

# gTLD Auctions Webinar

07 November 2013



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# Webinar Information

**US Toll-free:** 1-877-941-8268 **US Toll:** 1-480-629-9655

**International Numbers:** Download at <http://newgtlds.icann.org/webinars>

**Conference ID:** New gTLD Auctions (4648210)

## + Q&A session after the presentation

- Questions submitted to ICANN prior to the webinar given priority
- Phone questions
  - + To ask a question dial \*1 (star one)
  - + To exit the question queue dial \*2 (star two)
- Questions will be answered as time permits

## + Recordings and slides available after the webinar: <http://newgtlds.icann.org/webinars>

# Agenda

- + Eligibility Requirements
- + Auction Process & Timeline
- + Highlights of the Auction Rules
- + Topics for Community Discussion
- + Q & A

# Current Contention Status

- Active Contention Sets: 203
- Applications still in contention: 660
  - Numbers do not reflect impact of string confusion objections
  - String confusion objections where the objector prevailed: 13
- Auctions expected to be “method of last resort” to resolve string contention
- Power Auctions LLC will be the Auction provider
- Preliminary Auction Rules published 1 Nov
  - <http://newgtlds.icann.org/en/applicants/Auctions>

# Eligibility Requirements



# Auction Process Eligibility

Each active application in the Contention Set must have

- Passed evaluation
- Resolved any applicable GAC advice
- No pending objections
- No pending change requests

Each applied for gTLD in the Contention Set must

- Not be classified as “High-Risk” per the Name Collision Occurrence Management Plan
- Be eligible for the Alternate Path to Delegation or have received the SLD Collision Occurrence Assessment from ICANN

# Timeline & Process



# Prior to the Auction Event

## Notification of Intent to Auction

- This notification is made to Qualified Applicants via the ICANN Customer Portal
- Qualified Applicant names its Designated Bidder by completing a form
  - Designated Bidder is the entity that owns the bank account from which deposits and payments will be made
  - Can be same entity that owns the application or another entity
- Execute Bidder Agreement
- Submit “due diligence” materials
- These responses are due 30 Days after Notification

## Notification of Auction Date

- This notification is made to Qualified Applicants via the ICANN Customer Portal
- Handoff of initial credentials to use the Power Auctions system
- Auction date and key deadlines
- Wire instructions for submitting Bidding Deposit



# Lead-up to the Auction Event

## Transition to Power Auctions Systems

- Provide Designated Bidder's wire instructions (for refunds of deposits)
- Confirm Authorized Individuals
  - Authorized Individuals are the people authorized to place bids on behalf of the Designated Bidder
  - Up to two Authorized Individuals per Designated Bidder

## Blackout Period

- Begins at the Deposit Deadline (seven days before Auction)
- Discussions among contending Applicants (and their Designated Bidders) must cease at the Deposit Deadline
- Application withdrawals will not be processed after the Deposit Deadline

## Mock Auction

- For Designated Bidders only – one day prior to the live Auction
- Participation is optional, but recommended

# Summary of Auction Materials

## Designated Bidder Forms

- Contains: identifier information about the entity who will participate in the auction
- Enables:
  - Applicant to designate the entity who will supply the funds for the auction
  - The Escrow firm to conduct due diligence on the source of funds
  - PA & ICANN to set up user accounts for systems & monies
- Availability: Early December

## Bidder Agreement

- Contains: Stipulations of participation in the auction
- Enables: Participation in the Auction
- Availability: Mid December

