

**Preliminary Recommendation 3.11:** A future IDN gTLD applicant applying for a primary IDN gTLD string and up to four (4) of that string's allocatable variant labels during an application round must incur the same base application fee as any gTLD applicant who does not apply for variant labels in that round.

**Preliminary Recommendation 3.12:** Any applicant applying for more than four (4) allocatable variant labels of a primary IDN gTLD string in an application round may incur additional fees that ICANN org considers to be proportionate to any additional costs associated with evaluating the application and consistent with the cost recovery principle.

**Preliminary Recommendation 3.13:** A future registry operator applying only for allocatable variant label(s) of its delegated primary IDN gTLD must incur a discounted base application fee that ICANN org considers to be proportionate to any costs associated with evaluating the application and consistent with the cost recovery principle.

**Preliminary Recommendation 3.14:** If an existing registry operator from the 2012 round applies for up to four (4) allocatable variant labels of its existing IDN gTLD:

- in the immediate next application round, the base application fee will be waived for that application as a one-time exception; or
- in any application round subsequent to the immediate next application round, that application must incur a discounted base application fee as set out in Preliminary Recommendation 3.13.

If an existing registry operator from the 2012 round applies for more than four (4) allocatable variant labels of its existing IDN gTLD:

- in the immediate next application round, that application may incur additional fees as set out in Preliminary Recommendation 3.12; or
- in any application round subsequent to the immediate next application round, that application must incur a discounted base application fee as set out in Preliminary Recommendation 3.13 AND may incur additional fees as set out in Preliminary Recommendation 3.12.

\* Preliminary Recommendation 3.14 only impacts existing IDN gTLDs from the 2012 round

**Rationale for Preliminary Recommendation 3.11-3.14:** The EPDP Team agreed that the application fee structure should strike a balance between providing financial incentives to encourage the introduction of gTLD variant labels that help build a multilingual Internet and limiting potential security and stability risks associated with the permutation of variant labels. Since the EPDP Team decided not to impose a ceiling value for the delegated top-level variant labels as per Preliminary Recommendation 8.1, some members raised concerns that an applicant may apply for an excessive number of variant labels, which will likely cause increased complexity for the evaluation.

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If an existing registry operator from the 2012 round applies for allocatable variant labels of its existing IDN gTLD in any application round subsequent to the immediate next application round, that application must incur a discounted base application fee as any other future registry operators who apply only for allocatable variant labels, as set out in Preliminary Recommendation 3.13.

As noted in the rationale for [Preliminary Recommendation 8.1](#), only seven scripts integrated in the RZ-LGR have allocatable variant labels, namely Arabic, Bengali, Chinese, Greek, Latin, Myanmar, and Tamil. Except for Arabic, the language communities of the other six scripts have already [limited](#) the number of allocatable variant labels that can be applied for as gTLDs ([i.e., one to four variant labels of the primary label are allocatable](#)).<sup>1</sup> In other words, only the IDN gTLD applications in the Arabic script could potentially include an exponentially high number of variant labels.

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As such, the EPDP Team reached out to the Arabic Generation Panel (GP), seeking its guidance regarding a reasonable number of allocatable variant labels that should be delegated to adequately serve the Arabic script users in various regions around the world. By the time the Phase 1 Initial Report was published, the Arabic GP had not reached a conclusion on the reasonable number for variant labels that should be allocatable for any one IDN gTLD in the Arabic Script.

In the absence of input from the Arabic GP, the EPDP Team supports a preliminary recommendation that a future gTLD applicant applying for a primary IDN gTLD string and up to four (4) of the string's allocatable variant labels during an application round must incur the same base application fee as any gTLD applicant who does not apply for variant labels in that round. The EPDP Team recommends this threshold number based on the known upper bound for allocatable variant labels permitted by the RZ-LGR for the scripts that have allocatable variant labels (with the exception of Arabic). The EPDP Team is looking forward to input received from Public Comment, especially from Generation Panels if possible, regarding this suggested threshold number.

