12-April-2026

Tripti Sinha
Board Chair
Internet Corporation for Assigned Names and Numbers
12025 Waterfront Drive, Suite 300
Los Angeles, CA 940094

Re: Request for Comment Regarding Applicant Support Program

Dear Tripti,

While the ICANN Board's initiative to expand funding for the Applicant Support Program (ASP) is well-intentioned, the proposed process raises significant concerns and points to systemic weaknesses in ICANN's multistakeholder model. Drawing on over twenty-five years of experience working with niche-sponsored and community TLDs, I welcome efforts to better include these communities' voices and perspectives within ICANN. That said, the current approach and its underlying justification risk reinforcing perceptions that ICANN functions more like a trade association than a truly multistakeholder institution.

Why this Matters

You and the ICANN Board have framed this expedited action as a response to requests from the Governmental Advisory Committee (GAC) and the At-Large Advisory Committee (ALAC). However, the primary beneficiaries of this approach appear to be commercial interests within ICANN that have been awaiting the next round of new gTLDs for over fourteen (14) years.

Shortcomings in ICANN's Proposed Action

Below is a detailed overview of the key shortcomings associated with ICANN's proposed approach to allocating additional funds to the ASP.

ICANN's Expedited ASP Comment Period Prior Violates the Letter and Spirit of ICANN's Bylaws

Section 3.6 of ICANN's Bylaws clearly and unequivocally sets forth the process the Board must follow:

(a) With respect to any policies that are being considered by the Board for adoption that substantially affect the operation of the Internet or third parties, **including the imposition of any fees or charges**, ICANN shall:

(i) provide public notice on the Website explaining what policies are being considered for adoption and why, **at least twenty-one days** (and if practical, earlier) prior to any action by the Board

The concept of ICANN providing a “reasonable opportunity for parties to comment on the adoption of the proposed policies, to see the comments of others, and to reply” is one enshrined in the original ICANN bylaws. However, in this ASP funding decision, it appears that the Board is attempting to satisfy the technical letter of these requirements while disregarding their underlying intent—effectively relying on a “shadow docket” approach.

To be clear, the anticipated course of action is familiar. The ICANN Board will likely convene a special meeting in England following the Contracting Party Summit later this month—despite no such meeting being publicly listed on the Board’s schedule at this time. At that meeting, the Board is expected to approve additional funding aligned with the planned opening of the next gTLD application window. Notably, this funding proposal has not been presented through ICANN’s formal Public Comment process. Instead, reliance will likely be placed on an ICANN Board chair blog post published on 6 April 2026 to assert compliance with the twenty-one-day notice requirement.

While I recognize that raising these concerns is unlikely to alter what appears to be a predetermined outcome—namely, timely Board action to satisfy commercial expectations around the gTLD application timeline—it is important to formally document this process so that the GAC and ALAC can utilize it in connection with additional policy matters that are important to them, e.g. data accuracy/access and DNS Abuse.

ICANN Continued Mismanagement of the 2012 Auction Proceeds

In my public comment on the ICANN FY27–31 Operating and Financial Plan[1], I proposed transferring administration of the funds generated from the 2012 auction proceeds to a more qualified and independent third party. ICANN’s recent unilateral actions to allocate funds from these proceeds—without meaningful community consultation—only reinforce the perception that it lacks the governance framework necessary to responsibly manage this $200+ million fund. Compounding these concerns, ICANN has positioned itself as the sole beneficiary of all “auctions of last resort” for the 2026 round, leveraging its monopoly control over the IANA function. Based on the 2012 experience, this could result in an additional half-billion dollars in proceeds under ICANN’s control.

In 2018, before the community had finalized a framework for the use of the 2012 auction proceeds, the ICANN Board unilaterally transferred $36 million from the auction proceeds fund to

[1] https://www.icann.org/en/public-comment/proceeding/icann-fy2731-operating-financial-plan-icanniana-fy27-op-plans-budgets-16-12-2025/submissions/palage-michael-12-02-2026

its Strategic Reserve Fund (Resolution 2018.10.25.23), where it remains unrepaid. Rather than fully funding initiatives such as the Applicant Support Program (ASP) through its regular budget or reserve fund, ICANN continues to treat the auction proceeds as a discretionary pool of funds.

There is a certain irony in ICANN moving money from one "ring-fenced" fund into its "operational" fund—via prospective applicants—while simultaneously enabling the creation of new Registry Operators that will generate recurring revenue to ICANN. At the same time, the Board has shown little thought leadership in proactively deploying these funds to address longstanding GAC and ALAC issues such as data accuracy and access—problems that could have been mitigated through a System for Standardized Access/Disclosure (SSAD), which ICANN declined to pursue due to cost concerns.

