joint SO/AC Working Group on New gTLD Applicant Support shall evaluate and propose recommendations regarding specific support to new gTLD applicants in justified cases. The working group expects to identify suitable criteria for provision of such support, to identify suitable support forms and to identify potential providers of such support. However, there is no presumption that the outcome will imply any particular governing structure. Accordingly, if the recommendations indicate that the preferred solutions are of a voluntary nature, the criteria and other provisions arrived at in line with the objectives below will solely serve as advice to the parties concerned. The objectives are not listed in any priority order. An overall consideration is that the outcomes of the WG should not lead to delays of the New gTLD process.

Objective 1: To identify suitable criteria that new gTLD applicants must fulfill to qualify for dedicated support. The criteria may be different for different types of support identified in line with Objective 2 and 3 below.

Objective 2: To identify how the application fee can be reduced and/or subsidized to accommodate applicants that fulfill appropriate criteria to qualify for this benefit, in keeping with the principle of full cost recovery of the application process costs.

Objective 3: To identify what kinds of support (e.g. technical assistance, organizational assistance, financial assistance, fee reduction) and support timelines (e.g. support for the application period only, continuous support) are appropriate for new gTLD applicants fulfilling identified criteria.

Objective 4: To identify potential providers of the identified kinds of support as well as appropriate mechanisms to enable support provisioning.

Objective 5: To identify conditions and mechanisms required to minimize the risk of inappropriate access to support. Agreed within WG, pending GNSO Council and ALAC adoption)

Operating procedures for the Working Group

The Working Group will operate according to the interim working group guidelines set out in the Draft Working guidelines of 5 Feb 2010.

Milestones

Dates	Tasks/Goals
29 April	First conference call. Preparations for Chairs election, Charter drafting, work planning
10 May	Adoption of WG Charter by participating SOs and ACs
5 May - 9 June	Weekly conference calls. Drafting of Recommendation by WT1 and WT2.
16 June – 21 June	Posting of "snapshot" on WG's plans & progress for public comment in English
23 June – 23 August	Posting of "snapshot" on WG's plans & progress for public comment in Spanish, French, Chinese, Arabic and Russian
21-25 June	Community discussions during ICANN Brussels Meeting – Session *"Reducing Barriers to New gTLD Creation in Developing Regions"* *http://brussels38.icann.org/node/12503*
10 July - __ August	Weekly conference calls resumed, development of final recommendation based on public comments received
__ August	Final recommendation posted for Board and Community consideration

Annex B – Relevant Resolutions

ICANN Board Resolution #20 in Nairobi, at http://www.icann.org/en/minutes/resolutions-12mar10-en.htm#20:

20. Support for Applicants Requesting New gTLD Applicants

Whereas, the launch of the New gTLD Program will bring fundamental change to the marketplace, including competition and innovation;

Whereas, the evolution of relationships and restrictions on relationships between registries and registrars have been a center of discussion and analysis;

Whereas, the introduction of new gTLDs will bring change and opportunity for innovation, new services and benefits for users and registrants;

Whereas, ICANN aims to ensure that the New gTLD Program is inclusive, along the lines of the organization's strategic objectives;

Whereas, ICANN has a requirement to recover the costs of new gTLD applications and on-going services to new gTLDs; and

Whereas numerous stakeholders have, on various occasions, expressed concern about the cost of applying for new gTLDs, and suggested that these costs might hinder applicants requiring assistance, especially those from developing countries.

Resolved (2010.03.12.46), the Board recognizes the importance of an inclusive New gTLD Program.

Resolved (2010.03.12.47), the Board requests stakeholders to work through their SOs and ACs, and form a Working Group to develop a sustainable approach to providing support to applicants requiring assistance in applying for and operating new gTLDs .

GNSO Resolution to launch a Joint SO/AC WG, at http://gnso.icann.org/resolutions/#201004:

20100401-1 Motion to create a Joint SO/AC Working Group on New gTLD Applicant Support

Whereas, ICANN aims to ensure that the New gTLD Program is inclusive, along the lines of the organization's strategic objectives;

Whereas, numerous stakeholders have, on various occasions, expressed concern about the cost of applying and about the material requirements for new gTLDs, and suggested that these costs and material conditions might hinder applicants requiring assistance, especially those from developing

regions, from cultural/linguistic groups and from non-profit groups such as philanthropies,

Whereas, on 13 March 2010, the ICANN Board adopted Resolution 20

(http://www.icann.org/en/minutes/resolutions-12mar10-en.htm#20) requesting that stakeholders

work with their respective ACs and SOs to form a working group to provide a sustainable approach

to providing support to applicants requiring assistance in applying for and operating new gTLDS;

Whereas, the GNSO Council desires to form a joint working group with other interested Supporting

Organizations (SO's) and Advisory Committee (AC's) to fulfill this Board request, and to develop a

sustainable approach to providing support to such new GTLD applicants, keeping in mind the GNSO

Implementation guideline to recover the cost of new gTLD applications and on-going services to new

gTLDs.

NOW THEREFORE, BE IT:

Resolved, that the GNSO Council supports the formation of a joint SO/AC working group to respond

to the Board's request by developing a sustainable approach to providing support to new gTLD

applicants requiring assistance in applying for and operating new gTLDS, keeping in mind the GNSO

Implementation guideline to recover the cost of new gTLD applications and on-going services to new

gTLDs, and the goal of not creating further delays to the new gTLD process;

Resolved further, that Rafik Dammak shall serve as the GNSO Council Liaison for this joint SO/AC

working group;

Resolved further, that the GNSO Council Chair shall within 48 hours of this motion inform the Chairs

of other SO's and the AC's of this action and encourage their participation;

Resolved further, that ICANN Staff shall within seven calendar days of this motion identify and assign

applicable Staff support for this working group and arrange for support tools such as a mailing list,

website and other tools as needed;

Resolved further, that the staff support assigned to this working group shall within 48 hours after

the support tools are arranged distribute an invitation for working group participants as widely as

possible within the SO/AC community;

Resolved further, that the New gTLD Applicant Support WG shall initiate its activities within 28 days

after the approval of this motion. Until such time as the WG can select a chair and that chair can be

confirmed by the participating SO's and AC's, the GNSO Council Liaison shall act as interim co-chair

with the liaison(s) from other SO's and AC's;

Resolved further, that the New gTLD Applicant Support WG shall as its first action items: i) elect a chair or co-chairs; ii) establish meeting times as needed; and iii) develop and propose a charter describing its tasks and schedule of deliverables for approval by the participating SO's and AC's. Resolved further, that the New gTLD Applicant Support WG shall deliver its initial recommendation for community comment in time for discussion at the Brussels ICANN meeting.

Annex C – WG Members, SOIs, Attendance

1. Members of the JAS Working Group

The members of the Working group were:

Name	Affiliation
Carlos Dionisio Aguirre	ALAC
Sébastien Bachollet	ALAC
Tijani Ben Jemaa	At Large
Fabien Betremieux	Individual; AFNIC
Olga Cavalli	NomCom Appointee
Rafik Dammak	NCSG
Avri Doria	NCS; co-chair
William Drake	NCSG
Alex Gakuru	NCSG
Dr. Govind	GAC
Alan Greenberg	ALAC
Anthony Harris	ISCPC
Dave Kissoondoyal	At Large
Evan Leibovitch	ALAC; co-chair
Andrew Mack	CBUC
Michele Neylon	RrSG
Cheryl Langdon Orr	ALAC
Elaine Pruis	Individual
Vanda Scartezini	Individual
Baudouin Schombe	AFRALO; At Large
Alioune Traore	Individual
Richard Tindal	Individual

2. WG Members' Statements of Interest (SOIs)

The statements of interest of the Working Group members can be found at

http://gnso.icann.org/issues/jas/soi-jas-wg-27may10-en.htm.

3. Attendance Sheet for WG Conference Calls

Name	29 Apr	5 May	10 May	17 May	24 May	1 Jun	8 Jun	15 Jun	6 Jul	13 Jul	20 Jul	27 Jul	03 Aug	10 Aug	17 Aug	24 Aug	31 Aug
Carlos Dionisio Aguirre												–					
Sébastien Bachollet												–					
Tijani Ben Jemaa												–					
Fabien Betremieux												–					
Olga Cavalli												–					
Rafik Dammak												–					
Avri Doria												–					
William Drake												–					
Alex Gakuru												–					
Dr. Govind												–					
Alan Greenberg												–					
Anthony Harris												–					
Dave Kissoondoyal												–					
Evan Leibovitch												–					
Andrew Mack												–					
Michele Neylon												–					
Cheryl Langdon Orr												–					
Elaine Pruis												–					
Vanda Scartezini												–					
Baudouin Schombe												–					
Alioune Traore												–					
Richard Tindal												–					

Annex D – Public Comments

On posting of WG's initial report

<mark>TBC</mark>

From audience at Brussels Workshop (excerpt of transcript):

ICANN Brussels/Reducing Barriers to New gTLD Creation in Developing Regions Wednesday, 23 June 2010 questions and comments from the audience.

>>KARLA VALENTE: So the first question comes from Danny Younger. Director Touray, I am aware of a registry operator that handles a limited amount of registrations that does not charge any fee for registrations and that uses no registrar services. Their organization's contract is up for rebid next year, and we all know that the prospect of competition often inspires new innovative solutions. This registry operator, Diana, can provide such registry services for IGOs by the way for INT. Is there any particular reason why it couldn't be cajoled into providing equivalent registry services for NGOs in the developing world, perhaps a similar dot NGO TLD?

