**How to Open a Public Comment Proceeding**

Template v5.1, April 2017

**Part A: Announcement**

**Note**: Brief public comment announcements are presented on <https://www.icann.org/news/announcements>. All detailed and supplementary information, including background, status, next steps, links, reports, et al., will be presented in “Part B: Public Comment Proceeding Details.”

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| **PROPOSED FINAL REPORT OF THE NEW GTLD AUCTION PROCEEDS CROSS COMMUNITY WORKING GROUP** | | | |
| **Open Date:** | 23 December 2019 | **Close Date:** | 14 February 2020 |
| **Originating Organization:** | New gTLD Auction Proceeds Cross Community Working Group, chartered by the ASO, ALAC, ccNSO, GNSO, GAC, SSAC and RSSAC | | |
| **Categories/Tags:** | Operations / Finance | | |
| **Brief Overview:** | This public comment proceeding seeks to obtain input on the proposed Final Report of the new gTLD Auction Proceeds Cross Community Working Group (CCWG) and more specifically the following questions:   * Do you support the CCWG’s recommendation in relation to the preferred mechanism(s)? If no, please provide your rationale for why not. * Do you have any concerns about the updates the CCWG has made compared to the Initial Report, in response to the public comment forum? If yes, please specify what changes concern you and why? * Is there any further information you think the CCWG should consider, that it hasn’t considered previously, in order to finalize its report for submission to the Chartering Organizations?   The CCWG is tasked with providing guidance on a framework to disburse the funds generated from auctions of last resort in 2012 application round of the new gTLD Program. According to the CCWG’s charter, the objective of the group is to develop a proposal(s) for consideration by the chartering organizations: Address Supporting Organization (ASO), the At-Large Advisory Committee (ALAC), the Country Code Names Supporting Organization (ccNSO), the Generic Names Supporting Organization (GNSO), the Governmental Advisory Committee (GAC), the Security and Stability Advisory Committee (SSAC), and the Root Server System Advisory Committee (RSSAC). | | |
| **Link:** | [Do not complete; Web Content Operations Team will insert URL] | | |

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**Part B: Public Comment Proceeding Details**

**Note**: This information will appear on the landing page of the proceeding, accessible from <https://www.icann.org/public-comments>.