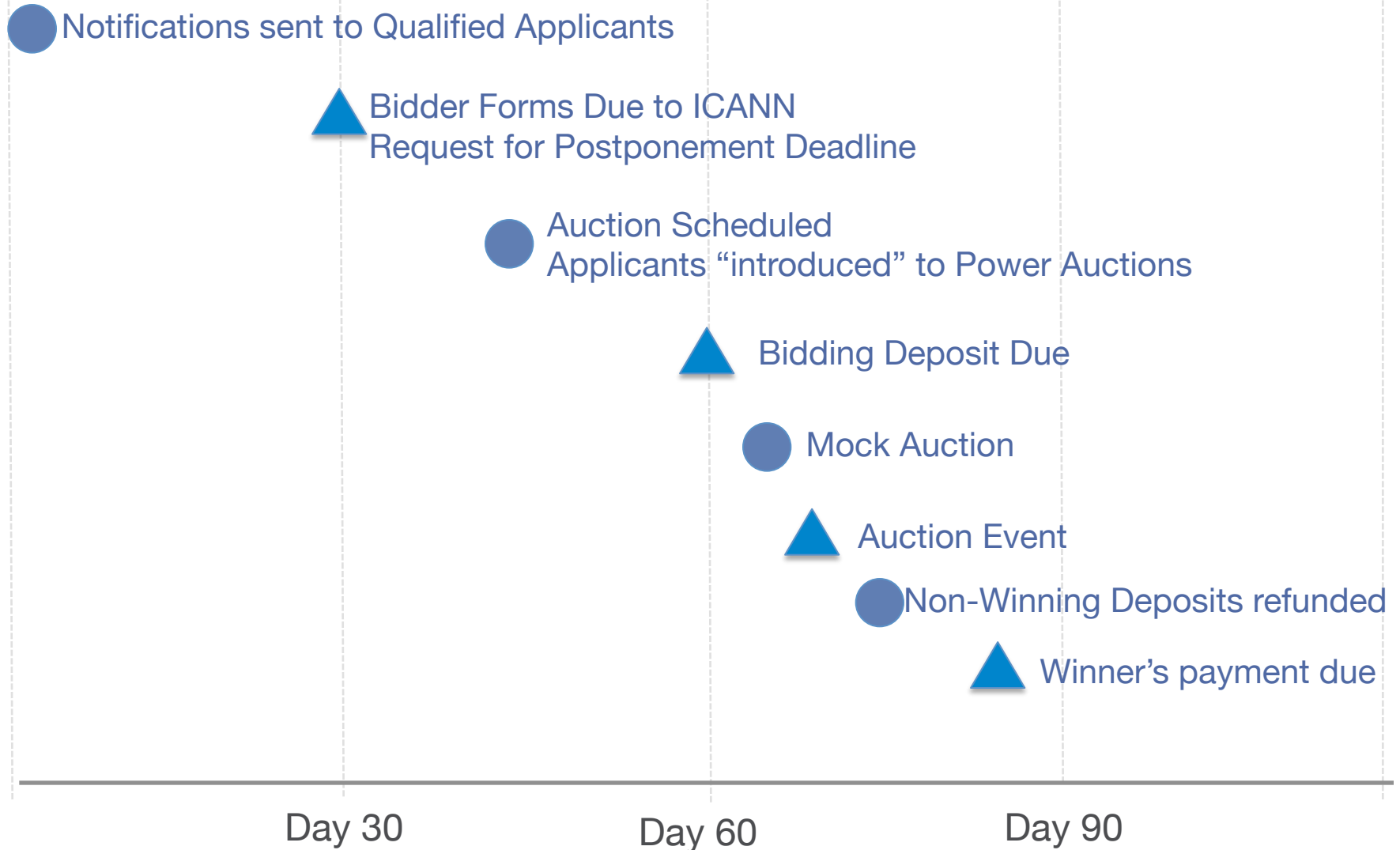
## Auction Rules

- Contains: Auction Procedures
- Availability: Preliminary Version posted Nov 1; Final Version prior to 1<sup>st</sup> notifications of intent to auction

## Auction System User Guide

- Contains: Instructions for using the Power Auctions systems
- Availability: Prior to 1<sup>st</sup> notifications of intent to auction

# gTLD Auction > Preliminary Timeline



# Highlights of the Auction Rules



# Highlights of the Auction Rules

## Deposits & Bidding limits

### Bidding deposit due 7 days prior to the Auction Event

- Deposits are required to participate in the Auction
- Deposits may not be modified after the Deposit Deadline
- Deposits will be held in escrow accounts at a major US commercial bank
- Deposits must be sent by wire, denominated in USD and net of any bank fees
- Confirmation of Deposit receipt will be provided

### Your bidding deposit determines your max bidding limit

- Bidding Limits will be kept confidential throughout the process
- Each Application has its own Deposit and Bidding Limit
- The Bidding Limit for an Application is set at 10x the amount of your Deposit
  - The minimum Deposit amount is \$1 (USD)
  - A \$2 million (USD) Deposit for an Application will provide an unlimited Bidding Limit for that Application

# Highlights of the Auction Rules

## Auction Process

### Ascending clock auctions

- The Auction Manager sets the pace of the Auction by establishing a price range for each round — a Start-of-Round Price and an End-of-Round Price
- Bidders place bids within this price interval
- The Start-of-Round Price in Round 1 is \$1 (USD)
- End-of-Round Prices are determined by the Auction Manager
- The End-of-Round Price of a round becomes the Start-of-Round Price of the next round
- The Auction continues until all contention within the Set is resolved
- The number of Bidders remaining for the Contention Set will be communicated to the bidders for the Contention Set after each round
- The identities of remaining Bidders and the amounts of their Bids will not be visible to other Bidders
- Contention Sets within the same Auction will be auctioned simultaneously, using the same round schedule but possibly different price ranges
- Auctions will typically last 3 to 10 rounds and conclude in a single day

# Highlights of the Auction Rules

## Types of Bids

### Continue Bid

- A bid at or above the current round's End-of-Round Price. A Continue Bid guarantees that the Bidder will advance to the next round (or win).