>>KATIM TOURAY: Good afternoon, everyone. And thanks very much, Evan, for that, your very kind, and I daresay overblown presentation. I don't think it's quite accurate to say that I was responsible for the resolution that resulted, in effect, in this Joint Working Group. I'd like to see it as everything that ICANN does as a joint effort that really saw the involvement of each and every one of us. And it's for this reason that I promised Avri and also Olof that I was going to try to do my best to come and join you here, even if briefly. We have an ongoing board workshop right now, but I had to pull myself out of that, because it's important, I think, to come and be with you and express my gratitude to you for the wonderful job, especially the Joint Working Group has been doing. The work that you're doing is very important. As I was telling the African group yesterday, it must also be seen in the context of the fact that it's work that you are doing not only for your own benefit and the benefit of developing world, but also for the benefit of ICANN itself.

You will recall that the board resolution that we passed, board resolution number 20 in Nairobi, specifically mentioned that to do this would be very much in service of ICANN's objectives of being an inclusive organization. So to the extent that you are helping move the objectives of the resolution forward, you are also helping ICANN achieve its objectives. I really want to thank you again very -- thank you again for the wonderful work that you're doing, that you have been doing,

and also encourage you to get as much information as is possible, as many perspectives as is possible. Because as I always keep saying, none of us is as smart or smarter than all of us. And so that's why it's particularly important that we move this multistakeholder approach, the grass roots-driven approach by ensuring that we have as much input into these deliberations as is possible. We certainly are looking forward to the recommendations that are going to emanate from the wonderful work that you are doing, and hopefully we'll come away with something that's going to be to the mutual satisfaction of all of us.

Again, thank you very much. I'm sorry I came in late, and I'm especially sorry that I have to leave to go and join the board back again in our workshop. Again, thanks very much and all the best wishes of success in your deliberations. Thanks.

>> Okay. Thank you. I hope it's the right place to pose a question. (inaudible) what will happen long term IDN language-wise competition. One has the domain name burnout.com. Now will come maybe a domain name in Swahili, burnout.africa. Both are TLDs. They will be translated by search engines. So in three years' time, what name will win the page ranking competition internationally? And I already experienced that my Farsi name for caviar is being translated in --

>>EVAN LEIBOVITCH: I'm sorry. I hate -- I hate to cut you off, but I really don't think that's relevant to what -- we're talking here about cost reduction.

>>EVAN LEIBOVITCH: Okay. Good question. Wrong place. Sorry.

>>STEVE DELBIANCO: Steve Delbianco for Net Choice Coalition. Carlos, you said your focus on who was all about people. I feel as if talking about just applicants as people, you missed the fact that 56% of the people on the planet don't use the Latin script as their primary language. And until this year, they've had zero capability to do a URL, domain name, or e-mail address. So I have a question, if the who is the people, we aren't really serving them today with anything but a couple of IDN ccTLDs. And what I'm hearing this week, it would be one or two years before the gTLD IDNs can serve these people. So I saw a little bit of a clash, if the who we're serving are the people, it may be necessary to give incentives to companies to launch their gTLDs in versions of other languages that are IDNs or they're just not going to do it. They're not going to spend 2- to $400,000 to serve those people. So how does that clash between the first group that said we wouldn't serve, say, a commercial applicant, even though we know they're serving the people that need it most?

>>KARLA VALENTE: The question comes from Mary and's a segue from what Elaine just said. Just to be clear, the basis or assumption is that support is only for community-based TLD applicants,

and the question was based on the slide that says first round only for ethnic and linguistic communities. We clarified on the chat room that the support is not limited to communities only. That was just the way that the slide was written. So the other question from Mary is, to the extent that the first-round recommendations are more likely to and more clearly be candidates from community-based applicants, I wonder if the group considered the requirements and dispute resolution sections of the Draft Applicant Guidebook Version 4 as within its mandate. For example, fair, attainable by likely candidates.

>>CHUCK GOMES: My name is Chuck Gomes. I have a question with regard to the bundling idea with regard to underserved language communities.

New gTLD applicants as well as even existing registries who want to offer IDN gTLDs are not in need of special support with regard to financial support or like that, but they would be very unlikely to be able to justify, from a business point of view, offering their versions of their IDN TLDs and pay 185,000 fee, et cetera, to underserved language community. Is it the intent or even consideration, I know they are not definite recommendations yet, of the working group to include that kind of bundling opportunity in your recommendation?

>>ROBERT HUTCHINSON: I am Bob Hutchinson from Dynamic Ventures. We specialize in helping entrepreneurs start new businesses. And I was wondering if you considered the lively idea of bundling. I think it makes a lot of sense. I wonder if you looked at micro-capital kinds of ways of funding the beginnings of these bundled businesses and so on and so forth. I'm curious if you did that.

>>KARLA VALENTE: Hi, this is Karla on behalf of our remote participants. So you know we have around 28 remote participants throughout this session. This question comes from John McCormick. Will local ccTLD's impact be part of the evaluation process for community linguistic gTLD proposals? Basically the commercial impact of a community language gTLD on a local ccTLD where most of the community language group is based.

>> Hi, my name is Xing Hsao (phonetic). I work for DotAsia registry, but speaking on my own behalf. Two questions. First is I would like to know how confidence is the group right now, for example, in the next six months to incorporate the ideas into the real implementation plan of the new gTLD program. Speaking of which is that, for example, I'm understanding the mission of cost cutdown for the applicant fee, but there's still fees involved in additional cost. For example, like registry evaluation or even in the question of that 50 questions, there will be requirement of a three-year -- I

mean, their financial deposit for the operation. So that's one. And actually the second is noticing that there's some exemptions of the brands from the developing country may not be eligible for that. I would like to take from a different perspective is that perhaps the groups can also think about to help the brand owners in the developing countries, like China, India, or Brazil, to make sure that they are aware of the program, so their brands in the new gTLD rounds can be more involved and be aware of what's happening in the trademark clearinghouse area and so on and so forth.

>>NII QUAYNOR: Yes, my name is Nii Quaynor. I come from Ghana.com. I am a registrar but I am speaking for myself. I want to be clear that we are doing this for a better Internet, and I want to ask publicly whether you do have a particular operate in mind as you define the applicant support system. And specifically to Alex, you mentioned a dot Africa operator. Does it exist? Thank you.

>>NARESH AJWANI: My name is Naresh Ajwani. I am a president of Cyber Caf Association of India. We are an ecosystem of 180,000 cyber cafss, 70 ISPs, 49 government application, and 70 million Internet users. I have a question. I am sure the cost for the entry fee is very a thought throughout approach of ICANN. So when we are talking about the cost reduction, from where this cost would be recovered is my question, is my query?

>>NARESH AJWANI: Shortly, it does. But yes, I have a comment to make. It is a cross-subsidy. There are no free lunches. I think if a business model can be considered based on revenue share, this particular challenge can be addressed. Entry fees in all these developing countries are now getting replaced by revenue share model. For example, if a hundred dollars come into an organization, then a percent from the gross revenue is taken by the licenser, government, or anybody like ICANN. So I'm sure that particular piece might have been considered by you to not bring a cross-subsidy or a feeling of cutting the cost. Revenue share is only suggestion I think I can make at this juncture. Thank you.

>>NARESH NAJWARI: Suggestion would be kindly consider different provision also that will really make not somebody to feel that he is being benefited in different business model.

You have referred about India. I must tell you, a few years back, the biggest company in shampoo, P&G, was going back thinking shampoo can't be sold in India. So they changed the business model and they brought sachets, small pouches. Today every house, nook and corner of India has got shampoo from P&G. It's all about changing business models instead of doing any cross-subsidy, reducing the cost. If that particular aspect can be considered, I am very confident it will be accepted much faster. Thank you.

Brussels meeting, AfriICANN/AFRALO Statement - Support for new gTLD applicants

Statement of the African ICANN community
The ICANN Board resolved at its Nairobi meeting (Resolution 20) that "*The Board requests stakeholders to work through their SOs and ACs, and form a Working Group to develop a sustainable approach to providing support to applicants requiring assistance in applying and operating new gTLDs .*"

The Members of the African Community, consisting of the AFRALO and the AfrICANN, attending the 38th ICANN meeting in Brussels, jointly discussed the possible support to be given to new gTLD applicants in Africa, who need assistance in applying for, and operating the gTLDs. As members of the community, we:

- Welcome the Board resolution 20 related to the support for Applicants requesting assistance in applying for and operating new gTLDs.
- Express our gratitude to the Board members for their consideration of the community concerns about the cost of applying for new gTLDs that might hinder applicants, especially those from developing countries.
- Strongly believe that entrepreneur applicants from African countries, where the market is not wide enough for a reasonable profit making industry, are eligible for support.
- Deem that Civil society, NGOs and non for profit organizations in Africa are the most in need of such support, because they have a deep impact in society since they work at the grass-root level.
- Believe that support is of utmost importance for geographic, cultural linguistic, and more generally community based applications.
- Urge that support to new gTLD applicants in Africa be prioritised since this support will be an incitement for new aspirants to come forward and apply for new gTLDs.
- Believe that the support to be provided to applicants of new gTLDs in Africa should include, but is not limited to the following:
  - Financial, by reducing the application and the on-going fees
  - Linguistic, by translating all the application documents, especially the Applicant Guidebook, in the six UN languages
  - Legal, by assisting the applicants in preparing their applications properly.
  - Technical, by
    - helping the applicants to define the infrastructure options,
    - addressing the issue of infrastructure problems in some African countries; such as IPV6, internet connectivity etc.
- Strongly support that cost reduction is the key element in fulfilling the goals of ICANN Board's Resolution 20 within the principles of the recovery of the application and on-going costs.
- Propose that the following be entertained to achieve cost reduction:
  - Waiving the cost of Program Development ($26k).
  - Waiving the Risk/Contingency cost ($60k).