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| **PROPOSED FINAL REPORT OF THE NEW GTLD AUCTION PROCEEDS CROSS COMMUNITY WORKING GROUP** | | | | | | |
| |  |  | | --- | --- | | **PUBLIC COMMENT PROCEEDING** | | | Open Date: | 23 December 2019 | | Close Date: | 14 February 2020 | | Summary Report  Due Date: |  | | | | | |  | | --- | | **IMPORTANT INFORMATION LINKS** | | [This section will be completed by the Web Content Operations Team] | | |
| **BRIEF OVERVIEW** | | | | | | |
| **Originating Organization:** | | New gTLD Auction Proceeds Cross Community Working Group, chartered by the ASO, ALAC, ccNSO, GNSO, GAC, SSAC and RSSAC | | | | |
| **Categories/Tags:** | | Operations / Finance | | | | |
| **Brief Overview:** | | ***Purpose:*** This public comment proceeding seeks to obtain input on the proposed Final Report of the new gTLD Auction Proceeds Cross Community Working Group (CCWG). The CCWG is tasked with providing guidance on a framework to disburse the funds generated from auctions of last resort in 2012 application round of the new gTLD Program.  ***Current Status***: The CCWG published its Initial Report in October 2018 for public comment and has made updates to the report in response to the input received and subsequent deliberations that it deems warrant another public comment period before the report is finalized for submission to its chartering organizations. The CCWG is requesting commenters to focus on the changes that have been made compared to the Initial Report before the CCWG finalizes its report.  ***Next Steps***: Following review of public comments submitted, the CCWG will finalize its report for submission to its Chartering Organizations. | | | | |
| **DETAILED INFORMATION** | | | | | | |
| **Section I: Description and Explanation** | | | | | | |
| The proposed Final Report sets out the core issues that the new gTLD Auction Proceeds Cross-Community Working Group (CCWG) addressed in carrying out its charter since its inception in January 2017. It records the CCWG’s discussions regarding options around a mechanism(s) to allocate the new gTLD Auction Proceeds in accordance with ICANN’s mission and bylaws.  According to the new gTLD Auction Proceeds CCWG charter, the objective of the CCWG is to develop a proposal(s) for consideration by the chartering organizations. The CCWG charter includes a series of guiding principles that the CCWG is expected to take into account and lists 11 charter questions for the CCWG to answer in the course of its work. Responses to these charter questions are included in section 5 of this report.  The charter specifies that as part of this proposal, the CCWG is also expected to consider the scope of fund allocation, due diligence requirements that preserve ICANN’s tax status as well as how to deal with directly related matters such as potential or actual conflicts of interest. This means that the CCWG will not decide, nor provide recommendations on which specific organizations or projects are to be funded or not. Please see the CCWG’s charter for additional information about obligations and constraints that must be taken into account in the CCWG’s work.  The CCWG considered all the input received on its Initial Report (see <https://community.icann.org/x/zYMWBg>) and requests commenters to focus on the main changes that were made in response to the input received and subsequent CCWG deliberations. These main changes are:   * Section 4.1: The descriptions of the mechanisms have been updated to focus on the elements that matter most to the CCWG’s decision-making and to reflect additional input received from the ICANN Board and ICANN org. The proposed Final Report also reflects the CCWG’s expected recommendation in relation to the mechanism, based on an indicative poll conducted amongst the CCWG members and participant. * Section 5.1: Response to charter question 1 and corresponding recommendations regarding selection of the mechanism(s) have been updated to reflect further deliberations in the CCWG since publication of the Initial Report. * Section 5.1: Response to charter question 7 and corresponding recommendations and guidance for the implementation phase have been added regarding the establishment of an Independent Project Applications Evaluation Panel, regardless of the mechanism implemented. * Section 5.2: Responses to charter questions 3, 5, and 10 now include discussion of considerations specific to mechanism C, in addition to mechanisms A and B. to  In the Initial Report, only considerations related to mechanisms A and B were provided in these responses, as these were the two most favored mechanisms at the time that the Initial Report was published. * Section 5.2: Response to charter question 9 and corresponding recommendations have been updated to state that applicants and other parties should not have access to ICANN accountability mechanisms to challenge a decision from the Independent Project Applications Evaluation Panel to not approve an application. * Section 5.3: Response to charter question 6 and corresponding guidance for the implementation phase has been updated to reflect that the CCWG discussed the possibility of using a “basket” approach to distributing funds and recommended further consideration of this approach during the implementation phase following input from the Board. * Section 5.4: Response to charter question 11 and corresponding guidance for the implementation phase has been updated to reflect that the CCWG considered recommending the creation of two panels for the purposes of conducting reviews of the mechanism, but based on Board feedback, decided that the details about the review panel(s) should be established in the implementation phase. * Annex C: Guideline #5 in Annex C has been updated to include input from the Board that auction proceeds should not be used to fund and supplement ICANN’s operations, including existing or terminated programs, and should not be used for any applicant’s ordinary operations. * Annex D: Clarification has been provided that inclusion in this list not a guarantee of funding for projects that are designed to be identical or similar to examples included in Annex D. * Annex E: New Annex: Glossary added.   Taking into account these changes, the CCWG is putting forward the following questions to the broader community:   * Do you support the CCWG’s recommendation in relation to the preferred mechanism(s)? If no, please provide your rationale for why not. * Do you have any concerns about the updates the CCWG has made, as listed above, in response to the public comment forum? If yes, please specify what changes concern you and why? * Is there any further information you think the CCWG should consider, that it hasn’t considered previously, in order to finalize its report for submission to the Chartering Organizations?   To facilitate your input and subsequent review of this input by the CCWG, you are requested to respond to these questions by filling out the following google form: <https://forms.gle/CDNUjgkYUdCfZPAx6>. In case you do not have access to google forms, you can also use the template included in Section III to provide your input. | | | | | | |
| **Section II: Background** | | | | | | |
| The CCWG commenced its deliberations at the end of January 2017 with 26 members appointed by Chartering Organizations, 49 participants and 28 observers. The CCWG is tasked with developing a proposal(s) for consideration by the Chartering Organizations on the mechanism that should be developed in order to allocate the new gTLD Auction Proceeds.  The New Generic Top-Level Domain (gTLD) Program established auctions as a mechanism of last resort to resolve the competition sets between identical or similar terms (strings) for new gTLDs – known as string contention. Most string contentions (approximately 90% of sets scheduled for auction) have been resolved through other means before reaching an auction conducted using ICANN org’s authorized auction service provider, Power Auctions LLC. However, it was recognized from the outset that significant funds could accrue as a result of several successful auctions conducted by ICANN org. Following the ICANN Board’s commitment to do so, the auction proceeds derived from such auctions have been reserved and earmarked within ICANN org until such time as the ICANN Board authorizes a plan for the appropriate use of the funds. These proceeds are to be considered as an exceptional, one-time source of revenue.  The new gTLD Auction Proceeds, derived from these last resort auctions, are distinct and ring-fenced funds. As such the Auction Proceeds are a single revenue source (derived from all new gTLD Auction Proceeds round 1). The proceeds, net of direct auction costs, are fully segregated in separate bank and investment accounts. The proceeds are invested conservatively and any interest accrues to the proceeds. 17 contention sets have been resolved via ICANN org auction since June 2014. The total net proceeds to date are $208 million USD.[[1]](#footnote-1) Details of the proceeds can be found [here](https://newgtlds.icann.org/en/applicants/auctions/proceeds). As of 29 July 2019, 3 contention sets remain to be resolved, but it is important to keep in mind that approximately 90% of contention sets scheduled for auction are resolved prior to the auction. The total amount of funding resulting from auctions, will not be known until all relevant applications have resolved contention.  Since the adoption of its charter, the CCWG has met regularly through telephone conferences and at ICANN public meetings. It has provided regular updates to the chartering organizations, and the broader community. | | | | | | |
| **Section III: Document and Resource Links** | | | | | | |
| Proposed Final Report  [Google form](https://forms.gle/CDNUjgkYUdCfZPAx6)  Google form template | | | | | | |
| **Section IV: Additional Information** | | | | | | |
| [CCWG charter](https://community.icann.org/display/CWGONGAP/CCWG+Charter)  [CCWG wiki](https://community.icann.org/display/CWGONGAP) | | | | | | |
| **Proceeding Facilitator:** | Emily Barabas | | **Email Address:** | | [Policy-staff@icann.org](mailto:Policy-staff@icann.org) | |

