Applicant Support Program

NCUC Issue Forum

(Experimental workshop)

In collaboration with:

What is the ASP?

- A program that provides assistance to eligible entities who need to apply for a new gTLD:
  - financial, mostly related to reduction of fees (when applying and when operating) and
  - non-financial assistance, mostly around guidance and capacity building in different formats

ASP and Next Round

- ASP and the New Generic Top-Level Domains: Next Round
  - Next Round gives a possibility of applying for new top-level domains with longer lengths and different scripts, expanding the DNS
  - Different, but connected - ASP is part of Next Round, but we have two different applications
  - Final Report SubPro: "The Working Group affirms that the primary purposes of new gTLDs are to foster diversity, encourage competition, and enhance the utility of the DNS"

Thank you for joining our experimental workshop!

(Kathy Kleiman)

The idea that we can work through a new document *together* – take pieces of it, study them, and share them *is a powerful concept*.

Thanks to Pedro, Michaela, Frank, Houda, Emmanuel and Bolu – and Benjamin!

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The final Applicant Support Program (ASP) Handbook is out and the Applicant Support Program will open November 19th!

=> ICANN Staff worked very hard to incorporate our comments and create Handbook with readable text, great graphics and useful checklists!

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Applicant Support Program Handbook

ASP Homepage

Apply to the ASP

ASP Handbook

ASP FAQs

ASP Resources

ASP Program Statistics

The most recent version of the Applicant Support Program (ASP) Handbook* is available here:

ASP Handbook – version dated 9 August 2024.

https://newgtldprogram.icann.org/en/application-runds/round2/asp/handbook

My piece of today's puzzle:

Why would an organization apply for a New gTLD and be a successful and sustainable New gTLD Registry?

(Very briefly)

What does a Registry do?

- At the technical level?
- At the operational level?
- At the financial level?

At the Technical Level:

"The role of the registry operator within the Internet ecosystem is to keep the master database of all domain names registered in each top-level domain (TLD) and generate the "zone file" that allows computers to route Internet traffic to and from TLDs anywhere in the world."

Welcome Registry Operators,
https://www.icann.org/resources/pages/registries/registries-en

At the Operational Level:
Can Registries sell their domain names themselves?

No. "All domain name registrations in the TLD must be registered through an ICANN accredited registrar."

ICANN's Base Registry Agreement,
https://itp.cdn.icann.org/en/files/registry-agreements/base-registry-agreement-21-01-2024-en.html

More Operational Activity:

Domain name acceptance: Many Registries must convince Internet Service Providers (ISPs) and Webhosts to recognize their gTLD string – the quest for "universal acceptance."

DNS Abuse Mitigation and Abuse Contact: gTLD Registry Operators must publish a domain name abuse contact with accurate contact details including a valid email address or webform, and mailing address, for the person who handles reports about malicious conduct in the gTLD.

Monthly reporting: Registries provide Detailed Reports to ICANN each month, including all domain names created, renewed, transferred, and deleted.

Financial Obligations:

In addition to paying for its own officers, marketing, financial, security and legal support, and offices, a registry must pay ICANN:

- 25 cents for each domain name registered, and

- An annual Registry Fee of $25,000 ($6,250 each quarter).

… and these fees are going up soon.

(With some reduction for ASP Grantees – details TBD)

So New gTLD Registries need good plans to be successful and sustainable registries!

Who is eligible for the Applicant Support Program?

(by Michaela N. Shapiro)

- Nonprofit, charity or equivalent organization
- Intergovernmental organizations (IGOs)
- Indigenous / tribal peoples' organization
- Micro or small businesses social enterprise
- Micro or small business operating in a less-developed economy

Why is this important?

Freedom of Expression

- New gTLD's enable communities and organisations to express their affiliations
- Enable new voices to join the internet ecosystem
- Free and fair use of domain names (the right to use all words/names) rights

Increasing Representation on the Internet

- Aiming to reduce financial burden
- Ensuring diversity (linguistic, cultural, geographic, etc.)
- Preventing online censorship
- Increasing competition // choice in the domain name market

Overview of Eligibility and Equivalency Determination   (Frank Anati)

Eligibility for ASP – Nonprofit Equivalency Requirement:

- U.S. nonprofits enjoy special 501(c)(3) tax-exempt status, allowing donors to claim tax deductions.
- Non-U.S. organizations must prove they are equivalent to U.S. 501(c)(3) nonprofits to be considered eligible under ASP's "nonprofit or charity" category.

Proving Nonprofit Eligibility for ASP

ASP Handbook Compliance:

- **Primary Route**: Meet ASP Handbook's eligibility criteria by providing documentation as a recognized nonprofit, charity, or similar organization in your country.

