APPLICANT AUCTION · 2026 GTLD ROUND

Understanding the Risks & Outcomes

What happens to your money — from the auction, through ICANN's evaluation, all the way to delegation. Every outcome defined in advance, and who bears each risk.

A complete walk-through · Know your outcome months or years sooner

Two layers of outcomes, decided at different times

Band 1 — The Money

Decided at **Reveal Day**. Determines **how much** is in the pot and **the potential outcomes**.

One question: did anyone *outside* the auction also apply for the same string?

→ Scenario A, or Scenario B (B1 / B2 / B3)

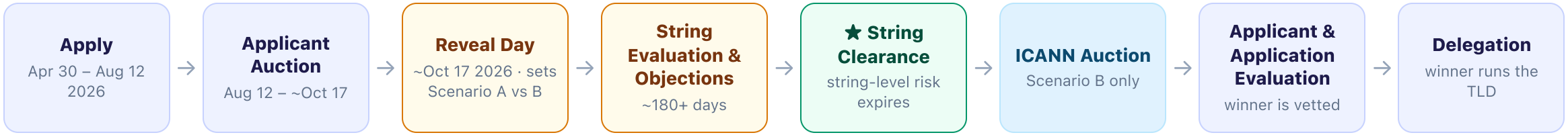
Band 2 — The Safeguards

Decided during **ICANN's evaluation**, over the following **6–12+ months**. Determines whether the outcome **stands**, **unwinds**, or **shifts entirely to the Winner**.

→ a sequence of pass / fail gates

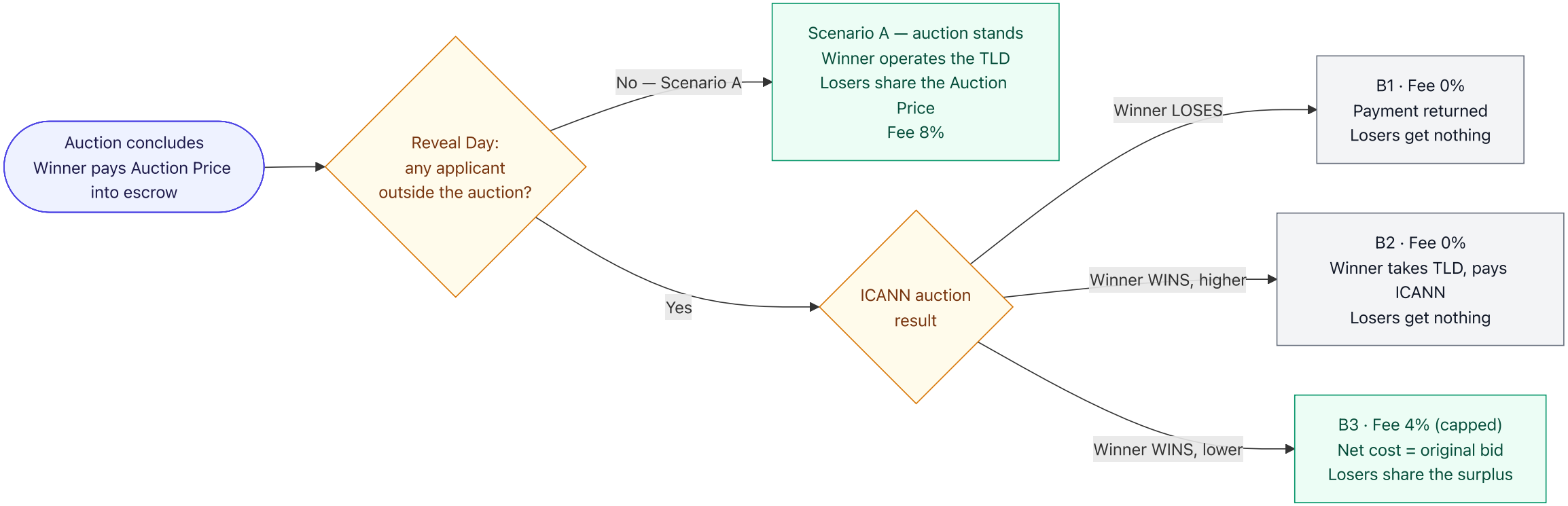
The principle underneath all of it: all funds are **held** until the string clears ICANN's string-level review. Nothing pays out while string-level risk is still open — and once a payout is made, it is final.

The timeline — where every decision sits



- **Reveal Day** sets the headline fork: is there contention from *outside* the auction or not (Scenario A vs B).
- **ICANN's own auction (Scenario B only)** happens *after* the string has already cleared evaluation — not before.
- The winner **pays ICANN in full before being evaluated** as an applicant. Held funds are released for Scenario A at String Clearance.