- o Lowering the application cost ($100k)
  - o Waiving the Registry fixed fees ($25k per calendar year), and charge the Registry-Level Transaction Fee only ($0.25 per domain name registration or renewal).
- Propose that the reduced cost be paid incrementally, which will give the African applicants more time to raise money, and investors will be more encouraged to fund an application that passes the initial evaluation.
- Believe that African communities apply for new gTLDs according to an appropriate business model taking into consideration the realities of the African region. ICANN's commitment towards supporting gTLD applicants in Africa will be a milestone to the development of the overall Internet community in Africa
- Since Africa is disadvantaged and lagging behind due to the digital divide, we strongly suggest that ICANN provides supplementary support and additional cost reduction for gTLDs applications from African countries
  - Brussels, 22 June 2010

ANNEX E – Public Comments

Period: from 23 June to 23 August

To: joint-wg-snapshot@xxxxxxxxx
Subject: A Sustainable Approach
From: Danny Younger <dannyyounger@xxxxxxxxx>
Date: Thu, 24 Jun 2010 15:41:04 -0700 (PDT)
A Sustainable Approach

-- authored by Danny Younger

"The IANA is the overall authority for day-to-day administration of the Internet Domain Name System (DNS). IANA staff carry out administrative responsibilities for the assignment of IP Addresses, Autonomous System Numbers, Top Level Domains (TLDs), and other unique parameters of the DNS and its protocols."[1]

I thank the ICANN Board for its recognition of the importance of inclusivity as stated in Resolution #20 issued at the Nairobi session, and offer this proposal to the Joint SO/AC Working Group tasked with developing a sustainable approach to providing ongoing support to disadvantaged communities.

The Proposal:

The IANA, by way of the .int registry operation, currently offers registration services to intergovernmental organizations. There is no fee associated with such registration.[2] As per RFC 1591[3], the INT domain is one of several generic TLDs created for a general category of organizations (INT – for organizations established by international treaties; COM – intended for commercial entities; EDU – intended for all educational institutions; NET – intended to hold only computers of network providers; ORG – intended for organizations that don't fit anywhere else). It is my considered belief that the time is now ripe for a new general organizational category (TLD) that would serve the needs of the developing world in a sustainable manner and which would obviate the prospect of a multitude of new TLD applications each requiring some degree of support provisioning.

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[1] http://www.icann.org/en/icp/icp-1.htm
[2] http://www.iana.org/domains/int/
[3] http://tools.ietf.org/html/rfc1591

What is being proposed (as a first step consideration) is an NGO domain – intended for non-governmental organizations – to be managed by the IANA on a non-fee basis.

The Justification:

ICANN, as manager of the IANA function, is bound by its Articles of Incorporation that stipulate "the Corporation is organized, and will be operated, exclusively for charitable, educational, and scientific purposes". [4] Offering a no-fee registration service to non-governmental organizations comports well with fulfilling ICANN's charitable mission.

As stated in the recent Statement of the African Community: "It is a fact that Civil Society, NGOs and non-for-profit organizations in Africa have a deep impact in society since they work at the grass-root level. We deem that they are the most in need of such support. [5]"

I would ask, what could possibly be more charitable and sustainable than providing free registration services through an IANA registry to a community identified as most in need of such support? If such no-fee services can be offered to reasonably well-financed intergovernmental organizations (IGOs), so too should we be able to charitably offer commensurate services to an NGO population in need.

The Policy Support:

The notion of a new TLD category to complement those first cited in RFC 1591 is not a new idea. ICANN's Business Constituency has long advocated for the development of a logical differentiated expansion of the name space[6] and has articulated principles that such new names must meet, namely:

- Differentiation -- must be clearly differentiated from other gTLDs
- Certainty – must give the user confidence that it stands for what it purports to stand for
- Honesty – must avoid increasing opportunities for bad faith entities who wish to defraud users
- Competition – must create value-added competition
- Diversity – must serve commercial or non-commercial users
- Meaning – must have meaning to its relevant population of users

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[4] http://www.icann.org/en/general/articles.htm
[5] https://st.icann.org/data/workspaces/afralo/attachments/16_june_2010_summary_minutes:20100616181540-0-25451/original/Statement%20from%20the%20African%20ICANN%20community.pdf
[6] http://www.bizconst.org/Positions-Statements/Position-12-2002_Diff_Name_Space.doc

The NGO domain, in my view, would meet such principles.

The Taxonomic Benefits:

By aggregating a class under a single TLD, differentiation is made possible at the second level with no need to further pollute the top level of the domain name system. Organizations will find a place where they want to be and these NGOs will readily be found by their respective user communities at the second level.

Sustainability:

It may successfully be argued that the IANA will sustain additional costs in both manpower and equipment to operate a second registry. While those costs can be expected to be on a par with .int registry expenditures (in that this new domain will similarly have a small, finite pool of applicants), what is clear is that ICANN's current contingency fund is more than ample to meet the challenge of properly funding the IANA's new duties on a first year basis[7]; thereafter such charitable expenditures would become their own line in a line-item budget that would highlight the IANA's charitable operations.

Although the IANA is allowed by contract to recover fees from third parties, one notes that the IANA has yet to charge any recovery fees for its broad range of services, and that in all likelihood the IANA will not be seeking to invoke cost recovery measures:

"If the Contractor intends on establishing and collecting fees from third parties (*i.e.*, other than the Government) for the functions performed under this contract, the Contractor shall notify the Contracting Officer in writing at least sixty days prior to the fee being applied and provide documentation which identifies the rationale for the fee, the parties to be charged, and the cost basis for the fee in accordance with OMB Circular A-122 and FAR clause 52.215-2, Audit and Records – Negotiations, Alternate II. The Contracting Officer shall approve any fee in writing prior to the Contractor imposing the fee."[8]

Hence, the recovery cost of this particular TLD program will not be passed on to the disadvantaged that seek to utilize such registry services.

Putting the Horse Ahead of the Cart:

When any new product offering is tendered, be it the iPhone 4 or new TLDs, the public tends to be caught up in a frenzy to obtain the very latest example of engineering at

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[7] http://www.icann.org/en/financials/proposed-opplan-budget-v1-fy11-17may10-en.pdf at page 35
[8] http://www.icann.org/en/general/iana-contract-14aug06.pdf

work. One might argue that what the public actually needs is oftentimes somewhat different than what is currently being marketed.

We are being challenged to attend to the needs of a disadvantaged community that has heard the preliminary hype surrounding new TLDs but whose actual needs perhaps might not best be met by a large host of new TLD offerings that will require an ongoing amount of subsidization.

The prudent course of action would be to first offer a sustainable no-fee TLD that would serve the needs of a large segment of the internet-using population, especially those from developing countries, and then (during later rounds) offer other forms of support for additional new gTLDs that still might be required to better promote geographic, cultural and linguistic considerations.

In my view, the charge from the ICANN Board to the Joint SO/AC Working Group "to provide support to applicants requiring assistance in applying for and operating new gTLDs" is somewhat akin to putting the cart ahead of the horse. It could well be the case that differentiation at the second level might prove to be a sufficiently adequate solution for a large population (such as in Africa) that believes "the market is not wide enough for a reasonable profit making industry".[9]

The last thing that we need is a name space strewn with the hulks of failed prematurely-launched and inadequately-financed registry operations. If our goal is to accommodate the needs of those that work at the grass-root level that lack the financial wherewithal to fully support a registry operation (whose needs perhaps might not be fully met by recourse to the ORG domain or through other current TLDs), then let us first see whether a substantial portion of that need might be assuaged by the existence of an NGO domain. Let's put the horse ahead of the cart and then see whether further initiatives are still warranted. It is indeed a matter of fiscal prudence. ICANN is not a cash cow.

The Linguistic Considerations:

Because this initiative is an IANA project (as opposed to an effort bound by the strictures of ICANN's New gTLD Program), we need not concern ourselves with what would otherwise be massive multiple fees for each character set that needs to be

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[9] https://st.icann.org/data/workspaces/afralo/attachments/16_june_2010_summary_minutes:20100616181540-0-25451/original/Statement%20from%20the%20African%20ICANN%20community.pdf

introduced at the root level. If the NGO domain needs to be offered at the root level in characters other than ASCII, the IANA is suitably provisioned to make this a reality.

The Management Considerations:

"Delegation of a new top level domain requires the completion of a number of procedures, including the identification of a TLD manager with the requisite skills and authority to operate the TLD appropriately."[10]

"From the very beginnings of the Internet, the technical community has recognized the need for central coordination of the unique assignment of the values of identifiers. The Internet Assigned Numbers Authority (the IANA, now operated by ICANN) was created to fill this need… This responsibility has always been understood to be a public trust, and the IANA long ago adopted the motto: "Dedicated to preserving the central coordinating functions of the global Internet for the public good."" [11]

In this particular instance, I would have a comfort level with the designation of the IANA as the trustee of the TLD for the global Internet community; others may have a differing view.

Eligibility Criteria for an NGO domain

Jon Postel once wrote: "Specifically referring to governmental treaty organizations would also probably exclude organizations like ISO, IEC, IATA and International Committee of the Red Cross (CICR, ICRC). We also have the problem of organizations which started out as treaty organizations such as SITA (in .int) and Inmarsat, Intelsat (also in .int) who are/are in the process of being privatized/commercialized. I think we will need to broaden the definition to reflect what is in .int and be more flexible. The challenge is to come up with a good definition."[12]   Jon was right – eligibility needs to rely upon a good definition, and the Working Group will need to tackle that particular challenge.

NGOs are currently defined by some as private organizations that pursue activities to promote the interests of the poor, protect the environment, provide basic social

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[10] http://www.icann.org/en/icp/icp-1.htm
[11] http://www.icann.org/en/icp/icp-3.htm
[12] http://www.itu.int/itudoc/itu-t/workshop/int/int-002.pdf

services, relieve suffering or undertake community development; such organizations serve a public purpose, not a private benefit.[13]

While this definition may need to be tweaked, just as eligibility documentation is required in the .int domain, so too should some form of applicant documentation be required for this domain. To that end, a charter or founding papers should likely be sufficient for the record; I recognize that others may have a differing approach to this matter.

