

## NEW gTLD PROGRAM: NEXT ROUND

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FAQs – Fees (version 21 August 2024)

<b>Registry Service Provider (RSP) Evaluation Program Fee</b>	2
1. What is a Registry Service Provider (RSP) and what is the RSP Evaluation Program?	2
2. How much does it cost to submit an application to be evaluated as an RSP ?	3
3. How was the RSP evaluation fee established?	3
4. Why did ICANN decide to use a demand-adjusted fee for the RSP Program?	5
5. Are there benefits for an RSP to apply during the pre-evaluation phase?	5
6. Why does ICANN org count the number of RSPs after the pre-evaluation period rather than at the end of the program gTLD application submission period to determine whether there will be a fee reduction?	5
7. Who is eligible to apply to the RSP Program?	5
8. How does the proposed RSP evaluation fee for this new gTLD application period compare to the approach and costs of the 2012 round?	6
9. Why are the personnel costs of existing org members included in the costs for the RSP program? Aren't these already covered under ICANN's operational budget?	6
<b>gTLD Evaluation Fee</b>	7
1. What is the gTLD evaluation fee for the next round?	7
2. How has ICANN org determined the gTLD evaluation fee?	7
3. What are the Fixed vs Variable Costs in the context of the new gTLD Program?	10
4. What is included in the gTLD evaluation fee?	10
5. What is excluded from the gTLD evaluation fee?	11
6. How does the fact that the number of applicants is unknown make it challenging to determine an appropriate gTLD evaluation fee?	12
7. What is the proposed gTLD evaluation Fee?	12
8. What would be the deficit / excess that would be incurred if fewer or more new gTLD applications than anticipated are received in the different fee scenarios?	14
9. How does the gTLD evaluation fee for this round compare to the 2012 fee?	14
10. Why is the contingency or risk set at the same level as in 2012?	15
11. Are there still additional charges that could be added to the gTLD evaluation fee?	16
12. Are the costs of implementation "amortized" over the processing of new gTLD applications that could be received on an on-going basis after the next round?	17

## Registry Service Provider (RSP) Evaluation Program Fee

### 1. What is a Registry Service Provider (RSP) and what is the RSP Evaluation Program?

RSPs provide critical services for the Internet. In light of ICANN's mission to ensure the stable and secure operation of the Internet's unique identifier systems, the main objective of the RSP program is to verify that potential RSPs have the technical capacity to operate those services according to the requirements of the Registry Agreement. There are four types of RSPs:

- Main RSPs, which operate the registration database for a gTLD, undertake escrow of domain registration data, and operate the Extensible Provisioning Protocol (EPP) and Registry Data Access Protocol (RDAP) services for a gTLD. A gTLD can only have one Main RSP.
- DNS RSPs, which operate one or more DNS servers for a gTLD. A gTLD may use multiple DNS RSPs.
- DNSSEC RSPs, which undertake the cryptographic operations necessary for DNS Security Extensions (DNSSEC). A gTLD's DNSSEC RSP may also be its Main RSP or one of its DNS RSPs.
- Proxy RSPs, which perform registration validation to comply with applicable local law in a given jurisdiction. Note that this is an optional registry service that must be approved by ICANN. A gTLD may use multiple Proxy RSPs, each of which provides access to a different jurisdiction

The Registry Service Provider (RSP) Evaluation Program is part of ICANN's New Generic Top-Level Domains (gTLD) Program: Next Round. The program is intended to streamline the application process by reducing the cost and time involved in evaluating new gTLDs by separating the assessment of the technical aspects of operating a gTLD from the application for the gTLD label.

In addition to technical evaluation, the RSP program streamlines additional Registry Services evaluation, including the review of IDN tables used by registries for second-level IDN registrations. RSPs will only be evaluated once regardless of the number of gTLDs to which they provide service. This is in contrast to the 2012 new gTLD application round, where technical evaluation was carried out on a per-application basis.

To encourage optimum use of the program, RSP applicants may choose to be evaluated either before or during the application process for new gTLDs.

## 2. How much does it cost to submit an application to be evaluated as an RSP ?

The RSP evaluation fee has been established at a maximum of USD \$92,000 per RSP applicant. The cost is dependent on the number of RSP applications that ICANN receives during the Pre-Evaluation phase (19 November 2024 and closes on 20 May 2025).

