KELLY MEDINA

Thank you. Hello and welcome to the Planning and Finance Update. My name is Kelly Medina and I am a participation manager for this session. Please note that this session is being recorded and is governed by the ICANN Expected Standards of Behavior and ICANN Community Anti-Harassment Policy.

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I will now review today's agenda. So, today we will be going over the Fiscal Year 2025 Financial Update and we will go over the Draft ICANN Fiscal Year 2026 to 2030 Operating and Financial Plan and the Fiscal Year 2026 Operating Plan, the Draft Fiscal Year 2026 Budget, the Draft Fiscal Year 2026 to 2030 Operating and Financial Plan and Fiscal Year 2026 Operating Plan and Budget Overview of

Public Comments Received, and the Draft ICANN 2030 which is the PTI Strategic Plan for Fiscal Year 2026 to 2030.

And then we will go over the Fiscal Year 2027 Annual Planning Process Tentative Timeline. And we will make some time for some questions and answers as well as taking questions throughout questions throughout the presentation. At this time, I will go ahead and get started with our first topic which is the Fiscal Year 2025 Financial Update.

ALEX MORSHED

Thank you, Kelly. So, this is a brief update of how ICANN's financial results for the six months of the fiscal year and this aligns to the financials that were recently posted online which we do quarterly. So, this is for the first two quarters of the fiscal year. Could you go to the next slide, please, Kelly? Thank you.

The FY25 financials for the first six months of the fiscal year, that is July through December, 2024, are strong compared to both budget and prior year. ICANN has achieved strong financials through combination of higher funding and expense efficiencies. The full year forecast for FY25 in ICANN operations is currently projected to have expenses lower than funding with a range of $2 to $7 million excess. And this is achieved through a couple of different drivers.

First is that funding is projected to be $148 million to $150 million, and this reflects a six-month impact of the registry fee increases that took place beginning in January. But this does not include any impact from registrar fee increases which have yet to go into effect. The expense forecast assumes ICANN achieves by the end of the fiscal year a $12.5 million annual run rate reduction of expenses versus those in FY24. And this aligns to the Board Resolution which was put in there as a stipulation so that ICANN would have balanced budget in future years.

And so, we are 90% of the way to achieving that goal of the expense rate reduction and this is primarily due to lower than staffing levels that we initially budgeted and other cost savings initiatives. And the org plans to achieve that 100% of the goal, the $12.5 million goal, by the end of the fiscal year.

Okay, can we go to the next slide please? So, this is an overview of the FY25 financials through December 2024 for total ICANN showing the funds under management for each business segment as well as funding expense and investment activity. Funds under management increased slightly for the first six months of the fiscal year as investment gains and operating fund deposits ended up being greater than withdrawals which were particularly on the New gTLD Program expenses side. The headcount and full-time equivalents for each segment are essentially on budget.

And yeah, I think we'll just dive a little deeper into ICANN operations on the next slide now. So, for ICANN operations again through December of 2024, our operating excess, which is the basically funding minus expenses, was $4.5 million higher than it was at the same point last year. And this is due to expenses being almost $4 million lower and funding being $600,000 higher. The lower expenses are driven by savings in travel and meetings notably as well as then higher funding was driven by a stronger than transaction fees than we had last year.

Okay. So, that was the financials through the first six months and the next slide we'll go over the full year forecast of the financials for FY25. And this is presented as a range forecast range versus the adopted budget. So, first line we see that funding is stronger, we anticipate being stronger than the adopted budget with current projections around $149 million. This is re-evaluated quarterly and updated monthly with a full deep dive quarterly. And as I said, this impact includes registry fee increases from January through June of 2025.

Personnel. The budget assumes org-wide salary increases however the forecast reflects very few increases in promotions and also has less than budgeted staff. There are also some expense efficiencies which I mentioned earlier on the non-personnel side and our contingency which initially assumed higher even than the $5 million, $7.5 million. We project to use less in the range of $46 million for the full fiscal year. So, leading to expenses of $140-$145 million and a total excess of $2-$7 million whereas the adopted budget had aligned for cost savings initiatives of $8 million. So overall we're in a much better place than we thought we would be for FY25. Okay. If there are no questions, I will turn it over to Margaret.

MARGARET BENAVIDES

Thank you so much, Alex. For the record, this is Margaret Benavides from the ICANN planning team. I will now provide an overview of the draft FY26-30 operating and financial plan and the FY26 operating plan. Next slide please.

