

25 January 2019

RE: ICANN Registry Fee Reduction

John McCabe  
Who's Who Registry

Dear Mr. McCabe,

Thank you for your letter of 22 November 2018 regarding new gTLD registry fees. Your letter has been published to the ICANN correspondence page (<https://www.icann.org/en/system/files/correspondence/mccabe-to-icann-22nov18-en.pdf>).

We sympathize with the financial challenges that some new gTLD registry operators may be facing in the early periods of these new businesses. New gTLD operators face a challenging task of building consumer awareness and this can and may take significant time and effort.

Your letter cites obstacles related to competing in the domain name marketplace due to the fixed registry fee structure of the New gTLD Registry Agreement. The current registry fee structure, comprising fixed and registration-based fees, was outlined in the Section 6.1 of the Base Registry Agreement and published as part of the New gTLD Applicant Guidebook (AGB). It was subject to several rounds of public comment from the wider ICANN community as part of the AGB development process, and the fee structure and amount have not changed since the ICANN Board approved the AGB in 2011, prior to the commencement of the application process.

Additionally, we remind you that in mid-2018, based on a [dialogue](#) with the gTLD Registries Stakeholder Group (RySG), [ICANN credited](#) the new gTLD registry operators \$5,000 per TLD, refunding the one-time Rights Protection Mechanism (RPM) access fee charged to new gTLD registry operators.

The New gTLD Program was an initiative to introduce competition and choice into the domain name marketplace. The AGB made clear that evaluation phase was to determine whether an applicant had the requisite technical, operation and financial capabilities to operate a registry, and was not a assessment nor an endorsement of a particular business plan.

We disagree with your characterization that ICANN is violating section 3.2 of the registry agreement by using a standardized fee schedule. The Base Registry Agreement was developed through the bottom-up multistakeholder process which included multiple rounds of public comment. ICANN has never committed to financially support the new registries. Alternatively, the community decided upon protections for registrants from a variety of potential failure modes for new Registry operators. These protections were included as contractual elements of the Registry Agreement, and include the [Emergency Back-End Registry Operator](#) (EBERO) and a requirement for a [Continued Operations Instrument \(COI\)](#).

ICANN understood that the introduction of new gTLDs to the market would involve significant effort and investment by the registry operators. Thus the Registry Agreement is a long term agreement, with an initial term of 10 years and the presumptive right of renewal, designed to afford the registry operator the time and incentive to invest in the TLD. However, the Agreement also affords the registry the ability to transition the TLD to another operator or the right to terminate the agreement, for any reason, with 180 days advance notice to ICANN. If you wish to further discuss either of these options in more detail, please reach out to your engagement manager, Ms. Lisa Carter, or our [Global Support Center](#), who can explain the process and implications of such decisions in more detail.

Thank you for your participation and support of a trusted domain name marketplace.

Sincerely,

*Russ Weinstein*

Russ Weinstein  
Director, Registry Services and Engagement