- **Alternative Route**: Non-U.S. applicants without local nonprofit recognition can provide a certified Equivalency Determination .

- **Alternate Route**: Upload governing documents in the ASP Application System, if applicant certify that it is organized for charitable purpose.

Steps for Equivalency Determination :

- Conducted by a licensed U.S. tax practitioner (e.g., attorney, accountant).

- Organizations like NGOsource provide ED services, confirming if a foreign nonprofit operates with purposes and restrictions similar to U.S. 501(c)(3) entities.

Equivalency Determination Benefits and Key Takeaways

Why Equivalency Determination Matters:

- Establishes credibility and ensures compliance with ICANN's ASP nonprofit criteria.

- Provides confidence to ICANN and donors that the applicant organization serves a public good and aligns with U.S. charitable purposes.

- **Resources**:

- **ASP Handbook**: Outline of the full application process, eligibility, and requirements.

- **Equivalency Determination Providers**: Organizations like NGOsource can facilitate ED, enhancing the application's standing for ASP.
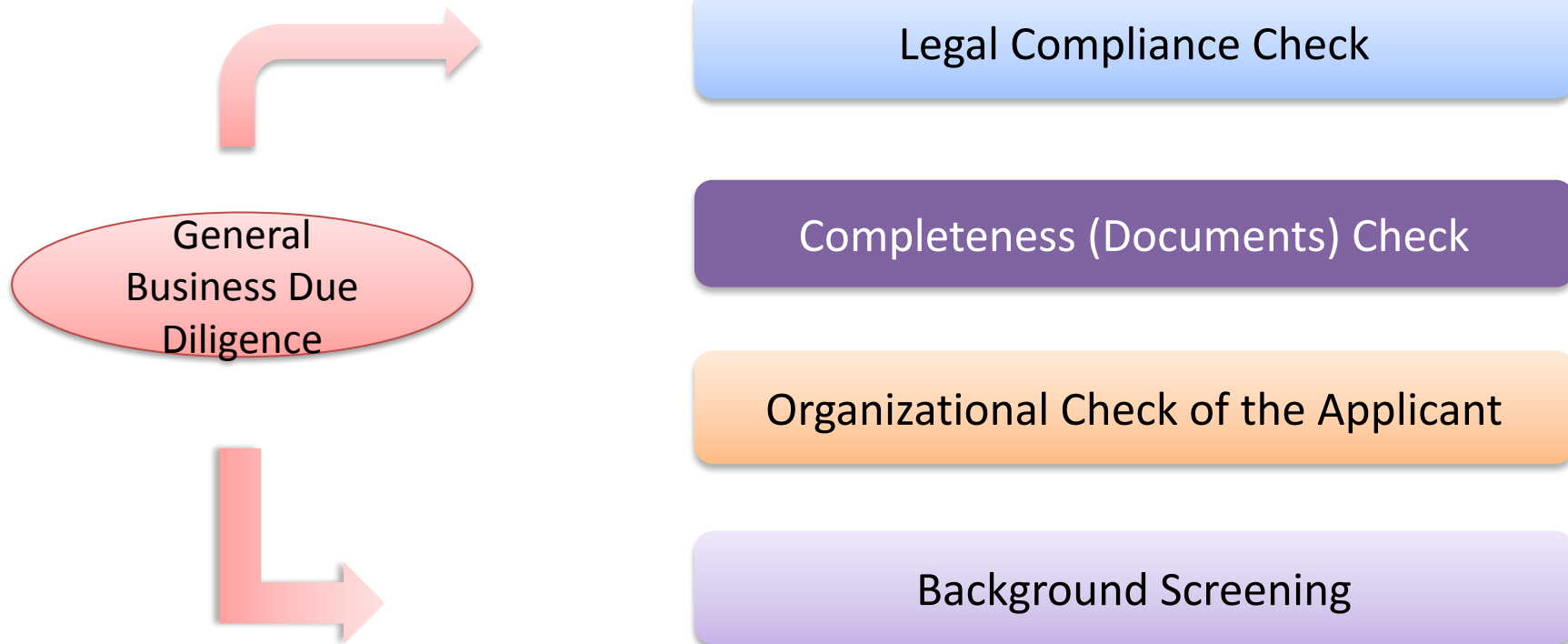
General Business Due Diligence

(Dr Houda CHIHI)