The ICANN bylaws mandate a five-year strategic plan for every five-year fiscal period. The draft strategic plan has been developed by the Board and outlines strategies to achieve ICANN's long-term strategic objectives and goals over the five-year period. The Board is aiming to finalize the draft strategic plan for adoption no later than March 2025. The draft five-year operating plan integrates a long-term strategic objectives with ongoing operations. It outlines the 35 strategic initiatives or projects designed to support the achievement of the 28 strategies listed in the draft strategic plan and the functional activities or continuing and ongoing operations.

Next slide, please. This slide reviews the FY26 planning assumptions. The first assumption is on that new strategic plan. The operating plans assume that the vision and scope of the strategic objectives will remain unchanged from the draft version posted for public comment. The second assumption is on travel. The FY26 plans assume that ICANN public meetings, Board and org, and community engagement will occur on the established public meeting schedule.

Next is regarding ICANN's financial sustainability. This is a cornerstone of the plans. ICANN org plans for affordability with operating expenses to remain at or lower than available funding. Lastly, ICANN's draft operating plans include implementation work when recommendations and policies are Board approved. The community-led prioritization process has been critical to this planning and prioritization of ICANN's work to support the needs and demands of the community.

Next slide, please. This slide reiterates that the operating plan reflects all of ICANN's work, including the strategic initiatives as well as the ongoing functional activities to implement ICANN's mission to operate and support the organization.

Next slide, please. This slide further describes the 35 strategic initiatives. In FY26 will be the first year of the five-year strategic plan. You may notice that there are detailed project plans for some strategic initiatives but not every one of these initiatives are meant to be undertaken over a five-year period. Not all of them will start in FY26. There is an appendix that outlines the map being illustrated in the bottom of the slide to outline expected timing for these strategic initiatives.

I will now pause for some questions before passing the floor back to Alex who will provide an overview of the Draft FY26 Budget.

ALEX MORSHED

Thank you, Margaret. Okay, so if we can move to the next slide. We will start with an overview of the FY26 budget for total ICANN and its segment components. And as Margaret was saying, this is the budget that was published for public comment in December. An overview of this.

So, ICANN's activities are funded by different funding sources based on the nature of the work and additional funding sources are available to ICANN to execute an increasing amount of work and incur expenses higher than the operational funding numbers which is about $142 million on the second line.

But looking into some of the segments, ICANN operations has expenses and funding that balance at $142 million. The New gTLD Program consists mainly of Next Round expenses and does not include proceeds from new application fees. The SFICR projects column which consisted of specific review recommendation implementation and the registration data request service or RDRS are expected to end in FY25 and the remaining SFICR funds are expected to be used for the Next Round.

Okay. That said, we'll dive deeper into ICANN operations. So here are the funding trends for operations. Funding was steady in recent years but in FY26 is projected to decline. One reason is the expiration of the security stability and resiliency contribution based on the ICANN and VeriSign letter of intent. And I guess, we'll, okay. And then in FY26, the draft budget that was posted did not include an impact from fee increases and does not include, as I said, proceeds or from the application fees for from the Next Round of the New gTLD Program.

If we can move on to the next slide, we'll talk a little bit more about expenses, the trends of expenses. So, the first three bars in this slide from FY17-19 showed a period of time where ICANN developed process improvements and efficiencies that led to flat costs despite an increasing amount of work. And then the next three years FY20-22, these expenses were impacted by the COVID-19 pandemic, particularly lack of travel and meetings. And then in the more recent years, so FY23 to the budget period of FY26, costs have increased due to the resumption of travel, new work that ICANN has faced and inflation on costs. So, as I was mentioning, ICANN is continuing to implement cost savings to balance to the available level of funding.

Next slide we'll look at the FY26 budget versus the FY25 adopted budget. So, for the funding line, again the '26 budget funding does not include the impact of fee increases. It reflects a half a year of the SSR contribution. And personnel costs are lower in '26 due to average lower FTEs than the '26 budget assumed. Non-personnel expenses reflect cost savings initiatives being carried out. The budget for contingency was increased to about 5% of ICANN operations expenses, which we felt was an important marker to achieve that 5% mark giving us flexibility to handle unanticipated costs.