**Public Comment Categories or Tags:**

* Accountability/Transparency
* Bylaws
* Contracted Party Agreements
* Engagement/Participation
* Events/Conferences
* Internet Governance
* Internet Protocol Addressing
* Legal/Regulatory
* Operations/Finance
* Policy Development
* Privacy
* Reviews/Improvements
* Second-Level Domains
* Security/Stability
* Strategy
* Top-Level Domains

**Originating Organization**

* Administrative Services
* Communications
* Contractual Compliance
* Digital Services
* Finance
* Global Domains Division
* Global Stakeholder Engagement
* Human Resources
* IANA
* ICANN Board of Directors
* Information Technology
* Legal
* Office of the CTO
* Policy Development Support
* Public Responsibility Support
* Multistakeholder Strategy and Strategic Initiatives
* Travel Support
* [Working Group]
* ALAC/At-Large
* ASO
* BC
* ccNSO
* CSG
* GAC
* GNSO
* IPC
* ISPCPC
* NCSG
* NCUC
* NPOC
* RrSG
* RSSAC/Caucus
* RySG
* SSAC

1. Of the total $233.5 million in proceeds collected, $133 million are proceeds from the .WEB and .HOTEL auctions (net of auction costs). The resolution of the .WEB contention set is being challenged through ICANN’s accountability mechanisms. From the total, $36 million was allocated to the ICANN Reserve Fund. As of 30 June 2019, the net return on investment was $10.5m. Therefore, the total auction proceeds as of 30 June 2019 are $208 million, of which $133 million are proceeds from the .WEB auction. [↑](#footnote-ref-1)