Phases

General Business Due Diligence

Support Applicant Review Panel

Evaluation
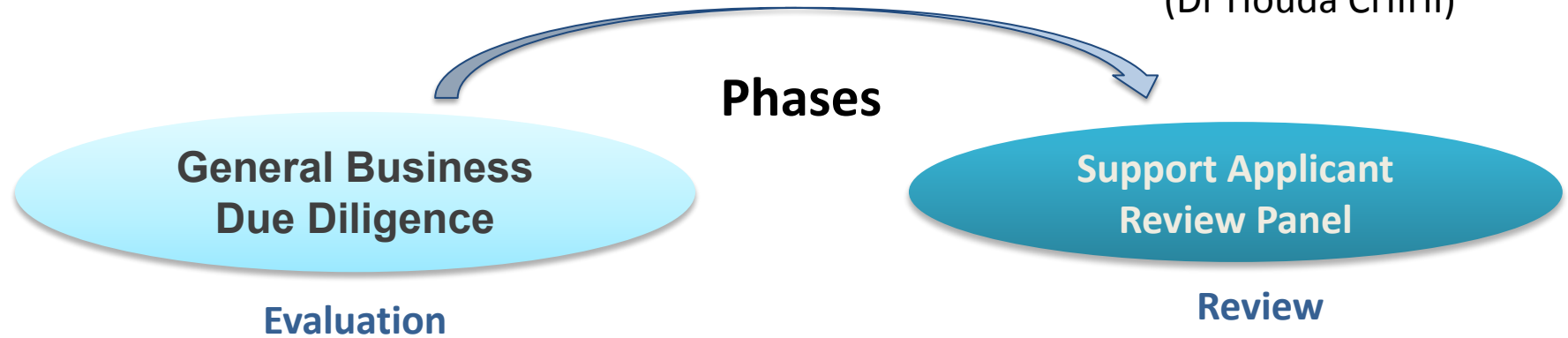
Review

General Business Due Diligence is about Legal compliance review, submission check of all required documents, satisfaction of eligibility criteria of the new gTLD program, Background screening.

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General Business Due Diligence: Steps

General Business Due Diligence

Legal Compliance Check

Completeness (Documents) Check

Organizational Check of the Applicant

Background Screening

https:/newgtlds.icann.org/en

Legal Compliance Check

- Applicant acknowledgment that ICANN have to follow all applicable U.S. regulations and laws, including the economic sanctions administered by the Office of Foreign Assets Control of U.S. Regulations.

Completeness Check

- Submission of the required documents during the process of ASP, which will be reviewed by ICANN
- If documents are missing there will be a possibility to submit them.

Applicant Support Program: Next Round Organizational Check

❑ 1. Good corporate standing meeting applicable regulations and laws

❑ 2. Applicant should not have any convictions of fraud, crimes or subject to any kind of judicial determination

❑ 3. No problems related to funds misuse or taxes issues.

❑ 4. No connection with organized crime

❑ 5. No problem with cybersquatting or intellectual property infringement

Background Screening

❑ Background Screening is requested as it is about a independent third-party assessing risk and eligibility confirmation for both individuals and organizations.

❑ Review of documents submitted and searching for other evidences that could be relevant

❑ The result of Background Screening ensures the approval or rejection of the application.

Financial Need Requirements

(Emmanuel Vitus)

- **Purpose of financial need test:**
  - ICANN requires applicants to demonstrate that paying the full gTLD fee would be financially challenging.
- **Criterion: Demonstrating financial hardship to pay the full gTLD fees**
  - - Applicants must describe how the financial support from ICANN enables the application process for the gTLD.
    - Additionally, they need to justify why paying the full gTLD evaluation fee (e.g., $250,000) presents a financial hardship.
- **Example: Indigenous language preservation organization**
  - - A nonprofit dedicated to preserving Indigenous languages through digital archiving.
    - With an annual budget of $200,000 from grants, this nonprofit cannot cover the full gTLD evaluation fee, which exceeds 100% of their yearly funding.

Documentation & Indicators

- **Required financial documentation:**
    - Applicants must provide audited financial statements from the last two fiscal years.
    - Documentation should include: **Balance Sheet, Profit/Loss Statement, Cash Flow, and Equity Statements, and others.**
- **Eligibility indicators for financial need:**
    - Annual revenue should be ≤ $5 million, with cash and cash reserves ≤ $5 million.
    - Ownership: Entity must not be owned or controlled by a for-profit organization that exceeds the financial criteria.
- **Example: Environmental conservation NGO**
    - A small nonprofit focused on promoting eco-friendly practices, with an annual revenue of $300,000 and $20,000 in cash reserves.
    - Applying for a gTLD to enhance community engagement, the $250,000 gTLD fee is financially prohibitive and represents 80% of its budget.