The fee may be reduced to USD \$77,000 if ICANN receives more than 50 RSP applicants, or USD \$68,500 if ICANN receives more than 60 RSP applicants as shown in the table below. The fee reduction will be provided in the form of a refund from the initial payment of USD \$92,000.

For this evaluation fee, an organization may be evaluated as one or more types of RSP<sup>1</sup>: 1) Main (including support for optional additional Registry Services and IDN tables), 2) DNS, 3) DNSSEC, and 4) Proxy. A successfully evaluated RSP may provide services to more than one gTLD.

RSP Fee Schedule	
Number of RSP Applicants	Fee
0 - 49	USD \$92,000
50 - 59	USD \$77,000
60 and above	USD \$68,500

## 3. How was the RSP evaluation fee established?

Per recommendation 6.8 of the [GNSO Final Report on the new gTLD Subsequent Procedures Policy Development Procedure](#), the RSP Evaluation Program must be funded on a cost-recovery basis by those seeking evaluation. ICANN estimates that the total cost of the RSP Evaluation Program is approximately USD \$4.1 million. This consists of:

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<sup>1</sup> The definition of the types of RSP can be found in section 1.3 of the RSP Handbook available at: <https://newgtldprogram.icann.org/sites/default/files/documents/rsp-handbook-03jun24-en.pdf>

Item	Cost
Design and Implementation	2.0M
Total evaluation cost	1.3M
Contingency (10%)	0.3M
Shared Services (15%)	0.5M
<b>Total</b>	<b>4.1M</b>

Below are descriptions of the various activities that form each of these elements to make up the total cost:

- **Design and implementation** refers to the design and development of an RSP application system that uses best software development practices and the design of business processes to accommodate a new entity (an RSP) in the gTLD evaluation process. As part of the implementation: (1) new technical criteria have been developed to make it easier for applicants to understand what is being asked; (2) processes for the evaluation and approval of registry services and IDN tables have been established; and (3) technical tests using RST 2.0 are being incorporated.
- **Evaluation costs** include the cost of technical, registry services, and IDN table evaluations. This cost includes supporting RSP applicants throughout their journey in the RSP program, which, based on operational experience, it's estimated to require a considerable amount of staff hours. ICANN org has estimated the potential number of registry services and IDN tables that would be evaluated as the program does not establish a limit for the number of registry services and IDN tables that RSP applicants may submit.
- **Contingency** is an estimate for unknown and hard to predict costs. Examples of such costs are vendor pricing not yet negotiated or unforeseen program changes that may arise.
- **Shared services** include ICANN org's ongoing internal services that support all programs but which are not directly attributable to a specific program or project (for example, payroll services and office rent). These services provide the infrastructure and support that any organization would require to run a business.

Currently, there are ~35 gTLD main RSPs and ~10 DNS RSPs (see question 4 below for a description of the different types of RSPs) providing services to gTLD registry operators – for a total of ~45. For the purposes of establishing the fee, ICANN org has estimated that 40 of those RSPs will apply during the pre-evaluation phase. While ICANN org anticipates that new RSPs may join the program, there are no guarantees that any will.

#### **4. Why did ICANN decide to use a demand-adjusted fee for the RSP Program?**

The RSP Evaluation Program is intended to be cost-recovery, and estimating a higher number of applications than ultimately will be received creates significant risk for ICANN. At the same time, ICANN org has no interest in receiving excess fees. The cost-recovery approach, adjusting the final fee to the actual number of applicants received during the first evaluation phase, aims to strike a balance between reducing risk for ICANN and true cost recovery among all RSP applicants.

#### **5. Are there benefits for an RSP to apply during the pre-evaluation phase?**

RSPs can choose to apply during the pre-evaluation phase or during the new gTLD application application submission period. Applying during the pre-evaluation phase allows RSPs, if they pass, to be added to the public list of evaluated RSPs before the opening of the new gTLD application window, allowing those RSPs to promote themselves earlier to potential new gTLD applicants. Additionally, the more RSPs that apply during the pre-evaluation phase, the lower the RSP evaluation fee will be.