Ultimately, ICANN's continued discretionary use of these funds blurs the line between its role as a technical coordinator and that of a regulator reallocating resources among market participants.

Inconsistent Treatment of Registry Operators by their Regulator

In 2023, the Brand Registry Group wrote to then acting ICANN CEO Sally Costerton, asking for a reduction in the fees that dotBrand pays annually to ICANN, citing a disparity in the fees that other legacy gTLD Registry Operators pay[2]. Specifically, defensive Dot Brand Registries pay ICANN over $25,000 annual for maintaining one or two domain names in their zone file, while the Registry Operators for the .COOP and .AERO TLDs have thousands of domain names in their respective zone files and only pay ICANN $5,000 annually[3]. In declining the request from Brand Registry Group, Sally stated:

> The cost to support New gTLDs is not merely based on the number of domains under management or the level of abuse. Regardless of the size of the TLD, registry operators must still comply with the Registry Agreement and associated policies, and ICANN must monitor that compliance."[4]

According to the ICANN ASP website[5], there should be a reduction in the "base Registry Operator fees." Given that ICANN grossly underestimated the number of applicants qualifying for the ASP, has it even given any thought to how it will be supporting these reduced annual registry fees? Allow me to share over 20 years of professional experience working closely with smaller Registry Operators. The fees that some of these smaller Registry Operators pay to ICANN actually exceed the fees some pay to their backend registry service providers. Has the ICANN Board given any thought to the optics of greatly reducing the financial barrier to entry to apply for a TLD, only to

[2] https://itp.cdn.icann.org/en/files/correspondence/gore-to-costerton-04may23-en.pdf
[3] https://ntldstats.com/tld
[4] https://www.icann.org/en/system/files/correspondence/costerton-to-gore-10jul23-en.pdf
[5] https://newgtldprogram.icann.org/en/application-rounds/round2/asp

then have that Registry Operator fail financially four years after delegation, when it has to pay the full ICANN annual fee?

If the ICANN Board had directed the ICANN staff to conduct a proper Public Comment on this issue, you and the rest of the ICANN Board could have been given the opportunity to fully appreciate the bigger picture, which you seem to be missing. Is it truly in the interest of the security and stability of the Internet to allow Registry Operators to operate critical infrastructure without long-term business and financial predictability that the .COOP and AERO Registry Operators have benefited from serving their respective communities.

Finally, Section 3.2 of the baseline Registry Agreement requires that:

> ICANN shall not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and shall not single out Registry Operator for disparate treatment unless justified by substantial and reasonable cause.

ICANN has provided no historical basis for the actual costs of supporting Registry Operators, nor has it provided any insight into how it will assess reduced fees for ASP Registry Operators beyond three years of delegation. It just appears to be arbitrary, ad hoc, and inconsistent with its contractual obligations under Section 3.2 of the baseline Registry Agreement.

ICANN's Need to Undertake a Comprehensive Economic Analysis of the Global Marketplace for All Unique Internet Identifiers

Another issue raised in my ICANN FY27–31 Operating and Financial Plan public comment was the need for ICANN to undertake a comprehensive economic analysis of the DNS marketplace. This is an issue that a growing number of stakeholders have been asking for, and which ICANN has repeatedly failed to deliver despite having the contractual right and the financial resources. However, upon further research and reflection, ICANN has a fiduciary duty to conduct an economic analysis of the global marketplace for all unique internet identifiers from which it derives funds.

In 2005, when ICANN shifted from a cost-recovery funding model to a tax-and-spend funding model, its budget exploded from around $16 million annually to over $170 million annually. However, during this budgetary explosion, not all stakeholders have paid their proportionate fair share. By way of example, the five Regional Internet Registries (RIRs) have continued to pay ICANN less than $1 million during this time, whereas the ccTLDs have increased their contributions from around a $1 million to less than $2.5 million annually. However, during the same period, Verisign went from paying around $130,000 a year to ICANN for the right to operate the .COM registry to today, paying more than $40 million.

If ICANN is going to provide an ongoing subsidy (fee reduction) to qualified Registry Operators, ICANN should be required to provide greater insight and detail in their actual costs.

Conclusion

I want to be crystal clear that I personally support the GAC and ALAC's position on this matter. However, there is a right way and a wrong way to achieve that goal, and I believe the path you have charted in your blog piece is the wrong one. Take the time to engage in a proper community consultation as envisaged by the ICANN bylaws, and address the long-term economic support these TLDs need beyond just the initial three years, just like ICANN has done with .COOP, .MUSEUM, and .AERO. The ICANN Board has the time to do the right thing and act following proper consultation at or before the ICANN86 meeting in Seville.

Best regards,

Michael Palage