And for both fiscal years, we had or have cost savings initiatives to balance to the available levels of funding. Now as I mentioned in FY25, we're in a better place than the adopted budget that's reflected with the excess of $2-$7 million that we're forecasting in the FY26 budget were projected to be balanced. Okay. We'll move on to--

XAVIER CALVEZ Alex, I hate to interrupt you. I see Anne having her hand up.

ALEX MORSHED Go ahead please.

ANNE AIKMANN-SCALESE Great. Thank you. I appreciate the chart being so concise, and apologies for not having followed this terribly closely um before the meeting. But lower full-time employees cost in 2026 when the New gTLD Round opens. How do we get to a lower number of FTEs when there's so much activity going on? Thanks.

ALEX MORSHED Right. Exactly, Jeffrey Neuman. This is the segment of ICANN operations, so I will go into the New gTLD Program, specifically Next Round, following this, but yeah, the operations segments of ICANN has lower-than-planned FTEs. And that's versus the FY25 budget as well.

XAVIER CALVEZ And just for clarity. And what we call operations is the ongoing work of ICANN that excludes the New gTLD Program as well as other programs that are separately funded like the grant program, for example. So, operations is the ongoing work as opposed to large project work like the New gTLD Program and maybe, Alex, you want to go back to the slide that shows the various segments so that Anne can see those segments all together.

ALEX MORSHED Sure. I think that's two slides prior or three slides prior. Here we go.

KELLY MEDINA I also see Sebastien has their hand up. if you would like to unmute and ask your question.

SEBASTIEN BACHOLLET Thank you. Sebastien Bachollet speaking. I have a question regarding SFICR. When do you think that the SFICR will be-- put money back to the SFICR as you talk that part was taking for the Next Round and the same time you say that it's a separate budget. Therefore, I hope that at one moment the money will go back because there are other projects to be funded within ICANN by the community and that could be useful. Thank you very much.

ALEX MORSHED Xavier, is that hand in response?

XAVIER CALVEZ Sure.

ALEX MORSHED

Okay.

XAVIER CALVEZ

Thank you. Thank you, Sebastien. And for everyone, the point of Sebastien's question is also that the SFICR is the Supplemental Fund for Implementation of Community Recommendations. And that fund was created a few years ago to enable to dedicate resources to specific projects. And this is done by a decision of the Board and the SFICR was funded with excesses that were generated during the pandemic, COVID-19 pandemic when we had larger excesses because we didn't travel so we didn't spend that money.

And so, a lot of the excesses during that period went either in the reserve fund for $20 million of it, in the SFICR for $40 million of it and therefore, it allowed to fund projects like the implementation of reviews projects like the SSAD or the RDRS in its current form. And that helped therefore carry out implementation work for the organization with those funds existing.

As Sebastien is flagging, which you can see in this slide, we have exhausted the funds that had been put into the SFICR by using those funds to implement programs like the New gTLD Program and the ones that I mentioned earlier, and as a result of which there's no funds in this fund anymore.

So, as a general approach, the investment policy of ICANN which you can find on ICANN's website states that on an ongoing basis if the organization has any excess defined in an annual manner, then these excesses follow a hierarchy of use which is first, that it goes to replenish the operating fund which is the ongoing cash of ICANN for daily operation if it needs to be replenished. Then it goes to the reserve fund if the Board decides that the reserve fund should be allocated more funds. And third, it can go to the SFICR if there's any funds left after these first two allocations.

So that's the general approach for loading or funding or adding money to the SFICR, and that's embedded into our investment policy which is also directed by the Board. But your point is noted, Sebastien, that to the extent possible you're basically saying it's helpful to be able to allocate funds to that specific fund because it is dedicated to community recommendation implementation work for the organization. And we make a note of that, the Board members present have heard you and this is an important flag to provide. So, thank you for that.

KELLY MEDINA

Thank you. Judith, I see that you have your hand raised.

JUDITH HELLERSTEIN

Yes, Judith Hellerstein for the record. I wanted to follow up on Sebastien's question because it was also mine. We mentioned that the leftover funds for SFICR will move to the new two-year gTLD

Program, but as we see here, the New gTLD Program has its own funding. And was it this move there because before the funding stream was started for that, the funds for they needed some so they moved over?

And I guess Sebastien's question is, now that they have their own funding stream, are those funds going to go back to the SFICR so that they can be used for the priority projects that the SFICR was originally created for and that you mentioned and you're discussing? Thanks so much.