#### **6. Why does ICANN org count the number of RSPs after the pre-evaluation period rather than at the end of the program gTLD application submission period to determine whether there will be a fee reduction?**

ICANN org expects most RSP evaluations to occur in the pre-evaluation phase. However, it would create administrative complexities to wait until all RSPs have been evaluated because it is not known when all evaluations would be completed.

#### **7. Who is eligible to apply to the RSP Program?**

Any established corporation, organization, or institution may submit an RSP application. Applications from individuals or sole proprietorships will not be considered. Applications from or on behalf of yet-to-be-formed legal entities, or applications presupposing the future formation of a legal entity (for example, a pending joint venture) will not be considered. It also may be worth noting that although there are some cases in which the registry operator also serves as its own RSP, the expectation is that new gTLD applicants will contract with a third-party RSP when the new gTLD applicant does not have the technical experience and capabilities for running a gTLD. A gTLD applicant must identify at least one of the following RSP types: Main, DNS, and DNSSEC.

## **8. How does the proposed RSP evaluation fee for this new gTLD application period compare to the approach and costs of the 2012 round?**

In 2012, the cost of panelists for technical and registry services evaluation alone was approximately USD \$22M<sup>2</sup> (USD \$30M of today's USD with inflation), without accounting for systems development and business process design. In comparison, the estimated costs of implementing and running the RSP program are approximately USD \$4.1M.

In 2012, the cost for technical evaluation was part of the gTLD evaluation fee and paid for by the gTLD applicant. Per the Final Report recommendations, a separate RSP program has been established that will separately evaluate RSPs. All new gTLD applicants are required to use evaluated RSPs. Once an RSP has been successfully evaluated, it can offer its services to new gTLD applicants. The price for these services is negotiated directly between the RSP and the new gTLD applicant.

## **9. Why are the personnel costs of existing org members included in the costs for the RSP program? Aren't these already covered under ICANN's operational budget?**

Because this is a cost-recovery program, all costs for the RSP program are included in the cost projections and expected to be recovered in the application fee, including those for ICANN staff and external vendors. The costs of staff and vendors that work on this Next Round program is recovered by the application fees, not by the ICANN operational budget, as per the principle of cost recovery of the program defined in the policy. This applies to all fee calculations, including for the RSP program. This approach is the same as the one applied during the 2012 round, as the cost recovery policy requirement was the same then.

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<sup>2</sup> This estimate is based on the external vendor costs that were charged per application to review technical and registry services.

## gTLD Evaluation Fee

### 1. What is the gTLD evaluation fee for the next round?

The gTLD evaluation fee has been set at USD \$220,000 per application. Note, there are still two placeholders that could result in additional costs for all applicants depending on the decision the ICANN Board takes on these topics<sup>3</sup> (see also question #12). The gTLD evaluation fee does not include fees for conditional evaluations which will be an additional fee if an applicant decides to choose a conditional evaluation. For further information about what is included in this fee and what is not, please see below.

### 2. How has ICANN org determined the gTLD evaluation fee?

The GNSO Final Report recommendations confirm that the fee is “set to recover costs associated with the new gTLD program. The fee is set to ensure that the program is fully funded and revenue-neutral and is not subsidized by existing contributions from ICANN funding sources, including generic TLD registries and registrars, ccTLD contributions and RIR contributions.”

As outlined in the [Operational Design Assessment](#) (ODA), the new gTLD Program scope represents the activities necessary to progress the implementation of the SubPro policy recommendations. This scope encompasses the operationalization of the systems and resources that will receive and process applications to the final step of delegating the gTLDs of successful applicants. This includes, amongst other activities, resolving open concerns, managing communication with the community, designing and developing the systems necessary to process applications, and hiring and training additional staff. In addition, funding for infrastructure development and operationalization is necessary to complete the implementation of the application evaluation processes and systems. A global communications campaign, onboarding of evaluation panels and vendors, payment of certain software licenses, conducting contract execution activities and pre-delegation checks, all are included in costs.

The costs associated with the new gTLD program can be broken down as follows:



**Scope of Budget:** Activities to implement the next round mainly up until the opening of the application window

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<sup>3</sup> These topics are the pending IDN EPDP Phase 1 recommendations related to fees for IDN variant applicants and the SSAC Advice in relation to Name Collision Analysis Project recommendations. The ICANN Board is expected to make a determination concerning these recommendations by September 2024.