Final Thoughts:

An anecdote[14]: According to Paul V. Mockapetris, in the early days, the Network Information Center (NIC) received a request from Mark Pullen of the Defense Advanced Research Projects Agency (DARPA) to create the .nato Top Level Domain. As the NIC was either partially or fully funded by DARPA at that time, this was promptly done…
Later Paul joined ARPA and suggested to NATO representatives that nato.int was a better choice and they agreed. .INT was created and nato.int was created.
Pretty easy, right?

The creation of a new TLD shouldn't be have to be a complex and arduous task designed to insulate a board from its decision-making responsibilities; rather, it should be a fairly straight-forward proposition that reflects the community's will and commitment.

I clearly understand that the nature of this proposal routes around the current ever-changing ICANN "Guidelines"… but so be it. I believe that we can keep it simple and still achieve the community's goal of offering a form of relief to the disadvantaged among us.

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[13] http://www.google.com/search?hl=en&rls=com.microsoft:en-us:IE-SearchBox&rlz=1I7_____en&defl=en&q=define:ngo&sa=X&ei=NssjTLX_FsH98AaPopzWBQ&ved=0CBIQkAE
[14] http://www.itu.int/ITU-T/worksem/int/documents/005.ppt

To: joint-wg-snapshot@xxxxxxxxx
Subject: Ongoing Costs
From: Danny Younger <dannyyounger@xxxxxxxxx>
Date: Fri, 16 Jul 2010 21:28:18 -0700 (PDT)

Mitigating the Ongoing Costs Factor:

-- authored by Danny Younger

Introduction:

I appreciate this opportunity to communicate a proposal to the members of the Joint SO/AC Working Group on New gTLD Applicant Support, and I use this moment to formally thank the ICANN Board for their charitable resolve.

In Nairobi, the ICANN Board put forward the following resolution[15]:

"Resolved (2010.03.12.47), the Board requests stakeholders to work through their SOs and ACs, and form a Working Group to develop a sustainable approach to providing support to applicants requiring assistance in applying for and operating new gTLDs."

The proposal put forth herein focuses upon assistance measures specific to certain operational costs (that which some in the Working Group have termed as "on-going costs"[16]).

Background:

The Draft Applicant Guidebook[17] (DAG) [at question #50 in the scoring section] establishes this requirement:

"Documented evidence or detailed plan for ability to fund ongoing critical registry operations for registrants for a period of three to five years in the event of registry failure, default, or until a successor operator can be designated. Evidence of financial wherewithal to fund this requirement prior to delegation. This requirement must be met prior to or concurrent with the execution of the registry agreement."

At a bare minimum (for scoring purposes), ICANN seeks the following:

> "(1) Costs are commensurate with technical plans and overall business approach as described in the application; and

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[15] http://www.icann.org/en/minutes/resolutions-12mar10-en.htm#20
[16] http://forum.icann.org/lists/soac-newgtldapsup-wg/msg00173.html
[17] http://www.icann.org/en/topics/new-gtlds/draft-rfp-clean-28may10-en.pdf

(2) Funding is identified and instrument is described to provide for on-going operations of at least three years in the event of failure."

At issue is whether this particular funding requirement is justified and reasonable.

Discussion:

ICANN has laid out its rationale (and additional details) for this funding requirement as follows: "Registrant protection is critical and thus new gTLD applicants are requested to provide evidence indicating that critical functions will continue to be performed even if the registry fails. Registrant needs are best protected by a clear demonstration that the critical registry functions are sustained for an extended period even in the face of registry failure. Therefore, this section is weighted heavily as a clear, objective measure to protect and serve registrants. The applicant has two tasks associated with adequately making this demonstration of continuity for critical registry functions. First, costs for maintaining critical registrant protection functions are to be estimated (Part a). In evaluating the application, the evaluators will adjudge whether the estimate is reasonable given the systems architecture and overall business approach described elsewhere in the application. Second (Part b), methods of securing the funds required to perform those functions for at least three years are to be described by the applicant in accordance with the criteria below. Two types of instruments will fulfill this requirement. The applicant must identify which of the two methods is being described. The instrument is required to be in place at the time of the execution of the registry agreement."

While I concur that registrant protection is critical and that critical registry functions must be sustained for an extended period of time in the event of registry failure, I take issue with the timeframe established (three to five years) as it does not comport with the recommendations delineated in the ICANN gTLD Registry Failover Plan[18] presented on 15 July 2008.

The Failover Plan:

The gTLD Registry Failover Plan contemplates a number of scenarios that could well unfold soon after a registry "event" has transpired that may potentially impact a registry's business continuity. These scenarios include timeframes established for purposes of examination, situation handling, communications and crisis response, for invoking temporary agreements with a backup operations provider or for invoking the registry's continuity plan, for locating a buyer for the TLD delegation within the transition timeframe for the remainder of the registry's contract, for a call for expressions of

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[18] http://www.icann.org/en/registries/continuity/icann-registry-failover-plan-15jul08.pdf

interest and for seeking input from the community, and finally a possible timeframe for an auction process if there are indeed multiple qualified applicants.

So, how much time are we really looking at?

The Failover Plan states:

8.2 If possible, the registry or backup registry operations provider will maintain operations for a designated period of time (30 to 90 days or more) in order to ensure that registrants have sufficient time to locate alternatives to the TLD.

Quite clearly this Failover Plan recommendation, crafted by some of the best minds available to ICANN, calls for a timeframe of highly limited duration (in keeping with the general principle of "acting to ensure confidence in the DNS" as well as respecting ICANN's Core Principle of "acting with a speed that is responsive to the needs of the Internet").

Further, the Failover Plan recommendation plainly stands completely at odds with the DAG's requirement for a financial surety instrument to guarantee continuity for critical registry functions for three to five years subsequent to a registry failure.

Unfortunately, what we have here is a case of the left hand not knowing what the right hand has already indicated.

The Preliminary Proposal:

Throughout the DAG one notes the concerted Staff effort to make "conservative" assumptions, and we can also see that in response to earlier comments Staff has unabashedly expressed willingness to reconsider positions earlier taken. For example, consider this statement from the Benchmarking of Registry Operations[19] document:

A comment inquires whether it would be reasonable to change the financial instrument requirement to two years of funding for registry operations rather than three. This is being considered by ICANN as the critical registry functions and the mechanics of the financial instrument are being refined for the next draft of the Applicant Guidebook. It is possible that the objectives of ensuring continuity and registrant protection can still be met with a slightly reduced reserve requirement.

The first step in reducing the financial instrument requirement has already been taken. It is now up to the Working Group to press home the point that timeframes (and consequent costs) may logically be reduced further based on earlier communitywide Failover conclusions.

Taking a conservative approach, it would not be unreasonable as a first step to stipulate to a financial instrument that serves to support critical registry functions for 180 days subsequent to the declaration of a registry "event" – it's realistic and graciously exceeds the recommendations of the Failover Plan

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[19] http://www.icann.org/en/topics/new-gtlds/benchmarking-comment-analysis-28may10-en.pdf

that was generated after extensive collaboration and consultation with experienced gTLD registries, ccTLD managers, SSAC, and other members of the community.

Additional Proposal Elements & Closing Thoughts

The Working Group is advised that one must not overlook the fact that the timeframe cited in the financial instrument requirement may be totally circumvented by the designation of a successor operator:

"…a period of three to five years in the event of registry failure, default, **or until a successor operator can be designated."**

At issue is whether we can formulate a way by which a potential successor operator can be pre-designated so that the extended financial surety obligation may be completely waived.

As ICANN already has experience with a pre-designation process (as evinced by the earlier Draft Procedure for Designating Subsequent .net Registry Operator[20] and by the re-assignment of .org[21]), what is now called for is to utilize that experience in the establishment of a new procedure to prepare for a possible successor operator as part of each support-requiring-registry's Continuity Plan[22].

I leave the mechanics of such an effort in the capable hands of the Working Group who may take some guidance from the provisions of ICANN's own Contingency Plan pertaining to Business Failure or Insolvency.[23]

If we can reduce or eliminate the DAG's required financial surety instrument, we will go a long ways toward providing real support to new gTLD applicants.

Thank you for considering this proposal.

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[20] http://www.icann.org/en/announcements/announcement-02jun04.htm
[21] http://www.icann.org/en/tlds/org/
[22] http://www.icann.org/en/registries/continuity/gtld-registry-continuity-plan-25apr09-en.pdf
[23] 11. By June 30, 2004, ICANN shall develop a contingency plan to ensure continuity of operations in the event the corporation incurs a severe disruption of operations, or the threat thereof, by reason of its bankruptcy, corporate dissolution, a natural disaster, or other financial, physical or operational event. In conjunction with its efforts in this regard, ICANN shall work collaboratively with the Department to ensure that such plan reflects the international nature of the DNS.
Source: http://www.ntia.doc.gov/ntiahome/domainname/agreements/amendment6_09162003.htm

To: joint-wg-snapshot@xxxxxxxxx
Subject: TLDs for cultural and linguistic communities
From: Danny Younger <dannyyounger@xxxxxxxxx>
Date: Sat, 17 Jul 2010 10:25:45 -0700 (PDT)

A "prearranged and recommended annual registry contribution" program for disadvantaged cultural & linguistic new TLD applicants

authored by Danny Younger

INTRODUCTION

The phrase "prearranged and recommended annual registry contribution[24]" is lifted from the ICANN policy that deals with "Costs associated with processing requests for new IDN ccTLDs".   This particular IDN ccTLD payment program is completely voluntary, and new IDN ccTLD applicants are not required to make any financial contribution whatsoever if so they choose – in essence, it's a demonstration that ICANN is perfectly willing to set aside all cost recovery and support considerations if it is politically expedient to act in such fashion; in short, it's a form of subsidization at work for the primary benefit of actors with close ties to governments that could otherwise readily afford the costs involved – it's undisguised charity for those with sufficiently ample financial means at their disposal.[25] The program that I have in mind is a similar form of charity, but is intended for those that are actually less advantaged and that seek to represent cultural and linguistic communities.