If the applied-for allocatable variant labels in an application [submitted in any round](#) exceed the threshold number of four (4), ICANN org should assess whether the costs associated with evaluating the additional labels warrant charging additional fees that they consider [proportionate](#) to any additional evaluation costs and consistent with the cost recovery principle.

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Furthermore, the EPDP Team recommends that an application only for allocatable variant label(s) of a future delegated primary IDN gTLD must incur a discounted base application fee as determined by ICANN org and considered to be [proportionate](#) to any costs associated with evaluating the application and consistent with the cost recovery principle. Since the primary IDN gTLD is already delegated, there is a presumption that some evaluation elements for its allocatable variant label(s) may not necessarily apply. Under this situation, such an application should not incur the same base application fee, but it should not be free either. As such, a discount on the base application fee for such an application seems appropriate.

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During the EPDP Team discussion of fees for applications that only include allocatable variant labels, some members suggested that as long as the threshold number of four (4) allocatable variant labels of a primary IDN gTLD [string](#) has not been exceeded, the applicant should not pay more application fees over and above the base application fee already paid by the applicant when the primary IDN gTLD string was initially applied for. The EPDP Team considered this proposal, but decided to recommend the discounted

<sup>1</sup> ICANN org staff checked all scripts in the RZ-LGR version 5, which was the version available when the EPDP Team deliberated on Recommendation 1.4, and those incorporated in the next version (i.e., RZ-LGR version 5) to see if there are mechanisms in place to reduce the number of allocatable variant labels. For the scripts with allocatable variant labels, ICANN org staff ran all existing gTLDs in those scripts through the RZ-LGR to see how many variant labels are created. The findings were presented during the EPDP Team meeting on 20 January 2022. See slides here: <https://community.icann.org/download/attachments/183992731/EPDP%20on%20IDNs%20-%20A5%20-%2020%20Jan%202022.pdf?version=1&modificationDate=1642693642936&api=v2>

base application fee for any number of allocatable variant labels that are applied for separately from the application for the primary IDN gTLD string.

The EPDP Team believes that its recommended approach should encourage applicants to optimize their business interests to introduce as many gTLD variant labels as they need in an expeditious manner, while preventing the scenario where an excessive number of variant labels are being applied for. In addition, the EPDP Team noted that in the 2012 round, the same base application fee applied to all types of applications, including those that had different evaluation elements or underwent extended evaluation (e.g., Geographic Name TLD applications, IDN applications that included the evaluation of a large number of IDN tables).

Furthermore, as noted in the rationale for [Preliminary Recommendation 3.3](#), among the 1,265 existing gTLDs from the 2012 round, only 35 Chinese gTLDs and 9 Arabic gTLDs have allocatable variant labels according to the RZ-LGR calculation. The majority of those registry operators who responded to the EPDP Team’s survey expressed interest in applying for variant labels of their existing IDN gTLDs. In addition, 24 out of the 26 Chinese gTLD registry operators and 3 out of 9 Arabic gTLD registry operators self-identified “variants” for their applied-for IDN gTLDs during the 2012 round.

Given that those existing IDN gTLD registry operators already paid the US\$185,000 base application fee in the 2012 round and they were unable to apply for variant labels at that time, the EPDP Team recommends, as a one-time exception, a waiver of the base application fee for an existing registry operator from the 2012 round who applies for up to four (4) variant labels of its existing IDN gTLD during the immediate next application round. This is to help compensate for the lapsed time in which variant labels have been unavailable to those registry operators despite their business interests or needs, as well as the interests or needs of the intended language communities.

If an existing registry operator from the 2012 round applies for variant label(s) not during the immediate next application round but during a subsequent round, the waiver will not apply. [Preliminary Recommendation 3.13](#) applies to existing registry operators from the 2012 round, meaning that an application for allocatable variant labels that is submitted in any application round subsequent to the immediate next application round must incur a discounted base application fee as any other future registry operators who apply only for allocatable variant labels in that round. Furthermore, [Preliminary Recommendation 3.12](#) also applies to existing registry operators from the 2012 round, meaning that an application for more than four (4) allocatable variant labels of an existing IDN gTLD in an application may incur additional fees.

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