

13 October 2025

RE: ALAC Advice on Bid Credit/Replacement String

Jonathan Zuck
Chair, At-Large Advisory Committee (ALAC)

Dear Jonathan,

Thank you to the At-Large Advisory Committee (ALAC) for its advice regarding additional support measures for Applicant Support Program (ASP) applicants that find themselves in contention for their applied-for string. The Board appreciates the ALAC's continued leadership in seeking practical ways to improve outcomes, and we value the time and care reflected in your advice submission.

The ASP is an important aspect of the New gTLD Program, and the Board shares the ALAC's goal to promote the ASP's success in this Next Round.

As you know, a number of measures have been put into place to improve accessibility and competitiveness for ASP supported applicants. This includes (1) substantial evaluation-fee reductions of 75–85%, (2) non-financial support (training, pro-bono resources, and applicant counselor), (3) an ASP auction bid-credit mechanism in ICANN auctions, and (4) reduced base registry agreement fee for supported applicants that become registry operators. In addition, the new gTLD Program now includes a replacement-string feature for all applicants that was developed in light of Governmental Advisory Committee (GAC) Advice and to reduce the number of contention sets.

It was the sense of the Board during its discussion that the Board is not able to accept the ALAC advice for the New gTLD Program: Next Round for the reasons set out below:

1. **Special replacement-string windows or multiple replacement strings for ASP applicants only:**

The Board recognizes the intent of the advice is to help supported applicants avoid contention without the need to go through an ICANN auction. However, adopting an ASP-only exception for this round would alter the balance envisioned in the [Final Report on the new gTLD Subsequent Procedures Policy Development Process](#) (SubPro Final Report). The SubPro Final Report explicitly opted *against* absolute or open-ended string-change process to resolve contention, limiting string changes to a narrow, brand-only pathway. Following the GAC's [Washington Communiqué](#) and subsequent GAC-Board deliberations, the [Board approved the replacement-string mechanism](#) that is available to all applicants with the goal of reducing contention sets overall for all applicants. The Draft

Applicant Guidebook (AGB) implements that model: one optional replacement string per application that all applicants can use to replace their applied-for string in the 14-day replacement period between Reveal Day and String Confirmation Day. Expanding replacement capabilities only for ASP applicants would create a new carve-out not previously contemplated and which could ultimately undermine predictability in two ways: (1) at this late stage of finalizing the rules/processes in the AGB, and (2) at a later stage during the flow of application processing as String Confirmation Day would not be the moment that all strings are confirmed. In terms of allowing for the submission of multiple replacement strings at the time of application, the Board notes that this was discussed with the Implementation Review Team (IRT). Due to the operational complexity of allowing for more than one replacement string, ICANN org, together with the IRT made the decision that only one replacement string per application will be permitted. This also aligns with the compromise reached between the Board and the GAC in response to the GAC's advice in its [ICANN77 Communiqué](#) to “to avoid the use of auctions of last resort in contentions between commercial and non-commercial applicants”.

2. **Full refund of application fees for ASP applicants that lose an ICANN Auction:**

We appreciate the ALAC's concern about downsizing the financial risk for ASP applicants. At the same time, the application fee is designed to balance cost-recovery with meaningful, program-wide predictability. The current refund schedule already provides significant partial refunds of 65% through 10 days after String Confirmation Day, 35% before evaluation starts, and 20% thereafter, while the ASP fee reductions of 75–85% mean substantially lower upfront exposure for less-well funded applicants. Creating a *full* refund tier limited to one category of applicants would depart from the cost-recovery approach without the basis of any policy of SubPro implementation guidance to support this and move away from the SubPro intent to assist (but not grant an unassailable advantage to) supported applicants.

Consistent with the SubPro Final Report recommendations, ICANN org will gather and publish program metrics, including auction outcomes for supported applicants and the effectiveness of bid credits. Once the data becomes available, we invite ALAC to work with the community and ICANN org to develop improvements for subsequent rounds of the New gTLD Program.

We look forward to continued dialogue and collaboration so that the ASP delivers meaningful, measurable impact and to consider further refinements for future rounds informed by the outcomes of this one.

Sincerely,



Tripti Sinha
Chair, ICANN Board of Directors