ALEX MORSHED Xavier, you might be on mute if you're speaking.

XAVIER CALVEZ Yes, I am, sorry. Thank you. Thank you, Judith. And for everyone's clarity, this is a good and important question to address. So, the reason why the funds in the SFICR have been used or are being used for the purpose of funding the New gTLD Program is because the New gTLD Program to be organized and prepared and developed requires expenses to be incurred prior to this program starting in order to help the program being started.

Therefore, the organization incurs a lot of costs. You can see that here. In order to prepare for this program and these costs need to be funded, and they cannot be funded by ongoing funds. So, the Board decided a few years ago to use as a funding source for these costs to be incurred prior to this program starting into the application fees from the applicants to be collected by the organization to use leftover funds from the 2012 round. That is still going on and still consuming funds, but there's some remaining unspent fees for the moment.

But this was not sufficient to be able to fund entirely the development cost of the Next Round, as a result of which the Board decided to use some of the SFICR funds to be able to complement the funding of the development cost of the Next Round. And the SFICR is completely designed for exactly this type of purpose.

You were pointing to the other projects that I mentioned earlier that are funded by the SFICR and that as came the funds from the New gTLD Program used for the purpose of the New gTLD Program be repaid to that SFICR to fund those projects. Those projects are going to be completed with the existing funds in the SFICR during FY25 and therefore, those projects will not necessarily require further funding on an ongoing basis. So, there's not necessarily a need for reimbursing in "the SFICR".

Now, the Board could absolutely decide in the future, once application fees have been collected, to reallocate some of these originally spent funds to the SFICR once we collect funds that reimburse in "the organization" from those preparation development costs from the New gTLD Program and decide to reallocate some of that to the SFICR fund. That has not been decided at this point. Also, because, of course, we don't know how many applications there will be to the program. But that's an important and very valid question. Thank you, Judith, for having posed it and hopefully everyone will benefit from that clarification.

KELLY MEDINA	Thank you, Xavier. And we have another hand raised by Michael Palage. And as a reminder, I would like if you could please speak clearly into your microphone for all speakers so that our interpreters may be able to interpret your questions as well. Michael, go ahead and please unmute your microphone.

MICHAEL PALAGE	Thank you. This question is for Xavier. About two slides ago, there was a reference to the expiration of the LOI between VeriSign and ICANN. I guess first part of my question, could you shed any light on whether that was a mutual decision or whether that was a unilateral decision to let that expire?

XAVIER CALVEZ	So it's not a decision per se. It's a contract that was signed a few years ago between VeriSign and ICANN. And that contract set a number of different provisions that had a time-defined period of five years. And the five years is expiring at the end of FY25. So, the decision for this period of SSR support by VeriSign is expired. It was started in 2020 and is finishing at the end of 2025. And that's why we're talking about this expiration here. So, it's not a specific decision. It was a mutual decision on the outset at the time this was created.

MICHAEL PALAGE

Okay. So, I guess my follow-up question is that total LOI, I believe, involved a total commitment of $20 million, of which I believe ICANN was required to provide annual certifications. Does ICANN envision any type of assessment on how that $20 million was spent on security and stability? I know there were supposed to be reports. I've struggled to find any of that information online.

I know that some of the work was referenced in connection with the recent COM agreement. I believe it was with security incident reporting, which has also appeared in the new baseline gTLD contract. But I've not been able to find anything else. Do you think that ICANN envisions some type of summary to see how that $20 million was invested and spent to provide future assessments for other people that may want to enter into future LOIs similarly?

XAVIER CALVEZ

Thank you, Michael. And so that everyone understands, the LOI that Michael is referring is an agreement between ICANN and Verisign where Verisign committed to support the work of ICANN in continuously improving Security, Stability, and Resiliency of the DNS, which is why these, and to Michael's point, it's a total of $20 million over a five-year period, $20 million over a five-year period, and ICANN has collected from Verisign $4 million for every year and has provided certification to Verisign of the usage of those funds.

The usage of those funds has been tracked, and I think it's fairly easy to be able to report on them. We have the ability to, because they've been tracked throughout the period of five years, and this is something that is easy to provide a report on, and towards the end of the period, we will consider being able to provide the visibility of all the expenses that have been paid for by those funds.