ANALYSIS:

It has been determined that "Ongoing TLD support costs, including administration of the process of delegating and updating information for TLDs, support for the ccNSO, ICANN regional presence for country codes, specialized meetings, travel, and more" are currently at a level of $9.1 million dollars per annum (spread across 255 ccTLDs); this equates to a unit cost of $35,686.
It has also been concluded that costs associated with processing requests for new IDN ccTLDs (if certain quantity assumptions hold true) equate to a total of $1.33 million, or a cost of $26,700 per request.
In total, new IDN TLD support and application costs come in at a combined $62,386 per request (that may or may not be paid depending upon the whims of the TLD manager).
Ultimately, it doesn't matter how one massages the numbers. TLDs are TLDs, and there's not that much of an operational distinction between one class of TLDS (gTLDs) and another (ccTLDs) or a third (fast-track IDN ccTLDs).
The bottom line is that current policy dictates that one class of new TLD applicants (gTLD) must pay fees to help subsidize another class of TLD applicants that get a free pass (IDN ccTLDs).

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[24] http://www.icann.org/en/topics/idn/fast-track/analysis-idn-cctld-development-processing-costs-04jun09-en.pdf
[25] You will note that the .us ccTLD (for example) made no financial contribution at all during the 08/09 cycle – *source*: http://www.icann.org/en/maps/cctld-contributions-0809.htm

OBTAINING A FREE PASS FOR CULTURAL & LINGUISTIC TLD APPLICANTS:

For starters, the Working Group must strenuously argue that cultural and linguistic TLD applicants will represent a new TLD class that will benefit humanity. It must argue that this class of applicants must be removed from the strict and stifling confines of the new gTLD program and must be treated in a fashion akin to new IDN TLD applicants).

This is a **policy matter** almost totally divorced from cost considerations – either ICANN will support a new class of TLDs, or it will not. Either it will support a "prearranged and recommended annual registry contribution" approach for this new class or it will not. It's up to the Working Group to make the case that such an approach would represent "good policy" that would comport with ICANN's charitable and educational mission as spelled out in its Articles of Incorporation.

As I see it, what is ultimately called for is a new fast-track program with clearly defined requirements. Ideally, the Working Group should set up the procedures to identify cultural and linguistic TLD applicants and should mirror the IDN ccTLD fast-track program.

Above all, it must be able to demonstrate overwhelming support for the initiative.

RECOMMENDED GOOD FAITH CONCESSIONS:

The worldwide economy is in difficult times and no one is truly keen on the notion of ongoing free handouts (which is why the ICANN Board has called for a sustainable initiative), and inasmuch as the WG lacks the political clout of the ccTLD community to obtain something for nothing, it may be advisable to agree to a minimal applicant fee for cultural and linguistic communities – something along the lines of that which has been calculated for the IDN ccTLD applicants; it would also be wise to agree to the preparation of a prearranged and recommended annual registry contribution document.

QUESTIONS:

At the end of the day, we will need to ask the following questions:

1. How large of an applicant pool is expected?
2. What portion of that applicant pool has a legitimate need for financial assistance?

It may turn out to be the case that community linguistic concerns will be ameliorated by the rapid introduction of IDN ccTLDs in numerous scripts.

It may turn out to be the case that cultural communities are currently adequately served by institutions such as .org or by their respective ccTLDs.

As we don't have answers to these questions at the moment, I would recommend beginning the process with a campaign to solicit expressions of interest in order to better outline the scope and range of the potential applicant pool.

You will note that the ICANN Board, at its October 2009 meeting in Seoul, passed a resolution directing staff to prepare an analysis regarding the feasibility of ICANN soliciting Expressions of Interests from prospective applicants for new gTLDs:

Resolved (2009.10.30__), the ICANN Board directs staff to study the potential impact of a call for formal "expressions of interest," and provide a plan for Board consideration at ICANN's next Board meeting, in December 2009. The plan should include possible options and a risk analysis relating to the proposed action.

Such a similar analysis for cultural and linguistic communities is assuredly warranted.

IN CONCLUSION:

Not every new TLD needs to be regarded as a gTLD. Cultural and Linguistic TLDs could well deserve their own unique class designation as clTLDs. A new class… a new approach… a new fast-track.

Thanks for your consideration of this proposal.

To: joint-wg-snapshot@xxxxxxxxx
Subject: A Sustainable Source of Funding
From: Danny Younger <dannyyounger@xxxxxxxxx>
Date: Sat, 17 Jul 2010 12:49:34 -0700 (PDT)

A Long-Term Sustainable Source of Funding

authored by Danny Younger

INTRODUCTION:

The ICANN Operating Plan and Budget for the fiscal year ending 30 June 2011 points to a number of funding sources, one of which is the registrar transaction fee. These transaction-based fees are:

"assessed on each annual increment of an add, transfer, or renewal transaction that has survived a related add or auto-renew grace period. This fee will be billed at $0.20 per transaction for registrars under the 2001 version of the RAA (2001 RAA) and $0.18 per transaction for registrars under the 2009 RAA (starting the quarter they adopt the 2009 RAA). These rates are consistent with the FY10 per-transaction rates. As of April 2010, over 90% of domain names are managed by registrars under the 2009 RAA. The FY11 transaction fee revenue is calculated at the lower rate of $0.18 in the anticipation that most transactions will be billed at $0.18 by the end of the fiscal year. Transaction volume is expected to increase steadily over the next year to over 30 million transactions per quarter."[26]

It is worthy to note that registrar transaction fees have ranged from a high of twenty five cents in 2004[27] to the current low at eighteen cents.

PROPOSAL:

It is not unreasonable to ask the broader registrant community to participate in supporting the expansion of the namespace (as such expansion will better serve the long-term broad registrant interest). For each one cent increase in the registrar transaction fee $1,200,000 per annum can be raised.

Discussions in the SO/AC Working Group on new gTLD Applicant Support have already pointed[28] to the possibility of establishing a Foundation to support disadvantaged gTLD applicants. Once a determination is made as to the amount of financial assistance that will be required, one can calculate the rise in the registrar transaction fee that would be necessary to support the initiative.

PERSONAL THOUGHTS:

Speaking as a registrant that has previously seen 25 cents of my domain name registration fee applied to overall ICANN support, I could not begrudge ICANN a minor increase in this rate (knowing that rates are now substantially lower than they have ever been before).

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[26] http://www.icann.org/en/financials/adopted-opplan-budget-fy11-10jul10-en.pdf
[27] http://www.icann.org/en/financials/proposed-budget-14may04.pdf
[28] http://forum.icann.org/lists/soac-newgtldapsup-wg/msg00032.html

Candidly, I wouldn't object to even a raise back to earlier 2004 25-cent threshold if I were advised that such a return to earlier rates would result in over $8,000,000 per annum being made available to support registry provisioning for disadvantaged cultural and linguistic communities around the world. Yes, I'm aware that we will have to endure a rash of comments from the Registrar Constituency that likes to pretend that we will be spending their money, but we all know where the money really comes from, don't we?

CONCLUSION:

Engaging in charitable activity is noble. I believe that most registrants will support charitable giving and will not unduly resent whatever minor increase in the registrar transaction fee rate will ultimately be required.

With that said, let us not forget that ICANN has, in the past, received significant donations from other parties. I can recall the earlier generous offer of $100,000 from VeriSign's Roger Cochetti to support DNSO Secretariat provisioning[29]. Establishing a Foundation to properly manage such funding and to serve as a point of contact for charitable giving is indeed a proper way forward.

Thank you for your consideration of this proposal.

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[29] http://www.dnso.org/clubpublic/nc-budget/Arc00/msg00243.html

To: joint-wg-snapshot@xxxxxxxxx
Subject: Solving the Bundling Issue
From: Danny Younger <dannyyounger@xxxxxxxxx>
Date: Sun, 18 Jul 2010 07:09:33 -0700 (PDT)

Solving the Bundling Issue

authored by Danny Younger

INTRODUCTION:

At the Brussels session, the representative from VeriSign put through the following comment:

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>>CHUCK GOMES:   My name is Chuck Gomes.  I have a question with regard to
the bundling idea with regard to underserved language communities.

New gTLD applicants as well as even existing registries who want to offer
IDN gTLDs are not in need of special support with regard to financial
support or like that, but they would be very unlikely to be able to
justify, from a business point of view, offering their versions of their
IDN TLDs and pay 185,000 fee, et cetera, to underserved language
community.

Is it the intent or even consideration, I know they are not definite
recommendations yet, of the working group to include that kind of bundling
opportunity in your recommendation?
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We also heard the ICANN Chairman of the Board making this comment:

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>>PETER DENGATE THRUSH:   Just looking at Kurt.  I mean, I think we've
heard this a number of times.  And I've always responded, yes, that sounds
like a good idea.

Where are we at with that?  Kurt, is there a rule against bundling?
Because if there isn't a rule against bundling, if someone comes in with a
bundle, there should be a discount, because you don't have to keep
checking the same person, for example, again and again and again.  And the
litigation risk isn't six times as great, is it, for the same thing in six
different scripts?
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In response, we heard the following:

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>>KURT PRITZ:   You're right, it could be.  We've looked at this several
different ways.  At the end of the day, we've created a model for how much
-- how much it's going to cost to process the new gTLD applications we
get.  We've added that together.  And summing the revenues and the costs,
at the end of the day, we get
zero left over.  And so not knowing how many applications we're going to
get or who or how they're going to be bundled, but taking an additional
risk on board in the first round to attempt to provide some sort of
discount in the end in a system that, you know, could potentially be gamed
with transfer of slots or combinations of firms bundling to get reduced
fees, and adding that into the equation, that's already a zero-sum game
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where the sums of money involved really treble the -- ICANN's budget when
we -- you know, and Ramaraj and Kevin and Doug and I will talk about this
further.