As outlined in the New gTLD Program: Next Round Implementation Plan, the Implementation Budget is as follows:

<b>Implementation Budget - 2023 Q2 Through 2026 Q2</b>				
<b>USD in Millions Work Stream</b>	<b>Avg FTE</b>	<b>Personnel Costs</b>	<b>External Costs</b>	<b>Total</b>
Policy Implementation	8.5	\$5.9	\$2.8	\$8.7
Program Design	6.0	\$4.2	\$1.9	\$6.1
Infrastructure Development	10.5	\$7.2	\$10.6	\$17.8
Operationalization	6.7	\$4.7	\$2.9	\$7.5
Overarching Program Support	8.9	\$6.1	\$3.8	\$9.9
<b>Sub-Total</b>	<b>40.6</b>	<b>\$28.1</b>	<b>\$21.9</b>	<b>\$50.0</b>
Contingency	0.0	\$6.0	\$4.0	\$10.0
Shared Services	0.0	\$4.7	\$5.3	\$10.0
<b>Total</b>	<b>40.6</b>	<b>\$38.8</b>	<b>\$31.2</b>	<b>\$70.0</b>

As of June 2024, ICANN org has spent US\$21 million of the previously Board-approved US\$22 million for implementation activities. The ICANN Board approved a resolution in June 2024 for an additional US\$23 million for implementation activities from July 2024 through March 2025.

The table below shows a breakdown of the estimated implementation costs from 1 July 2024 through 31 March 2025.

<b>Next Round Implementation Costs</b>	<b>July 2024 – March 2025 in millions)</b>	<b>Notes</b>
Personnel / Contractors	US\$12.0	ICANN org staff costs for implementation, IT Systems, research, community engagement, applicant guidebooks
External Costs	US\$5.7	Vendor costs: IT System Development, research, process design, Communications Outreach
ICANN org Shared Services & Support	US\$2.3	Ongoing communal services that support the next round (IT support, office infrastructure, payroll, accounts payable, etc.)

Contingency	US\$3.0	Placeholder for unknown and hard to predict costs
<b>Total</b>	<b>US\$23.0</b>	

**Next Round Processing Budget**

**Scope of Budget:** Activities mainly following the close of the application window to process applications through delegation

New gTLD Program: Next Round <i>(USD in Millions)</i>	Number of Applications			
	500	1,000	1,500	2,000
<b>Program Category</b>				
<b>Evaluations, QA, Objections, Auctions</b>	\$16	\$26	\$37	\$46
<b>Processing and Program Support</b>	\$38	\$48	\$53	\$59
<b>Org Shared Services</b>	\$5	\$7	\$9	\$11
<b>Subtotal Processing Costs</b>	<b>\$58</b>	<b>\$81</b>	<b>\$100</b>	<b>\$117</b>
<b>Contingency &amp; Risk Allocation</b>	<b>\$40</b>	<b>\$65</b>	<b>\$88</b>	<b>\$110</b>
<b>Total Processing Costs</b>	<b>\$98</b>	<b>\$146</b>	<b>\$187</b>	<b>\$227</b>

- **Evaluations:** Expected to be performed by outside vendors (vendor outreach and pricing is currently in progress). The evaluation costs are estimated to be a mix of fixed and variable costs. Estimates factor in an inflation rate of 44% from 2012 contracted rates, staff research, industry knowledge, and 2012 lessons-learned.
- **Quality Assurance, Objections, Auctions:** To be performed by outside vendors. Expected to be a mix of fixed and variable costs. Estimates factor in inflation rate of 44% from 2012 contracted rates, staff research, industry knowledge, and 2012 lessons learned.
- **Processing and Program Support:** Costs for a) Personnel (ICANN Staff), b) temporary contractors, c) External Vendors, and d) Travel and Meetings. These costs support handling the applications from the evaluation phase through delegation of the gTLD and are a mix of fixed and variable costs.
- **Org Shared Services:** ICANN org ongoing internal services that support all programs but which are not directly attributable to a program or project. These services provide the infrastructure and support that any organization would need to run a company/business.