And just as a general comment, supporting the Stability, Security, and Resiliency of the DNS is effectively ICANN's position. So, we consider at ICANN that about everything we do is in the support of SSR, but there's been a specific focus on a number of various activities that these funds have been used for that support, of course, SSR. So, we will be able to provide a report on that. Thank you for that question.

KELLY MEDINA Thank you, Xavier. Alex, if you would like to continue?

ALEX MORSHED Sure. Thank you. So, this is a snapshot of the IANA FY26 Budget, which is a part of the ICANN operations budget. The PTI portion of the IANA budget is projected to increase by $400,000 from the FY25 budget, and this is driven by planned inflation on the cost of compensation and benefits. The IANA support activities and overall services for the IANA functions remains the same from FY25 to FY26.

Okay. And now we'll look into some separately funded segments. So, the next two slides, we'll talk about the New gTLD Program Next Round. So, the Next Round budget is currently separated into two categories, implementation and processing. Implementation covers all the activities required to prepare for the opening of the Next Round, while processing covers the processing of the Applicant Support Program, or ASB, and the Registry Service Provider, or RSP applications, and then eventually the overall program application processing.

Funding for the Next Round is requested for Board approval in tranches, as was talked about briefly earlier, the next of which will happen at the ICANN Board workshop in May, and that tranche will cover implementation costs from May 2025 to April 2026. Some other milestones to note, if we could just stay on the last slide for a second. The Applicant Guidebook is planned to be published for public comment in May of 2025, and the application period is anticipated to open in April 2026, and will close about 15 weeks later.

Okay. And the next slide is a table of essentially a financial overview of the Next Round covering implementation and processing costs through FY26. So, for implementation, FY26 is a continuation of efforts in FY25 for the development of systems and maintenance, and overall, the implementation forecast is projected to be flat with the $70 million implementation budget. And for processing, the FY26 budget reflects an increase in FTEs for staff who will transition from implementation tasks to processing applications, as well as new positions being hired for application processing.

There are also professional service costs for processing panel evaluations for ASB eligibility and RSP technical review. The processing costs are projected to be about $15 million in total, leading to the total expenses shown here of about $85 million. Okay. And the last slide I'll go over is about the Grant Program. Oh, there is a question. Yes, Anne.

ANNE AIKMAN-SCALESE

Yes, thank you. It's Anne Aikman-Scalese. And this could be a pretty abstract question, but looking at the $84.7 million and the fact that the New gTLD Program is supposed to be based on cost recovery, how is that ultimately reflected in the overall budget and the New gTLD Program budget once there are applications in 2026? How is cost recovery affected in the budgeting process?

XAVIER CALVEZ

Thank you for the question. For everyone to understand, Anne is pointing out to the fact that—that's what I was explaining also to Judith earlier—the program to be developed requires to put a lot of work before application fees are collected, and that cost of preparing the program is displayed here. Anne's point is these costs are incurred prior to the program occurring. When the application window opens and closes, applications will have been received.

The "repayment" of those funds advanced for the purpose of the program will occur through the collection of the fee, and the fee for an applicant includes the recovery of those development costs. If you remember the 2012 round, in the 2012 round there was $25,000 included in the $185,000 of the application fee that was aimed at recovering and repaying the development costs incurred prior to the launch of 2012 round.

Similarly, for this Next Round, the application fee which draft has been shared and offered, also includes the recovery of the budgeted $70 million of development costs for the program by including a fraction of money in the application fee to recover those $70 million, which of course also depends on the number of applications that will be received. But that's the mechanism basically that is intended, and which is very similar to the 2012 round for those who--

ANNE AIKMAN-SCALESE Thanks, Xavier. A quick follow up. How much of the, I think it's $227 is allocated to cost recovery? Sorry, I don't know that detail.

XAVIER CALVEZ $35,000 as long as we receive 2,000 applications, which is currently the assumption of the program.

ANNE AIKMAN-SCALESE I'm sorry, how much?

