



Track 1

Sara Bockey & Christa Taylor | November 20, 2017

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Overview: Application Fees

Discussions to date:

- ✓ The Application fee should be 'revenue-cost neutral'
- ✓ Application Fee Floor amount should be set
- ✓ Method to deal with excess or shortfall of funds should be in place
- ✓ Different application fees should be set if there is a significant difference

Application Fees: Application Fee Floor

Considerations

A price floor is an imposed price limit on how low a price can be charged for a product

- Valuable piece of the Internet
- Seriousness of the commitment
- Avoid abuse
- Too low could be detrimental to security, stability and competition between rounds
- Avoid gTLD becoming a commodity and “no risk” type of investment”
- Reflective of the commitment and responsibility of having a TLD
- Discourage speculation
- Fees that are too high may be unfair barriers to entry
- Bias towards either established players or would be entrants
- Small applicants deterred by a higher fee
- Artificially increasing the application fee in order to discourage applications
- Much reduced fee reduces the barriers to entry for underserved regions

Application Fees: Application Fee Floor

The application fee floor should be set based on:

Needs to reflect:

- ✓ Set Amount
- ✓ Percentage of prior round(s) Application Fee
- ✓ Other elements

When should the application fee floor be set?

- ✓ After each round
- ✓ A specific time period

Application Fees: Excess/Shortage of Funds

Considerations

- Support general outreach
- Credit ongoing ICANN fees for applicable registries
- ICANN Compliance to ensure Registry and Registrar fees do not rise
- Return excess fees to applicants
- Support the gTLD program
- Absorb into ICANN's general operating budgets
- Rebate to applicants
- Charitable donation

Application Fees: Excess/Shortage of Funds

Excess Funds should be:

- ✓ Based on a priority sequence and maximum amounts i.e. P1: \$X, P2: \$Y
- ✓ Percentage of excess: Excess distributed using a percentage
- ✓ Combination: Amount up to a maximum in some categories and not in others

Cost shortfalls should be recovered by:

- ✓ Increase in application fees in subsequent periods – how many?
- ✓ Pool of funds set-aside for this type of scenario (added to excess funds category)
- ✓ Annual registry fees
- ✓ Other

How do we minimize the excess or shortfall?

Application Fees: Type of Application

Application Fees by Type of Application should be implemented if:

- ✓ There are different categories of applications
- ✓ 'One Fee Fits All' system is justified if the difference in costs by type of application are <10%
- ✓ The difference in the costs in processing the application exceeds:
 - ✓ A specific percentage – 10%
 - ✓ A specific amount - \$10k
 - ✓ Combination – If the difference is greater than 10% but a minimum of \$10k
- ✓ Should there be some type of special consideration given to groups i.e. applicant support/communities – if so, what policies can assist this group

Costing Methodology

Do we have any recommendation on how to improve the costing methods that were employed in the first round?

- ✓ 75 steps were take in the first round to determine the costs and then a likelihood was applied – better method?
- ✓ Risk Analysis determination of fees
- ✓ Implications of volume of applications: Overwhelming demand may impact variable costs

Next Meeting

Thank-you for your Time and Thoughts!

Next Meeting:

Tuesday, December 5, 2017 at 15:00 UTC