In addition, contingency and risk costs are included for all unforeseen and unplanned expenses that may occur throughout the program due to unknown factors or hard to predict costs. Examples of hard to predict costs are: 1) legal fees and litigation; 2) duration of the program (e.g., the 2012 Round has not closed); 3) vendor pricing; 4) Emergency Back-End Registry Operator (EBERO) program, 5) receiving a lower volume of applications than assumed.

### 3. What are the Fixed vs Variable Costs in the context of the new gTLD Program?

- **Evaluations:** Fixed costs are retainer fees and/or upfront deposits required to ensure a vendor’s services and to procure the best rate terms for anticipated application volume. All evaluation costs after the initial retainers and deposits are variable and a cost incurred per evaluation.
- **Quality Assurance, Objections, Auctions:** Fixed costs are retainer fees and/or upfront deposits required to ensure a vendor’s services and to procure the best rate terms for anticipated application volume. All quality assurance, objections, and auction costs after the initial retainers and deposits are variable and are dependent on the application volume, number of objections filed, and number of applicants that go to auction.
- **Processing and Program Support:** Fixed costs are for both ensuring that there is a base level of staff support and infrastructure in place to process applications immediately following the closing of the application window, as well as services from external vendors that do not change based on application volume. A few examples of vendor services are software licensing, Trademark Clearing House Database, and Emergency Back End Operator support. Variable costs are for incremental staff and infrastructure that is dependent on the application volume. Vendor services such as public relations, language services, and legal services are all variable and dependent on the application volume and types of applications received.
- **Org Shared Services:** The amount of shared services that the program incurs is variable and depends on the level of staff and services that the program requires compared to all other activities within the ICANN organization.

### 4. What is included in the gTLD evaluation fee?

The following evaluations and reviews are included in the estimated gTLD evaluation fee:

Included in estimated gTLD Evaluation Fee
Legal Compliance
Background Screening
Financial Evaluation
DNS Stability Review
String Similarity
Variant Review

Name Collision (2012 approach)
Geographic String Determination
Safeguard Assessment
Other (e.g. closed generics, competition)

## 5. What is excluded from the gTLD evaluation fee?

Similar to the 2012 round, there are also a number of conditional or elective evaluations that are string and/or applicant related. **Fees for these evaluations will be charged separately** and determined well before the opening of the application window, based on the effort required to carry out these evaluations. This includes, amongst others:

Additional fees not included in the gTLD Evaluation Fee
Community Priority Evaluation (CPE)
Community registration policies review (Spec 12)
Geographic name review
Brand exemptions (Spec 13)
Code of Conduct exemption
Reserved Names Review
Re-evaluations as a result of change requests (if applicable, for example, background screening))
Joint venture review
Registry Voluntary Commitments (RVC) review
“Occupancy” fee for lingering applications <sup>4</sup>

Note that some of these conditional evaluations are new due to related policy recommendations (e.g., joint venture review) or were introduced in the 2012 round after the AGB had been published (e.g., brand exemptions). For conditional evaluations that were performed during the 2012 round, the fees will be informed by the actual costs that were incurred in 2012 (e.g. CPE) taking into account inflation and current evaluation requirements.

Note that there are other fees that a successful applicant may need to pay after execution of the Registry agreement, such as fees for the Trademark Clearing House (TMCH) as well as annual registry fees. As an illustration, the current annual registry fees can be found at section 6.1 of the 2024 version of the registry base agreement, available here:

<https://itp.cdn.icann.org/en/files/registry-agreements/base-registry-agreement-21-01-2024-en.html#article6.1>.

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<sup>4</sup> For further discussion / consideration.

## **6. How does the fact that the number of applicants is unknown make it challenging to determine an appropriate gTLD evaluation fee?**

The biggest challenge is that the number of applications that will be received is unknown. The ODA made an assumption of 2,000 applications – similar to the number of applications received during the 2012 round – but if a significantly lower number is received, this would represent a significant financial risk for ICANN, especially from the perspective of the implementation costs incurred prior to the application window that could not be recuperated.

Determining a fee as cost-recovery with unknown demand before the application window opens creates a difficult balancing act for ICANN org. The org must balance the need for a robust program, against the potential for lower volume than estimated. ICANN wants to ensure the fee is reasonable and is accepting some risk of not recuperating the full implementation costs in order to set the evaluation fee not too high and therefore prohibitive to more applicants.