ALEX MORSHED	Xavier, I think the amount was not clear if you could repeat that.
XAVIER CALVEZ	In the $225,000 of the application fee, if we receive 2,000 applications, we're expecting $35,000 of that fee to be corresponding to the repayment of the $70 million. $70 million divided by 2,000 is $35,000, and that $35,000 is included in the $225,000 of the fee. I hope that was clearer now. Does that address your question?
ANNE AIKMAN-SCALESE	Yes, thank you. I appreciate it. Thanks.
XAVIER CALVEZ	No problem.
KELLY MEDINA	Thank you. Michael, I see your hand raised if you would like to ask a question.
MICHAEL PALAGE	Thank you. Mike Palage for the record. Xavier, quick follow-up question, and I appreciate the paying the previous cost forward as you were explaining. Perhaps one of the things that I have struggled with is this is actually going to be ICANN's fourth New gTLD round. There was the 2000 proof of concept, the 2004

sponsored round, and then the 2012 last round. And according to my recollection, each of those rounds ended with a surplus that seemed to go to paying forward to the Next Round. And I've never seen any accounting by ICANN by which that was kind of paid back, so to speak.

So, ICANN's basically taking it in advance based upon previous funds collected, but I've never seen a sort of reconciliation of that. Can you perhaps speak to how previous excess rounds from the 2000 and 2004 rounds, how they have been reconciled and fit in with this current model?

XAVIER CALVEZ

Thank you, Michael. Unfortunately, I can't speak to the 2000 and 2004 rounds. I do not have visibility as to the financial position of each of those rounds individually. What I can tell you more specifically is the connection between the 2012 round and the current round.

I think that what we need to be able to explain in relation to the New gTLD Program is that the New gTLD Program in the 2012 round, as well as this Next Round that is being prepared for, and potentially any future round, is pertaining to one policy, which is the New gTLD implementation policy that was adopted by the Board from memory. It was in there in June 2011. And as per that policy, rounds of opportunities for the public to apply for a New gTLD are created, as a result of which the organization looks at the program as a whole, with various rounds within it. The 2012 round, the Next Round, potentially future rounds.

So, the use of funds that may be left over, when that's the case, remains for the purpose of the overall program. Therefore, in this case, what we can speak about is that we are using leftover funds, currently unused for the 2012 round, to help fund the Next Round within the same program.

What I want also to flag, which I flag every time we talk about this, is that we do not know yet how much, if any, leftover funds we would have for the 2012 round, because it's not finished. There are still a few strains that are in the process of being evaluated and addressed. And the reason why this is lasting so long is because several of those strains are under litigation matter or other matters of accountability that ICANN has in place, that enables challenge of decisions relative to those strains.

Therefore, the 2012 round is not finished and we're still spending money against it. And therefore, we don't know how much leftover there will be. So right now, we are using an assumption that we can use some of the funds of that 2012 round that have not yet been spent in order to be able to help funding the Next Round of the New gTLD Program. And that's what we are-- The amount that is intended to be used from memory, and my team will correct me, I think it's $20 million of the 2012 round remaining application fees unspent that we're using to pay for, to support the cost of the Next Round.

Repayment, you use the point of repayment, I'm trying to be quick about it and maybe we'll have also a separate conversation about it. The notion of repayment is strange because there's no-- Once the 2012 round is finished, there's not really a repayment of a 2012 round fund, which is because the round will be finished. And therefore, any leftover fund would be carried forward to help support the following round.

Now, this has been the subject of a lot of discussion, is also something that I believe there's desire and benefit to potentially formalize a bit further. And I don't want to go too far into speculations about it, because I think this is the subject, a subject that's been discussed, and I see Jeff's hand up that he may help with that conversation. So, I'll stop there. I hope that helps. Happy to continue explaining this or discussing it further, Michael, with you. And I'll let Jeff jump in.

JEFF NEUMAN

Yeah, thanks. Because this has been the subject of a lot of my questions and I'm still a little bit-- I mean, I thought after the last meeting, I understood it. But now, if you're just taking the funds to use those, shouldn't that be deducted from the applicant costs this time around? Unless there is a plan to repay that amount.

So, if you borrowed or if you took $20 million, let's just say from the last round of the excess funds, and therefore you now say, okay, well, we have to recover that $20 million from applicants, then are you not-- Again, this is the double kind of billing, unless you want to repay that $20 million back to that fund and then give it back to the applicants, assuming you could find the 2012 applicants, then it just seems like you're both using those funds and then collecting again.

I would think if you use the funds from the last round, you would then say, well, it cost us $70 million, but we're actually borrowing or we're actually taking $20 million we already have. So, really, it should be 2000 applications or $50 million divided by 2 million applications.