But, to date, I think our conversations are about, you know, how much
uncertainty is there and how much additional uncertainty would there be in
combining models complexifying models going forward. So, you know, we can
talk about it some more, and we can perform some more analysis. But it's
a high-risk, important issue for ICANN.

PROPOSAL:

A bundled gTLD application is the equivalent of an ASCII gTLD application combined with an
additional IDN gTLD application. We already know that: "The processing of IDN ccTLDs through
these steps will cost approximately $24,391 per request plus $115,000 of fixed costs. Assuming 50
IDN ccTLD strings, this equates to a total of $1.33 million, or a cost of $26,700 per request."[30]

The Working Group should propose that each additional script proposed by a gTLD applicant will be
priced commensurate with the cost calculations for the fast-track IDN ccTLDs – namely, $26,700 per
script. Equivalency of Treatment by ICANN is the bigger issue – the ICANN Bylaws state:

Section 3. NON-DISCRIMINATORY TREATMENT

ICANN shall not apply its standards, policies, procedures, or practices inequitably or single out any
particular party for disparate treatment unless justified by substantial and reasonable cause, such as
the promotion of effective competition.If a cost calculation has already been made for the processing
of IDN applications, it would certainly be discriminatory if an equivalent application were charged at a
higher rate.

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[30] http://www.icann.org/en/topics/idn/fast-track/analysis-idn-cctld-development-processing-costs-04jun09-
en.pdf

To: joint-wg-snapshot@xxxxxxxxx
Subject: Solving the Registrar Conundrum
From: Danny Younger <dannyyounger@xxxxxxxxx>
Date: Mon, 19 Jul 2010 10:20:20 -0700 (PDT)

Solving the Registrar Conundrum

authored by Danny Younger

INTRODUCTION:

Imagine for a moment that you are a young entrepreneur whose native language is Somali (a language understood by over 10-16 million native speakers that span Somalia, Ethiopia, Djibouti, Kenya and Yemen). You seek to successfully launch a registry operation using the four Somali scripts: an Arabic-based abjad known as Wadaad's writing, a Latin-based alphabet and two native alphabets, the Osmanya script and the Borama script.

You believe that you can somehow manage to fund this registry effort, but you are rightfully concerned that you might not be able to attract any registrars to set up the necessary interfaces to conduct business in these scripts in order to market your offering (there are currently only two ICANN-accredited registrars in all of Africa[31], one in west Africa, the other in South Africa).

How then do you proceed? What are your options?

OPTION 1: You realize that if might be possible to convince fellow entrepreneurs to set up a registrar operation, but what are the financial obligations associated with such an effort?

A new registrar will need to pay ICANN:

- US$2,500 non-refundable application fee, to be submitted with application.
- US$4,000 yearly accreditation fee due upon approval and each year thereafter.
- A per-registrar variable fee of approximately US$3,800 (unless what ICANN describes as the forgiveness factor enters into play)[32]

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[31] Internet Solutions (Pty) Ltd. South *Africa, and Senegal-based Kheweul.com managed by* Mouhamet Diop

[32] Per-registrar variable fees will remain at $3.8 million per year to be paid by the registrars as a whole. The per-registrar fee is based on a validated concept that ICANN often expends the same quantum of effort in providing services to a registrar regardless of size. However, provided that the registrar is considerably smaller in size and in activity, some registrars will continue to be eligible for "forgiveness" of two-thirds of the standard per-registrar variable fee. To be eligible for forgiveness, the registrar must have (1) less than 350,000 gTLD names under its management and (2) no more than 200 attempted adds per successful net add in any registry. Forgiveness will be granted each quarter to all registrars that qualify.

The amount per registrar is calculated each quarter by dividing $950,000 (one-fourth of $3.8 million) equally among all registrars that have at least been accredited for one full quarter or have made at least one transaction, taking into consideration the forgiveness factor.

In addition, a discount of 10% is granted to those registrars that are operating under the 2009 RAA.

Registrars will receive the discount starting the quarter they adopt the 2009 RAA. The FY11 revenue

budget assumes a 10% reduction across all registrars due to the high adoption rate of the 2009 RAA.

Source: http://www.icann.org/en/financials/adopted-opplan-budget-fy11-10jul10-en.pdf

- Registrar transaction fees (currently set at eighteen cents per transaction).

Although you believe that all the above perhaps might represent manageable propositions for another Somali-speaking party to undertake, there are still some further remaining financial considerations:

<u>Working Capital</u>: The applicant must demonstrate that it has adequate working capital (in the form of cash or credit) available for the operation of the registrar business, given the registration volume reasonably projected by the applicant. Applicants seeking initial accreditation must demonstrate the ability to procure liquid capital immediately available in the applicant's name at the commencement of the accreditation period in an amount of **US$70,000** or more before the ICANN accreditation becomes effective. Evidence of independent verification of the capital (such as by guaranteed bank loan or by a guaranteed credit line or letter of credit from a recognized financial institution) need not accompany the application, but must be presented as a condition of the accreditation becoming effective.

<u>Commercial General Liability</u>: The applicant must either have or demonstrate the ability to obtain commercial general liability insurance which must be maintained in force throughout the accreditation period in an amount sufficient, given the registration volume reasonably projected by applicant, to provide domain-name holders reasonable compensation for losses caused by the applicant's wrongful covered acts. A policy limit in the amount of **US$500,000** or more will be deemed sufficient to meet this requirement. A certificate of insurance need not accompany the application, but must be presented as a condition of the accreditation becoming effective.

You begin to realize that this might be a tough sell…

OPTION 2: You think about the possibility of buying an ICANN accreditation as you have heard that registrar accreditations have indeed been sold on the open market, but then realize that this would conflict with ICANN's current policy:

Registry Operator must use only ICANN accredited registrars in registering domain names. Registry Operator and its Affiliates (or any person or entity acting on their behalf) shall not act as a registrar, reseller or any other form of distributor with respect to the TLD or any other top level domain. Registry Operator and its Affiliates shall not, directly or indirectly: (i) control any ICANN-accredited registrar or its Affiliates, (ii) control or acquire greater than 2% Beneficial Ownership of any class of securities of any ICANN-accredited registrar or its Affiliates, (iii) be controlled by, or be under common control with, any ICANN-accredited registrar or its Affiliates, or (iv) except as set forth below in this sub-clause (b), sell or otherwise transfer any interest in any security of Registry Operator or its Affiliates to any ICANN-accredited registrar or its Affiliates. Nothing withstanding subclause (b)(iv)

above, Registry Operator may sell voting securities to any ICANN-accredited registrar or its Affiliates, provided that any such sale will not result in such registrar or its Affiliates owning greater than 2% of Registry Operator's outstanding voting securities.

This set of circumstances leads you to the only remaining option:

THE FINAL OPTION:

The entrepreneur notes that ICANN's latest iteration of the Draft Applicant Guidebook states:

"The text in this section is possible implementation language resulting from the resolutions of the ICANN Board (adopted at the ICANN Meeting in Nairobi) with respect to the separation of registry and registrar functions and ownership.   During the recent Board Retreat in Dublin during May 2010, the board reviewed possible issues that might result from a strict interpretation of the Board's resolutions. It was the sense of the Board that:

1) the draft proposed stricter limitations on cross ownership represents a "default position" and they continue to encourage the GNSO to develop a stakeholder based policy on these issues;

2) a very strict interpretation of the resolutions might create unintended consequences;

3) staff should produce language in the agreement matching a "de minimus" acceptable approach (2% language) while remaining generally consistent with the resolutions;

 4) the Board encourages community input and comment on the correct approach to these issues in the absence of GNSO policy; and

5) the Board will review this issue again if no GNSO policy results on these topics."

The above considerations lead the entrepreneur to realize that there are only two possible ways forward – to somehow either reduce the start-up cost and capital requirements for new registrars from disadvantaged communities, or to craft new policy that would allow a new registry operator to also become a registrar in certain circumstances.

THE PROPOSAL:

Work is already underway within the Vertical Integration Working Group to attend to some aspects of this problem. The WG's initial report states:

- In addition, a [consensus] of the VI Working Group support the principle that in the event ICANN adopts a requirement of strict separation standard between registrars and registries, an exceptions procedure should be incorporated into the New GTLD Program. [33]
- However, it is recognized that certain new gTLDs likely to be applied for in the first round will be unnecessarily impacted by restrictions on cross-ownership or control between registrar and registry[34].

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[33] http://forum.icann.org/lists/gnso-vi-feb10/msg02606.html

- During discussions there seemed to be general acceptance of the need for a process that would allow applicants to request exceptions and be considered on a case by case basis. The reasons for exceptions and the conditions under which exceptions would be allowed, varied widely in the group, but there did seem to be a general acceptance of the need for the following:

  Possible exceptions based on certain public interest needs where those needs would not otherwise be addressed (certain language groups, developing countries, certain communities due to size or economic conditions, etc.).

  That there needed to be an agreed upon list of circumstances defining the cases where the granting of an exception would be allowed.

  That an external review panel would be responsible for reviewing applications for   exception.

  That the Vertical Integration Policy Development Process should provide a set of guidelines for an external review panel.

  There should be no additional cost to the applicant for requesting the exception or for being evaluated for it. The evaluation would take place at an appropriate point following the Initial Evaluation. If the request is denied, the applicant may withdraw and receive the appropriate pro-rated refund.