To mitigate these risks, ICANN org created various scenarios that give some insight into the deficit that could occur if fewer than the estimated number applications are received. In these models, ICANN org has already applied a conservative approach in relation to the implementation costs which are basically “sunk” costs (i.e., the costs will have been incurred before receiving a single application) by dividing those costs over 1,000 applications for all scenarios that have been modeled. At the same time, ICANN org is proposing a refund to applicants immediately after the close of the application window if more than the USD \$70M of implementation costs have been recovered. The amount of the refund will be determined based on the volume of applicants received and the amount of excess over the USD \$70M implementation costs. ICANN org plans to give applicants the option to not receive a refund, factoring in that some organizations may have challenges receiving such a refund due to tax or foreign exchange regulations.

Furthermore, as part of the program planning, ICANN org is putting emphasis on establishing a minimum capability at the start of the processing phase, but with plans in place to immediately ramp up processing capabilities if the number of applications is significantly higher. This is a helpful way to keep the costs low. This is, for example, also a guiding principle for how we are setting up the processing flow and order of evaluations, as well as building of the application system.

## **7. What is the proposed gTLD evaluation Fee?**

Following consultations with the ICANN Board, Board Finance Committee, and the Next Round Caucus, as well as the implementation review team, the fee has been set at USD \$220,000. This fee is based on the scenario 1,500 applications are received to recover the costs of the program. Per question #11, there are still two placeholders that could result in additional charges pending ICANN Board resolution. The additional fees, if applicable, would be added to

the USD \$220,000 evaluation fee. These additional fees are separate, and not part of the potential conditional evaluation fees an applicant could incur.

ICANN org initially shared a fee range resulting from the different scenarios that have been modeled based on the number of applications received<sup>5</sup>. This results in a fee range of USD \$208,000 - USD \$293,000 (see table hereunder):

Base Fees Per Application (USD in Thousands) Program Category	Number of Applications			
	500	1,000	1,500	2000
(1) Implementation	\$70	\$70	\$70	\$70
(2) Evaluations	\$20	\$17	\$17	\$16
(3) QA, Objections, Auctions	\$11	\$9	\$8	\$7
(4) Processing & Program Support	\$87	\$60	\$48	\$42
(5) Org Shared Services	\$18	\$13	\$11	\$10
<b>Subtotal Next Round Program</b>	<b>\$206</b>	<b>\$169</b>	<b>\$154</b>	<b>\$145</b>
(6) Risk / Contingency (30% of Fee)	\$88	\$73	\$66	\$62
<b>Total Fee</b>	<b>\$293</b>	<b>\$242</b>	<b>\$220</b>	<b>\$208</b>
<b>Potential Fees Pending Review</b>				
Variant Subsidy Placeholder	\$7	\$3	\$2	\$2
NCAP2 Placeholder	TBD	TBD	TBD	TBD
<b>Total Net Excess / (Deficit)</b>	<b>(\$35,000)</b>	<b>\$0</b>	<b>\$35,000</b>	<b>\$70,000</b>

For further information of what is included in each of these elements:

- **Implementation:** As a risk mitigation measure, the application fee assumes the USD \$70M implementation costs will be recovered from 1,000 applications. Therefore, each application will contribute USD \$70K towards the recovery of the USD \$70M implementation costs. If more than 1,500 applications are received, the excess to cover the implementation costs will be returned to applicants.
- **Evaluations:** Expected to be performed by outside vendors (vendor outreach and pricing is currently in progress). The evaluation costs are estimated to be a mix of fixed and variable costs. Estimates factor in an inflation rate of 44% from 2012 contracted rates, staff research, industry knowledge, and 2012 lessons-learned.
- **Quality Assurance, Objections, Auctions:** To be performed by outside vendors. Expected to be a mix of fixed and variable costs. Estimates factor in inflation rate of 44% from 2012 contracted rates, staff research, industry knowledge, and 2012 lessons learned.
- **Processing and Program Support:** Costs for a) Personnel (ICANN Staff), b) temporary contractors, c) External Vendors, and d) Travel and Meetings. These costs support handling the applications from the evaluation phase through delegation of the gTLD and are a mix of fixed and variable costs.