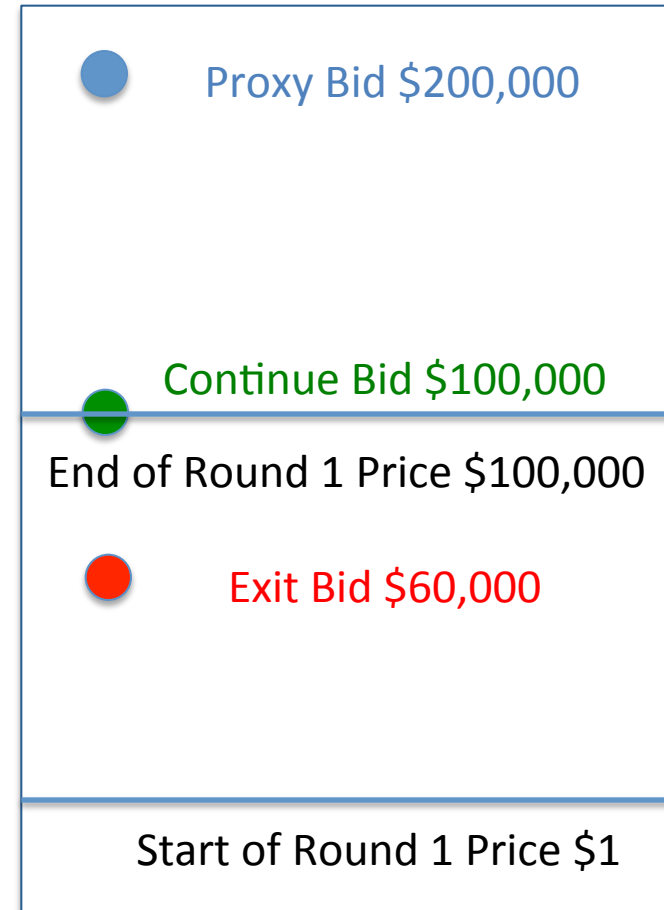
### Exit Bid

- A bid at a price less than the current round's End-of-Round Price. The Bidder will not advance to the next round. To be used when the Bidder has reached its maximum willingness to pay.

### Proxy Bid

- A Continue Bid that is above the current End-of-Round Price serves as a "Proxy Bid".

#### Round 1 Bidding



**All types of bids may be “winning bids”**

# Highlights of the Auction Rules

## Auction Conclusion & Post Auction Activities

### Closing of a Contention Set

- The last remaining Bidder for a Contention Set wins
- The Winning Price is the price at which the next-to-last Bidder exited

### Conclusion of the Auction

- The Auction concludes when all Contention Sets have been resolved
- Results will be published by ICANN within seven calendar days

### Winning payment is due within 20 business days

- Contention Set winners will be eligible for the contracting process once final payment is received
- Deposit for a Contention Set will be applied immediately toward the Winning Price
- Balance is wired to same escrow account as Deposit
- Proceeds from Auctions will be reserved for a use consistent with ICANN's Mission & Core Values and maintaining ICANN's not for profit status

### Refunds to non-winning bidders' will be initiated within 7 calendar days to their source accounts

- Potential to "roll over" deposit to a Contention Set in future auction
- Non-Winners may withdraw application via Customer Portal



# Highlights of the Auction Rules

## Auction Results Reports

For each contention set being auctioned a report will depict:

- The number of eligible bidders for each round
- Starting Prices of each round
- Ending Prices of each round
- The applicant(s) who prevailed contention
- The prices the winners are obligated to pay

This is the same information available to those who participated in the auction

# Topics for Discussion



# Items for Community Discussion & Consideration

## Bidding Round Duration

### Proposal for round durations

- Round 1: Duration is 30 minutes
- Recess between rounds are 10 minutes
- Round 2 and all subsequent rounds are 10 minutes

### Rationale

- Identities of contending applicants are known in advance
- Bidders know their bidding limit in advance based on their deposit
- Encourages planning and strategy prior to Auction
- Mock Auctions available in advance
- Round 1 slightly longer to accommodate any initial log in issues
- Bidder can “bid ahead” using proxy bid and only obligated to pay highest losing bid

# Items for Community Discussion & Consideration

## Scheduling of Auction Events

### Proposal for Scheduling Auction Events

- Auctions will initially be scheduled ~ 1x per month
- Auctions will be conducted on Wednesdays at 18.00 UTC
  - Deposits due by 18.00 UTC on the Wednesday prior to the Auction
  - Auctions will be at least 3 weeks after Notification of Auction Date
- Auctions for multiple Contention Sets may be conducted simultaneously in the same auction event
  - A bidder will not be scheduled for more than 5 contention sets in a single Auction Event
- Contention Sets to be auctioned will be selected based on eligibility & member with lowest priority number

### Rationale

- Complexity of Auction & fund transfers necessitates down time between Auctions
- AGB prescribes grouping Contention Sets into a single Auction Event when possible
- Priority number is an agreed upon sequencing factor for most processes

# Items for Community Discussion & Consideration

## Postponing An Auction Event

### Proposal for Postponement Process:

- A single postponement up to 90 days may be granted per Contention Set
- Postponement requests must be submitted as cases by Applicants' primary contacts through the customer portal
- All members of the Contention Set must individually submit their own requests, and all members of the Contention Set must agree to the postponement
- All requests must be sent within 30 days of notification of intent to Auction

### Rationale

- Postponement requests should be rooted in good faith attempts to resolve contention without an Auction, which requires all parties
- Once Auctions are required as method of last resort, contention should be resolved efficiently

# Thank You & Questions?

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