Detailed Requirements

- **Purpose of financial viability test:**
  - To ensure that applicants can cover any unsupported costs associated with the gTLD evaluation process, ICANN requires applicants to demonstrate financial viability.
- **Criterion: Ability to cover unsupported portion of gTLD Fee**
  - - Applicants must submit a narrative or funding plan explaining how they will fund the portion of the gTLD fee not covered by ICANN.
    - Documentation can include revenue sources such as donations, partnerships, or internal reserves.
- **Example: Low-budget educational nonprofit**
  - - This nonprofit offers free digital literacy classes and relies on local donations and volunteer support.
    - Plans to fund the gTLD application through a combination of community donations and partnerships with local businesses.

Commitment Deposit and Key Indicators - Expanded Example

- **Commitment deposit requirement:**

  - Upon conditional approval, applicants must submit a $2,500 deposit to demonstrate their commitment to the gTLD application process.

- **Key Indicators for financial viability:**

  - Ability to clearly outline funding sources for any unsupported gTLD fees.
  - Adherence to the deposit requirement as a show of financial commitment and readiness.

- **Example: Educational nonprofit commitment plan**

  - With $50,000 in annual funding, this organization dedicates part of its reserves for the deposit.
    - Additional funding comes from community fundraising events planned specifically to support the gTLD initiative.

Application Support Program
(Bolutife Adisa)

What Are The Costs Involved?

Phase 1:
There are **no payments** required to enter into the Phase 1 of the Applicant Support Program.
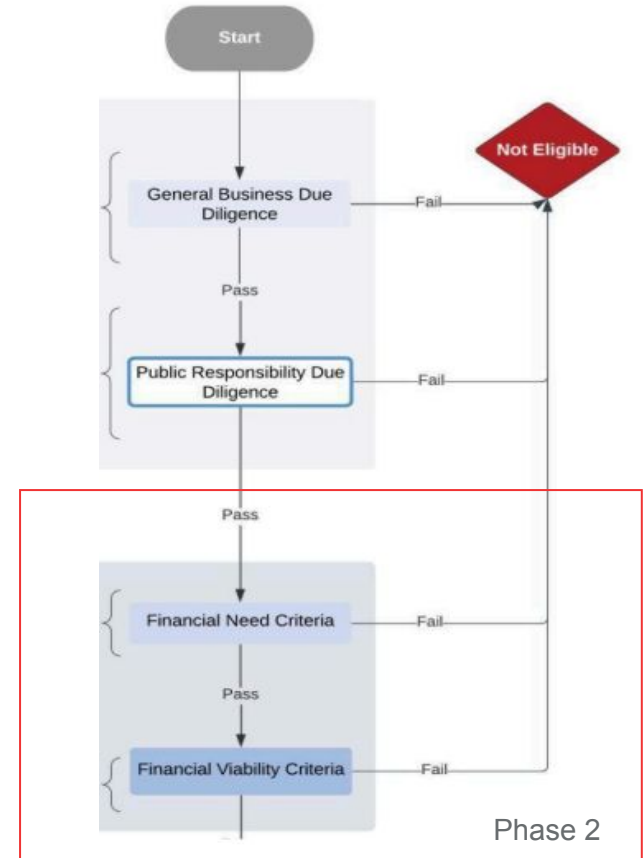
This includes the General Business Due Diligence and Public Responsibility Due Diligence stages.

Phase 2:
Financial Need Criteria and Financial Viability Criteria already explained.

A financial viability deposit of **$2,500** is required as part of the Financial Viability Criteria.

Application fee for the next round GTLDs is - **$227,000**

Application Support Program

What Are The Costs Involved?

New gTLD Program Financial Support and Evaluation Fees	Reduction for Qualified ASP Applicants
New gTLD Program base evaluation fee reduction	at least 75%; up to 85%
Other applicable conditional evaluation fees as defined in the New gTLD Program: Next Round Applicant Guidebook.	at least 75%; up to 85%
Bid credit	The type of support will be determined as part of the implementation of SubPro Final Report Topic 35. (see pp. 173-182). Further detail around this will be included in the New gTLD Program: Next Round Applicant Guidebook.

*Cost reduction will vary fron 75% to 85% based on the number of Successful Applicants

- If ASP reduction is 75% of $227,000 = **$170,250** Applicant pays (Max) = **$56,750**

- If ASP reduction is 85% of $227,000 = **$192,950** Applicant pays (Min) = **$34,050**

How will ICANN support ASP successful applicants?

- Marika Konings (VP, New gTLD Program Lead)
  - What does the non-financial support look like to help applicants prepare their New gTLD Application?
  - What is ICANN doing to reach the communities represented in this workshop?
  - And how can NCUC and NCSG help?
  - Other questions