<sup>5</sup> Note, the modeling has been done for now for 500, 1000, 1500 and 2000 applications, but it is also possible that less than 500 or more than 2000 applications are received.

- **Org Shared Services:** ICANN org ongoing internal services that support all programs but which are not directly attributable to a program or project. These services provide the infrastructure and support that any organization would need to run a company/business.
- **Risk / Contingency:** Similar to the 2012 New gTLD application fee, the Next Round Application fee includes an assumption for unknown and hard to predict costs. The risk / contingency part represents 30% of the gTLD evaluation fee. Examples of hard to predict costs are: 1) legal fees and litigation, 2) duration of program, for example, the 2012 Round still has not closed, 3) vendor pricing, 4) Emergency Back-End Registry Operator (EBERO) program, and 5) lower volume of applications than assumed.

**8. What would be the deficit / excess that would be incurred if fewer or more new gTLD applications than anticipated are received in the different fee scenarios?**

<b>Evaluation Fee Volume Scenarios (USD in Millions)</b>	<b>500</b>	<b>1,000</b>	<b>1,500</b>	<b>2,000</b>
<b>\$208,000 Evaluation Fee</b>				
<b>Total Fees Received</b>	<b>\$104</b>	<b>\$208</b>	<b>\$312</b>	<b>\$415</b>
<b>Total Program Costs</b>	<b>\$182</b>	<b>\$242</b>	<b>\$295</b>	<b>\$345</b>
<b>Net Excess / (Deficit)</b>	<b>(\$78)</b>	<b>(\$34)</b>	<b>\$17</b>	<b>\$70</b>
<b>\$220,000 Evaluation Fee</b>				
<b>Total Fees Received</b>	<b>\$110</b>	<b>\$220</b>	<b>\$330</b>	<b>\$440</b>
<b>Total Program Costs</b>	<b>\$182</b>	<b>\$242</b>	<b>\$295</b>	<b>\$345</b>
<b>Net Excess / (Deficit)</b>	<b>(\$72)</b>	<b>(\$22)</b>	<b>\$35</b>	<b>\$94</b>
<b>\$242,000 Evaluation Fee</b>				
<b>Total Fees Received</b>	<b>\$121</b>	<b>\$242</b>	<b>\$363</b>	<b>\$484</b>
<b>Total Program Costs</b>	<b>\$182</b>	<b>\$242</b>	<b>\$295</b>	<b>\$345</b>
<b>Net Excess / (Deficit)</b>	<b>(\$61)</b>	<b>\$0</b>	<b>\$68</b>	<b>\$138</b>
<b>\$293,000 Evaluation Fee</b>				
<b>Total Fees Received</b>	<b>\$147</b>	<b>\$293</b>	<b>\$440</b>	<b>\$587</b>
<b>Total Program Costs</b>	<b>\$182</b>	<b>\$242</b>	<b>\$295</b>	<b>\$345</b>
<b>Net Excess / (Deficit)</b>	<b>(\$35)</b>	<b>\$52</b>	<b>\$145</b>	<b>\$241</b>

**9. How does the gTLD evaluation fee for this round compare to the 2012 fee?**

For background, in 2012 the gTLD evaluation fee was set at USD \$185,000 and it was estimated that 500 applications would be received. The actual number of applications received was 1,930 with 1,241 delegated to date.

Changes resulting in higher costs for 2026	Changes resulting in lower costs for 2026
<ul style="list-style-type: none"> <li>• Inflation – 44% increase in all costs by 2026</li> <li>• Additional evaluations compared to 2012 including, RVCs, safeguard assessment, brand exemptions, limited challenges/appeals mechanism, IDN variant review, joint venture review.</li> <li>• Increased complexity of evaluations for the following: background screening (for example, GDPR requirements), string contention, reserved name determinations, CPE Evaluations, string changes, change requests.</li> <li>• Objectives of the program include the intent to diversify and enable broader access to the domain name system across the world. Supporting this objective includes activities that are different and supplemental to the 2012 round.</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluations are carried out per entity/applicant instead of per application for background screening and financial evaluation.</li> <li>• Technical evaluation performed on each RSP moved under the RSP Program with separate fee.</li> <li>• Removal of Continuing Operations Instrument (COI) requirement.</li> <li>• More planning opportunity and benefit of experience from the previous round.</li> </ul>

It is important to note that ICANN org did not use the 2012 as a starting point for its calculations, by adding to or subtracting from it, but rather the different scenarios have been built from the ground up by considering all the evaluations and steps an application will need to go through and the expected resources needed to assist applicants and applications in this process.

