Cross-Community Working Group: New Generic Top-Level Domains Auction Proceeds

WHAT CAN I EXPECT AT ICANN66 IN RELATION TO THIS TOPIC?

The Cross-Community Working Group (CCWG) is organizing a working session at ICANN66, during which it expects to present its proposed Final Report. This meeting is scheduled for Wednesday, 6 November from 17:00-18:30 (EDT).

WHAT IS THIS ABOUT?

The New Generic Top-Level Domain (gTLD) Program established auctions as a last resort to resolve the competition sets between identical or similar terms (strings) for new gTLDs, an issue known as string contention. Ninety percent of contention sets scheduled for auction have been resolved through other means before reaching an auction conducted by Power Auctions, ICANN's authorized auction service provider. However, it was recognized from the outset that significant funds could accrue as a result of several successful auctions. The proceeds derived from such auctions have been reserved and earmarked within ICANN until such time as the ICANN Board authorizes a plan for the appropriate use of the funds. These proceeds are considered as an exceptional, one-time source of revenue.

All ICANN Supporting Organizations (SOs) and Advisory Committees (ACs) have chartered the CCWG to propose a mechanism to allocate the new gTLD Auction Proceeds. Following approval by the Chartering Organizations, the CCWG will submit its proposals to the ICANN Board for consideration.

WHY IS THIS IMPORTANT?

The new gTLD Auction Proceeds, derived from these last resort auctions, are distinct and ring-fenced funds. 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 with any interest accruing to the proceeds. Since June 2014, 17 contention sets have been resolved via ICANN auctions. The total net proceeds to date are $233.5 million.[3] Details of the proceeds can be found **here**. It is important to keep in mind that approximately 90 percent 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.

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[3] Of the $233.5 million USD in proceeds, $133 million USD are proceeds from the .web auction. The resolution of the .web contention set is being challenged through ICANN's accountability mechanisms. $36 million USD was allocated to the ICANN reserve fund. As of 30 June 2019, the net return on investment was $10.5 million USD. Therefore, the total net auction proceeds as of 30 June 2019 are $208 million USD, of which $133 million USD are proceeds from the .web auction.

WHAT IS THE CURRENT STATUS OF THIS PROJECT?

On 11 December 2018, the CCWG published its Initial Report for Public Comment. The Initial Report set out the core issues that the CCWG addressed in carrying out its charter since its inception in January 2017. It recorded the CCWG's discussions regarding options around a mechanism to allocate the new gTLD Auction Proceeds in accordance with ICANN's mission and Bylaws. In addition to preliminary answers to the charter questions, preliminary recommendations, and implementation guidance, the Initial Report also identified a number of questions on which the CCWG was looking for community input. It should be noted that the responses to the charter questions contained in the Initial Report represented the CCWG's best current thinking at the time, but this is being revised in the Final Report as a result of the CCWG's thorough review of the community input received on the Initial Report. Similarly, no formal consensus call was taken on the preliminary recommendations outlined in the Initial Report. A formal consensus call is expected to take place prior to the finalization of the CCWG's report and recommendations for submission to its Chartering Organizations.

A total of 37 community submissions were received in response to the Public Comment forum. Since January 2019, the CCWG has been meeting regularly and has now completed its review and analysis of the public comments received to determine what changes should be made to the recommendations and responses to the charter questions in the report. Materials related to CCWG's consideration of public comments are available in the **CCWG Workspace**.

WHAT ARE THE EXPECTED NEXT STEPS?

In the coming weeks, the CCWG plans to complete review of public comments. It will then finalize changes to the report and recommendations in view of submitting the report for consideration to the CCWG Chartering Organizations. At that stage, the CCWG will determine whether the changes are of such a substantial nature that another Public Comment period is warranted before the Final Report is submitted. The **CCWG work plan** for this final stage of the process can be found in its workspace.

HOW CAN I GET INVOLVED?

Anyone interested can join this effort at any time as a participant or observer. Please complete the **registration form** or email the Generic Names Supporting Organization (GNSO) Secretariat at **gnso-secs@icann.org**. If another Public Comment period is held on the proposed Final Report, everyone is invited to provide input (see https://www.icann.org/public-comments for further details).

As the CCWG has already been in operation for a substantial amount of time and has progressed in its deliberations, newcomers are expected to catch up on the discussions to date and to not reopen previously closed topics unless new information is presented.

MORE INFORMATION

- CCWG Initial Report: **https://go.icann.org/2GGoknr**

- New gTLD Auction Proceeds CCWG Workspace, including Charter, background documents and information: **https://community.icann.org/x/yJXDAw**

- CCWG Charter Question templates: **https://community.icann.org/display/ CWGONGAP/Charter+Question+Templates**

- CCWG Work Plan: **https://community.icann.org/display/CWGONGAP/ Work+Plan**

- CCWG Workspace: **https://community.icann.org/x/yJXDAw**

BACKGROUND

Following a number of sessions on this topic during ICANN53 in Buenos Aires (see **https://buenosaires53.icann.org/en/schedule/mon-soac-high-interest** and **https:// buenosaires53.icann.org/en/schedule/wed-cwg-new-gtld-auction**), a **discussion paper** was published in September 2015 to solicit further community input, as well as the proposal to proceed with a CCWG. The feedback received confirmed the support for moving forward with a CCWG. The GNSO Chair at the time, reached out to all the ICANN SOs and ACs to ask for volunteers to participate in a drafting team to develop a charter for a CCWG. All ICANN SOs and ACs, apart from the Country Code Supporting Organization (ccNSO), responded to this request and have put forward volunteers to participate. The drafting team commenced its deliberations on Tuesday, 23 February 2016. A draft charter for community discussion was published in advance of ICANN56 and discussed during the **cross-community session** held at ICANN56. Following ICANN56, the drafting team **reviewed all the input** and updated the proposed charter accordingly. On 13 September 2016, **this proposed charter** was shared with all ICANN SOs and ACs with the request to review it and identify pertinent issues that would prevent adoption of the charter. Then a webinar was held on 13 October 2016 to allow for additional time and information to undertake this review. The final proposed charter was submitted to all ICANN SOs and ACs on 17 October 2016, and each ICANN SO and AC confirmed the adoption of the charter.

A **call for volunteers** was launched and the CCWG was chartered by all ICANN SOs and ACs to propose the mechanism to allocate the new gTLD Auction Proceeds. The Chartering Organizations are the Address Supporting Organization (ASO), the At-Large Advisory Committee (ALAC), the ccNSO, the GNSO, the Governmental Advisory Committee (GAC), the Security and Stability Advisory Committee (SSAC), and the Root Server System Advisory Committee (RSSAC). Following approval by the Chartering Organizations, the CCWG will submit its proposal(s) to the ICANN Board for consideration.

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