- Examples of the kind of criteria for exception that will be discussed as the VIWG continues its work include but are not limited to:

  Where the registry cannot find unaffiliated registrars to offer its gTLD to the public.

  Where the gTLD caters primarily to a specific language group, and where the registry cannot find

  unaffiliated registrars who will offer its gTLD in an order process in that language.

It would behoove the Applicant Support WG to interact with the Vertical Integration WG on the above to better define the exceptions category so that a combined recommendation might be offered to the ICANN Board. The WG will also need to evaluate whether an exception for the registry operator is to be preferred over a subsidization effort to support a new local registrar.

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[34] Note: this proposal does not presuppose any specific control or cross-ownership thresholds but rather deals with the case of exceptions to that threshold policy. The issue of specific control or cross-ownership thresholds are dealt with elsewhere in the VIWG reporting.

To: <joint-wg-snapshot@xxxxxxxxx>
Subject: Comment - Stefano Cimatoribus Italy
From: <stecima@xxxxxxxxxxxxx>
Date: Tue, 20 Jul 2010 08:25:56 +0000

I agree with the idea of Working Team 2 to offer some kind of "Support for
Build-out in Underserved Languages and IDNs for new gTLDs".
I spoke about this at the microphone in Brussels, at the ICANN Meeting:
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"Good afternoon. My name is Stefano Cimatoribus. I am a new participant,
attending my first ICANN meeting.
I just want to support one of the previous speakers who suggested bundling
applications with lower fees for extra languages.
I served as commercial manager for a Russian firm based in Italy,
operatingin the commerce sector of fresh-cut flowers, retail/wholesale
franchising.
And since I've always worked in the commercial divisions, I had daily
contacts with my former Russian colleagues in St. Petersburg. And I felt
many times that I found some operative obstacles in using Latin
characters.

I hope that someone will propose a new gTLD such as dot flowers, but I'm
afraid that the dot flowers applicants will not -- are not going to spend
an extra 2-or $300,000 on a Cyrillic dot flowers. Therefore, I encourage
you on reducing the cost for extra non-Latin IDNs.

And one more thing. My company doesn't want a country-code top-level
domain like dot RU or dot RF, because they don't want to appear as only a
Russian company, I think."
***
At the public forum in Brussels, other speakers made similar points. I
was glad to hear the Chairman say that bundling "sounds like a good idea".
He said also " if someone comes in with a bundle, there should be a
discount".
The Chairman asked staff to look at this idea of bundling. I am interested
to see how the staff responds to this idea.
I note that the majority of costs are expected to be variable (page n.5 of
the gTLD Budget Document). ICANN staff should adjust the budget for
application processing, so that bundled IDN applications have lower costs
and lower application fees.

Conclusion
I think ICANN should encourage applicants to propose multiple IDN versions
of their preferred TLD string, as in my example of having .flowers in
Cyrillic. This would allow people to use domain names and emails in their
mother language.

But there may not be so many IDN applications unless ICANN offers
incentives or discounted fees on bundled applications that include non-
Latin IDNs.

Stefano Cimatoribus

Italy

To: ssp-feedback@xxxxxxxxx
Subject: Our new approach towards ICANN comments
From: George Kirikos <gkirikos@xxxxxxxxx>
Date: Tue, 20 Jul 2010 04:57:32 -0700 (PDT)


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By: George Kirikos
Company: Leap of Faith Financial Services Inc.
Date: July 20, 2010

As per our prior statement at:

http://forum.icann.org/lists/economic-framework/msg00000.html

we have carefully considered whether it is beneficial for us to disclose
our  analysis and comments to ICANN. It has become abundantly clear that
ICANN does not value public input, and we will passively resist by not
participating in a  process that only leads to predetermined outcomes.
"Participation" is not  sufficient if it does not impact results.

We may or may not support aspects of the current topic or proposal
(although  from past comments in the archives of all ICANN comment
periods, it should be  clear we oppose bad ideas, and ICANN has mostly
produced bad ideas throughout  its history).

For those organizations that do value our input, we will be happy to
provide  you  with the benefit of our insights and experience. Perhaps
ICANN will one day  become such an organization. Until then, this is the
template for our comments,  and we respectfully request that ICANN notify
the community when it is ready  and  willing to demonstrate that it
properly values public comments.

We encourage other organizations, who normally don't comment as they feel
it  will make no difference, to submit a brief note to that effect, as a
sign of  dissent. For those reading this who have power to compel ICANN to
change (NTIA,  DOC, DOJ, GAC, etc.), we encourage you to actually use that
power, as the  "threat" alone has been insufficient to get to the proper
outcomes that we all  seek.

Sincerely,

George Kirikos
President
Leap of Faith Financial Services Inc.
http://www.leap.com/
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To: "joint-wg-snapshot@xxxxxxxxx" <joint-wg-snapshot@xxxxxxxxx>
Subject: Neustar Comment on Joint SO/AC Working Group on New gTLD Applicant Support Snapshot
From: "Neuman, Jeff" <Jeff.Neuman@xxxxxxxxxxx>
Date: Wed, 21 Jul 2010 15:34:48 -0400

Neustar Comment on Joint SO/AC Working Group on New gTLD Applicant Support Snapshot

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Neustar wishes to express its support for the effort by the Joint SO/AC
Working Group on New gTLD Applicant Support (JAS-WG) to develop a
sustainable approach to evaluate and propose recommendations for providing
support to applicants requiring assistance in applying for and operating
new gTLDs. Neustar agrees that, in some limited circumstances special
consideration should be given to Applicants proposing certain types of
gTLDs, who otherwise would not have the financial means or access to
resources or expertise required to participate.

The JAS-WG in its current draft document, presents an analysis of the
costs
associated with application fees, and makes a number of very practical
recommendations that would reduce the cost of participation. Given the
very limited number of Applicants who would be eligible under the proposed
criteria, the costs savings outlined would not seem to have a significant
impact on the overall funding for new gTLDs, while opening the process to
some Applicants who would otherwise not be able to participate. Neustar
is particularly supportive of the staggered fee approach recommended by
the WG, and the use of some portion of any auction proceeds to provide a
partial refund of application fees to qualified applicants. Since the
minimum annual fee of $25,000 would likely be very challenging for some
disadvantaged Applicants, Neustar also supports the elimination or
reduction of fees for disadvantaged applicants, but only in circumstances
where registration volumes do not support payment of the annual minimum.

The qualifications identified by the JS-WAG document appropriately targets
ethnic and linguistic communities in the initial/pilot phase while
providing preference to applicants geographically located in Emerging
Markets/Developing countries and in languages whose presence on the web is
limited. The document also presents appropriate criteria for determining
who would not qualify for special support. Some additional thought should
be given, however, to the evaluation process for those Applicants who wish
to participate, including the timing and resources required. The
transparency of the process, including information about the
Applicants,the details of the program applications, as well as financial
or other support received is particularly important to foster confidence
in the program.

It is Neustar's intention to participate in the program by providing
support of some kind to qualified Applicants. We look forward to future
progress, and wish to express its thanks the members of the JAS-WG for the
excellent work completed to date, for what is a very good cause.

Jeffrey J. Neuman

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To: joint-wg-snapshot@xxxxxxxxx
Subject: Comments from the Arab Team for domain names and Internet Issues on joint WG on new gTLD
Applicant Support Snapshot
From: ibaa oueichek <oueichek@xxxxxxxxxxx>
Date: Thu, 22 Jul 2010 01:14:13 +0300

Comments from the Arab Team for domain names and Internet Issues on joint WG on new gTLD Applicant Support Snapshot

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ICANN Board's recognition of this important issue in connection with its
March 2010 Nairobi resolution is well appreciated. We have been following
the ICANN community's work in connection with the Joint Applicant Support
(JAS) Working Group. We also believe that the ICANN Government Advisory
Committee (GAC) communiqué in connection with this issue is also relevant,
specifically that ICANN is urged, " to set technical and other
requirements, including cost considerations, at a reasonable and
proportionate level in order not to exclude developing country
stakeholders from participating in the new gTLD-process. Key documents
should be available in all UN languages. The GAC urges that the
communications and outreach strategy for the new gTLD round be developed
with this issue of inclusiveness as a key priority."

While we continue to follow the important work of this group, there are
two
important points that need to be taken into account prior to the issuance
of any final report. First the proposal to prohibit "any" support from
applications in connection with governments is overly broad
andinappropriate. Second, while fully supportive of the need to ensure the
protection of registrants in the event of a registry failure, the
primarily reliance by ICANN on a financial instrument is misguided. There
are other mechanisms, beside mere financial instruments, that exist to
safeguard registrant interests in the case of a registry failure. While
ICANN's application fee may represent a barrier to enter for some
potential applicants, the potential posting of a financial instrument
prior to the launch of the gTLD represents a much more substantial barrier
to entry.This Working Group should address what other support mechanisms
exist in thepotential case of a registry failure and how they could be
made available to applicants.