## 10. Why is the contingency or risk set at the same level as in 2012?

Similar to the 2012 New gTLD application fee, the Next Round Application fee includes a contingency part to cover costs which are currently unknown or hard to predict . The amount of the contingency part was calculated based upon the actual cost of the 2012 program and an assessment of next round program risks and represents 30% of the gTLD evaluation fee. Examples of hard to predict costs include: 1) legal fees and litigation, 2) duration of program (e.g., the 2012 Round still has not closed, 3) vendor pricing, 4), and 4) receiving a lower volume of applications than had been assumed. The risks identified include both internal program risks which can be mitigated within the program team (e.g. delay in processing applications), and external risks, which are largely outside the control of the program (e.g. cyber terrorism)

The Next Round Program has implemented a comprehensive risk identification and management process to further monitor and mitigate these risks, minimizing impacts to the budget, where possible. What if, despite taking a risk-mitigating approach to determining the gTLD evaluation fee, there will still be a deficit, or an excess if more applications than assumed are received?

Per the policy recommendations, “in managing funds for the New gTLD Program, ICANN must have a plan in place for managing any excess fees collected or budget shortfalls experienced. The plan for the management and disbursement of excess fees, if applicable, must be

communicated in advance of accepting applications and collecting fees for subsequent procedures.” ICANN org will share the proposed plan with the IRT in the near future.

## **11. Are there still additional charges that could be added to the gTLD evaluation fee?**

Yes, the current models include two placeholders, both for topics that are still under consideration by the ICANN Board, namely:

### **a. IDN Variants:**

There is a set of recommendations that is pending consideration by the ICANN Board as part of the IDN EPDP Phase 1 report in relation to variants and how applications for up to 4 variants should be 'free' for 2012 applicants and new applicants, which basically means due to the cost recovery nature of the program that these costs would need to be absorbed into the program.

As at the time of writing, the ICANN Board is still considering these policy development process (PDP) recommendations. ICANN org has included a placeholder that indicates the additional charge that will need to be added to the gTLD evaluation fee if the Board adopts these recommendations (see IDN Variant Placeholder in the table further above). The amounts assume that 25 applications may be received from existing gTLD registries, and another 25 applications from new applicants, for a total estimate of 50 variant applications from up to 30 individual applicants.

### **b. Name Collision Evaluation**

Similarly, there are still a number of other topics under consideration by the ICANN Board, most notably the Name Collision Analysis Study Group 2 Report (NCAP2), that could result in an increase in the current estimated evaluation fee of USD \$220,000.. The current fee includes implementation of the 2012 approach, but if the Board accepts the SSAC Advice on NCAP2, it is the expectation that an additional fee will need to be charged to cover the cost associated with the resources needed to implement this recommendation. In its [public comment](#), ICANN org estimated that the implementation of the proposal in NCAP2 could range from millions to tens of millions of USD. To provide applicants with an idea of the potential additional costs that may result from the implementation of NCAP2, a placeholder has been included in the evaluation fee. Following Board consideration of the SSAC Advice on NCAP2 and direction to ICANN org on this topic, it will be confirmed whether or not this placeholder will be needed.

**12. Are the costs of implementation “amortized” over the processing of new gTLD applications that could be received on an on-going basis after the next round?**

The idea of being able to amortize any costs, like systems for example, over a broader scope of application processing than the next round, assumes that such costs are incurred for work that has value beyond the conclusion of the next round. While this is plausible in principle:

- The costs of the next round are, as per policy requirement, recovered by the fee collected during this next round.
- Amortizing next-round costs requires two factors to be determined that are highly unpredictable at the moment:
  - how long would the next round last, and
  - how many applications would be received in the next round and how many applications would be processed in subsequent rounds over what period of time.

Therefore, it is impossible at this stage to determine with any degree of reliability an amount of implementation costs that could be deferred and amortized over applications received after the next round.