

# RySG Proposal to Offset New gTLD Operator Registry Fees

## Background

ICANN Finance projects a US\$70-80 million “surplus pool” from all of the collected New gTLD application fees. The fee levels were set in anticipation of 500 applicants and were supposed to be on a cost-recovery basis. We believe that applicants should have first right to propose ways to effectively use the surplus funds.

Also, the RySG shares ICANN’s New gTLD Program commitments to competition, choice and security, and believes that this proposal is consistent with those goals.

Currently, new gTLD registries are all required to pay an annual \$25,000 "registry fixed fee." In addition, new gTLD registries that complete over 50,000 transactions in any quarter, or over 4 consecutive quarters, must pay a "transaction fee" of \$0.25.

Registries that are not operating under the new gTLD contract do not have to conform to the same fee structure. In particular, they do not have the same registry fixed fee.

In fact, a new gTLD registry operator with 10,000 names is paying \$2.50 in ICANN fees per domain and competing against legacy TLDs whose operators pay just \$0.25.

This is clearly detrimental to the ideals of promoting competition and innovation embodied by the new gTLD program.

## Proposal

We propose that all delegated New gTLD Registry Operators receive a 75% credit for their \$6,250/quarter Fixed Registry Fee. Upon approval, this \$4,687.50 offset would last for four consecutive quarters, and would be eligible for renewal based on agreement between ICANN and the RySG for up to the time when the surplus pool is exhausted.

ICANN would draw the necessary funds from the surplus pool on a quarterly basis, and apply the credits appropriately. Invoices would show that the fees were paid against the surplus pool. Registry Operators would only need to remit \$1,562.50 per new gTLD per quarter, and ICANN would not have to process any refunds during the program.

Total outlays will depend on the number of eligible registries, but will not exceed the projected surplus pool. For example, 900 delegated TLDs would “cost” \$4.219M per quarter or \$16.875M per year.

These offsets would be final, and not come in terms of any kind of “loan” from ICANN.