On Behalf of the team
Dr. Ibaa Oueichek
Chairman of the Arab Team for domain names and Internet issues

To: "joint-wg-snapshot@xxxxxxxxx" <joint-wg-snapshot@xxxxxxxxx>
Subject: Blacknight Comments on SO/AC
From: "Michele Neylon :: Blacknight" <michele@xxxxxxxxxxxxxx>
Date: Wed, 21 Jul 2010 22:28:21 +0000

Blacknight Comments on SO/AC

Blacknight welcomes the opportunity to submit comments on the Joint SO/AC
Working Group on New gTLD Applicant Support Snapshot

It has always been our belief that the new TLD program should work for
everyone
- not just big corporations with deep pockets
There are many cultural and linguistic groups that cannot be catered for
with a ccTLD. For such groups having their own TLD would be of benefit to
the development and nurturing of their cultural linguistic community.
We have previously submitted comments on older version of DAG where we
expressed our concern about the economic barriers to entry.
While we recognise that any TLD project needs to be stable we also are
conscious of the realities that exist already in the ccTLD world.
Many ccTLD registry operators are more than capable of operating without
spending huge amounts of money per annum to function. They are able to
serve their communities and provide continuity without huge budgets.
Unfortunately ICANN seems to think that TLDs in the "new regime" need to
be slotted into a "one size fits all" scenario.
This we feel is neither realistic nor does it truly fit with ICANN's goals
that are often summed up by Rod Beckstrom:
"One World. One Internet. Everyone Connected."
For this to become reality then economic barriers need to be removed where
appropriate.
The working group's current document offers ICANN several possible
solutions to allow new TLDs to be available to organisations and/or
communities without imposing artificial economic barriers.
Since "status quo" is so often mentioned within the ICANN realm, if you
examine the current ICANN budget it is clear that economic barriers were
removed to allow .museum to operate.
The working group's document recognises that strict criteria for economic
exceptions need to laid down and that only a limited number of applicants
would meet the criteria. Several companies, including ourselves, have
stated that they would be willing to offer services to qualified
applicants.

Regards

Mr Michele Neylon
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To: <joint-wg-snapshot@xxxxxxxxx>
Subject: American Red Cross Comments on the Joint SO/AC Working Group Report
From: <HughesDeb@xxxxxxxxxxxxxxxx>
Date: Wed, 21 Jul 2010 20:16:07 -0400

American Red Cross Comments on the Joint SO/AC Working Group Report

American Red Cross

American Red Cross
National Headquarters
Office of the General Counsel
2025 E Street, NW
Washington, DC 20006

July 21, 2010

Via Email: joint-wg-snapshot@icann.org

Re: Comments Regarding the Joint SO/AC Working Group Report

Dear Mr. Beckstrom, Mr. Dengate-Thrush, the ICANN Board of Directors and Staff:

The American Red Cross ("Red Cross") thanks ICANN for the opportunity to provide comments on this important issue. We are pleased that the Joint SO/AC Working Group provided a list of recommendations: (1) for financial support to applicants requiring assistance in applying for and operating new gTLDs and (2) for identifying the type of applicants that should receive support and the type of support that should be offered. I am an employee of the American Red Cross ("Red Cross"), a not for profit philanthropic organization and one of approximately 180 member national societies of the International Federation of Red Cross and Red Crescent Societies.

I.   **Working Team 1: How the net cost to applicants that fulfill appropriate criteria can be reduced, in keeping with the principle of cost recovery.**

Not-for-profit organizations such as Red Cross are concerned that costs relating to the new gTLD Program, including both application-related costs and costs relating to the enforcement efforts that Red Cross will need to implement, will be prohibitive and could impact the ability of not-for-profit organizations to fund and fulfill its mission-related activities and objectives. When considering costs for the new gTLD program, Red Cross strongly encourages ICANN to consider that not-for-profit organizations may use a proposed new gTLD for internal business purposes under a model that is different from a commercial, profit driven new gTLD.

Red Cross is concerned that various fees structures in the new gTLD program, such as the $185,000 application fee, the Program Development fee, the Fixed Registry fees and the costs associated with the auction process places the acquisition of a new gTLD out of the reach of most not-for-profit organizations. These fees represent resources that must be allocated from funds that Red Cross and other not-for-profit organizations would otherwise spend on directly serving the public. We request that ICANN consider setting a lower cost for not-for-profit organizations, such as Red Cross, in light of the significant and important role new gTLDS owned by these organizations would serve for the ICANN community.

Red Cross generally agrees with the intent of following recommendations of Working Team 1 briefly listed below and provided in more detail in the report of the JAS WG:

1. *Waive the cost of Program Development (US$26K) for selected entities qualifying for financial assistance.*

2. *Staggered Fees. Instead of paying the entire fee upon acceptance of the applications, applicants meeting the criteria established for support could pay the fees incrementally (perhaps following the refund schedule in reverse).*

3. *Auction Proceeds. Qualified applicants receive a partial refund from any auction proceeds.*

4. Lower the Registry fixed fees due to ICANN.

5. Reconsider the Risk/Contingency cost per applicant (US$60k).

6. Consider reduction of The Fixed/Variable cost of US$100,000 for the applicants that meet the criteria established by the WG.

II. Working Team 2: The who and what of offering assistance

Red Cross provides the following comments to the proposals of Working Team 2 briefly listed below and provided in more detail in the report of the JAS WG:

a. At least in the initial/pilot phase, target support to ethnic and linguistic communities (e.g. the Hausa community, Quechua speakers, Tamil speakers).

Red Cross supports this comment and also proposes that support should be given to not-for-profit organizations during the initial/pilot phase.

b. Address support for other groups, especially NGOs and civil society organizations at a future point as the idea of who constitutes a "community" in this space is less clear and the tests for which groups might need/merit support would be trickier. Moreover, the number of applicants could be very large.

Red Cross understands the concern being articulated, but disagrees with this recommendation. We strongly urge the WG/ICANN to consider support for not-for-profit organizations as soon as possible. We recommend immediate support during the initial/pilot phase for not-for-profit organizations that would use a new gTLD to communicate with the public about their mission and services, to engage in activities to increasing social inclusion of non-governmental organizations with technology, to distribute educational, informational or lifesaving information to members of their communities, or to collect donations to support their operations. Red Cross believes these potential applicants, whose mission, objectives and status can be verified and approved by criteria established by the WG/ICANN, constitute the type of potential applicant for which support is non-controversial.

c. Overall, the Working Team recommended giving some preference to applicants geographically located in Emerging Markets/Developing countries and in languages whose presence on the web is limited.

Red Cross agrees that the geographic location of the applicant is one of many factors that could be considered when deciding to provide support to applicants.

d. A series of groups are not recommended for support at this time, specifically:
• Applicants that don't need the support/have ample financing
• Applicants that are brands/groups that should be self-supporting companies
• Purely Government/parastatal applicants (though applicants with some Government support might be eligible)
• Applicants whose business model doesn't demonstrate sustainability

Red Cross believes the recommendations above lack sufficient specificity to provide meaningful comments.

2. What kinds of support might be offered?
a. Logistical, outreach and fee Support in the Application Process
• Translation of relevant documents – a major concern noted by non-English speaking group members, who noted the extra time and effort needed to work in English
• Logistical and technical help with the application process – including legal and filing support that are expensive and in short supply in most Emerging Markets nations
• Awareness/outreach efforts – to make more people in underserved markets are aware of the gTLD process and what they can do to participate in the gTLD process

Red Cross believes it is important that ICANN make information readily available about the processes and procedures relating to the new gTLD program to potential applicants in underserved markets and to certain groups within the ICANN community, such as not-for-profit organizations, that may not be as engaged in ICANN activities. We recommend that ICANN consider improving its outreach and education services, especially to not-for-profit organizations such as Red Cross, to ensure that its user community is able to navigate the process and not excluded or negatively impacted from the process. In our view, such outreach should begin immediately, but should especially be increased once the final Applicant Guidebook is released so that parties seeking guidance on the new gTLD process will have access to the final policy information and have the ability to timely ask questions so that they will no be disadvantaged in the process.

We recommend that the information provided during these outreach efforts include both information on the application process, as well as information of interest to those not applying for new gTLDs, such as the objection procedures and rights protection mechanisms. DAGv4 contains a fair amount of detail regarding the technical requirements for operating a new gTLD, especially in ***Modules 2 and 5***; these details are likely to be daunting for not-for-profit organizations that have not previously operated a registry. Thus outreach to targeted populations, regions and organizations should offer advice to the community about technical aspects related to registry operations.

We strongly recommend that ICANN conduct outreach in all of its five regions to ensure that the new gTLDs are truly accessible on a global scale, and that ICANN provide live, in-person seminars that are open to the public, rather than only posting educational information on the ICANN website or hosting webinars.

• Fee reduction/subsidization and/or some sort of phased-in payment for deserving applicants – this discussion builds off of the work of Working Team 1, and includes two key ideas: (a) That deserving applicants might receive some reduced pricing in general and (b) That some sort of phasing for payment might be appropriate, enabling selected applicants to effectively "pay as they go" for the application process rather than having all funds assembled up front

As mentioned above, we believe the current proposed payment schedule and fees will be prohibitive and could impact the ability of not-for-profit organizations to fund and fulfill its mission-related activities and objectives. Red Cross generally supports the intent of this recommendation.

b. Technical Support for Applicants in operating or qualifying to operate a gTLD
• Infrastructure – providing IPv6 compatible hardware and networks as needed

• Education/consulting – to help with DNSSEC implementation
• Possible technical waivers or "step ups" – allowing applicants to build their capabilities rather than needing to demonstrate full capacity before applying (as appropriate)
• Lower cost and/or shared back end registry services

Red Cross supports the intent of the recommendations above, especially since many Applicants will be new to registry operations. Generally, Red Cross supports discounted pricing for or assistance with new gTLD back end registry services.

c. Support for Build-out in Underserved Languages and IDNs for new gTLDs
• Price discounts to incentivize build-out in scripts with a limited presence on the web
• Bundled pricing to promote build out in multiple scripts – incentivizing an expansion of IDN content as new gTLDs are launched by encouraging applicants to build out in numerous scripts at once
• Clear tests to prevent gaming and ensure that support reaches its targets

Generally, Red Cross supports discounted pricing for new gTLDs.

VI.   Conclusion

Thank you for considering our comments on the Joint SO/AC Working Group report. We hope ICANN will consider these comments and we welcome further discussions about the above and are available should you have any questions regarding our submission.

Sincerely,

Debra Y. Hughes, Esq.
Senior Counsel
American Red Cross