XAVIER CALVEZ

Thank you, Jeff. So, the reason why we're not currently doing what you're suggesting, which is a completely plausible and reasonable approach, so presuming everyone has understood what Jeff's point is, he's basically saying if you have leftover money from a previous round, and you're using that to help prepare for the following round, it therefore reduces the cost of that following round, and therefore you don't need to charge as much to recover, because you've already paid for some of it with previous funds that you had available.

So that's Jeff's point. The current approach that we're following is driven by the New gTLD policy, which says that each round should be designed to be cost recovery only. So, the total cost of a round should be paid for by the application fee of that round, and therefore the fee is designed to fully recover the cost of an entire round, including the costs that may have been incurred prior to the application window opening and closing.

In our case, for the Next Round, if I use that as an example, the $70 million of developing, cost of developing the Next Round, are therefore included in the cost, total cost of the round, and that is aimed at being recovered by the fee. That's logical as per policy, because also each round is not necessarily designed to generate an excess, if there's any.

Michael was saying earlier that the 2000 and 2004 rounds had excesses. I have no record of that information, so I can't speak to it. I mentioned the 2012 round. We don't yet know if we have an excess for the 2012 round. If I speculate, we may continue to incur litigation costs for this 2012 round beyond the funds that are remaining available for that round. We may have a deficit for that round. We don't yet know. So, it is therefore, by design, that any round is designed to be fully cost recovered.

Now, you're right that what happens if there is, we collect the 2000 applications that the Next Round is being designed for, there is $70 million that is recovered by the organization as a result of the fee collected for the Next Round. And what happens with those funds? That's a decision that the Board will decide to do then. And this is why I was talking earlier about more conversation that needs to occur on how we use the funds for the New gTLD Program, if there are excesses on any round, and how they contribute potentially to help develop the next rounds of the program or a continuing application process, if that would be considered.

So, there's further conversations to be had about how these recovered funds happen, are used, and are allocated, presuming that they are collected, because we, of course, don't yet know how many applications will be received for the Next Round. And I know your point that there are recommendations from some on the topic.

KELLY MEDINA

Thank you, Xavier. So, we are running a little short on time, so we are going to go ahead and jump to our other agenda items. Thank you, everyone, for your questions so far. And also, as noted in the chat, I did want to let everyone know and advertise that we have a prep week session today at 1800 UTC with the Next Round team. If you are interested in this topic, we encourage your attendance. So Margaret, if you could please go over our next agenda item.

MARGARET BENAVIDES

Thanks, Kelly. I'm going to provide a quick overview of the preliminary public comment summary. Next slide, please. So, the draft FY26 plans for ICANN, IANA, and PTI opened on the 17th of December and closed on the 14th of February. We intend to publish the public comment summary report for the draft plans for the PTI on the 31st of March and for ICANN and IANA on April 2nd.

Next slide, please. We've received 140 individual comments over six groups and one individual for the draft ICANN and IANA plans. The comments were thematically broken down into six themes. This is preliminary data, of course. The most comments were received on the strategic initiatives, 43%, followed by financials management, functional activities, plan structure, planning assumptions, and other.

Next slide, please. This slide breaks down the comments by submitter and theme. We want to emphasize our appreciation to everyone who provided submissions to the public comment.

Next slide, please. This slide outlines the key steps for the FY26 operating plans. As we mentioned prior, we're planning on publishing the summary report for PTI in late March and for ICANN and IANA in early April. The PTI board will review the PTI operating plan and budget in April, and then the ICANN and IANA operating plans will be reviewed for board adoption in May. Thank you so much.

I think, Kelly, are we maybe pausing? Yeah, I'm going through the timeline. Thank you so much. So just for everyone's summary quickly, the timeline is here as follows, and we will be adopting the plans in July 1 of 2025 if everything goes right. And if you have any questions, please feel free to reach out to us at planning@icann.org. Please note that there is additional information included for your review, and we will respond to questions there. So, thank you for participating in ICANN's planning process. Appreciate it.

KELLY MEDINA Thank you, Margaret. I think at this time with three minutes left. We will just go ahead and send a reminder. That information found in this presentation is posted on our prep week page if you would like to go over our presentation. We also have it posted on our wiki page for the ICANN community finance and planning wiki page. So, we encourage anyone interested in our topics to visit our pages here as well.

I believe that we will go ahead and just wrap up our session here. And again, if you have any additional questions that were not answered in our session today, we encourage you to email us at planning@icann.org.

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