The full money map — one question, four outcomes



The A-vs-B fork is **known at Reveal Day**, but the B1 / B2 / B3 outcome is only **settled later**, at ICANN's auction.

Scenario A — no outside applicant

Everyone who applied for the string took part in the auction. At Reveal Day there is **no contention from outside**.

- The auction **stands** — this is the outcome we are built for.
- The **Winner** proceeds to operate the TLD.
- The **Losers** receive their share of the Auction Price.
- Fee: **8%** of the Auction Price.

Why this is the goal

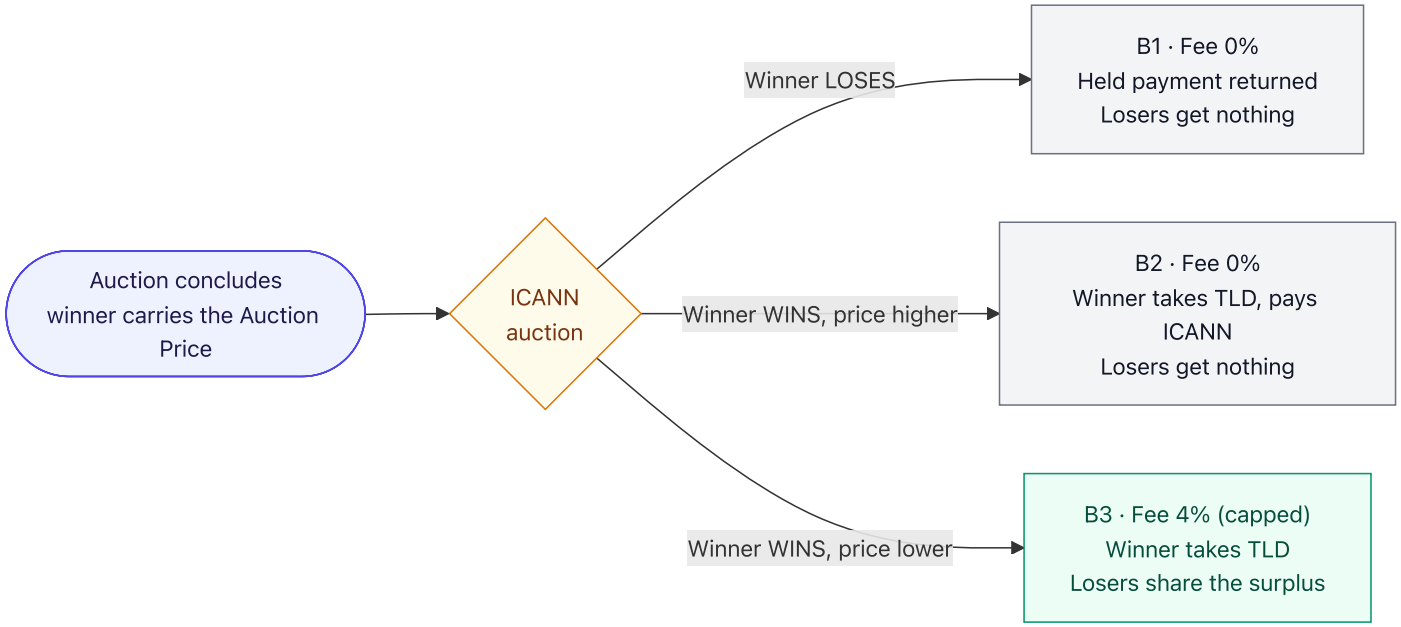
Certainty **months or a year sooner**, without a drawn-out ICANN auction. The same ascending-clock format ICANN uses — just earlier, and with the proceeds staying inside the group.

Auction Price held → **String clears** → **Losers paid · final**

Scenario A isn't final at Reveal Day. During evaluation a similar string can be **merged** into your set (turning A into B), or string-level risk can remove the string — which is why funds stay **held until String Clearance**. Once it clears, the losers' payouts are **final and never clawed back**.

Scenario B — someone outside also applied

At Reveal Day there is at least one applicant for the string who was **not** in the auction. The string still goes to **ICANN's official auction**. The winner **"carries"** the Auction Price into that auction — it becomes the **floor**, the **minimum the winner must be willing to bid** at ICANN's auction. From there it can land three ways.



Timing matters: ICANN's auction happens **after** the string has cleared evaluation, and the winner **pays ICANN in full**. So by the time B1/B2/B3 is decided, the string-level risk is usually already behind everyone.

One variant: a **community** external applicant can instead take the same string via **Community Priority Evaluation (CPE)**, winning it with no auction at all. CPE only matters when an outside applicant wins this way — and if they do, **no one in our group could have won the string, so it's an Unwind**: the winner's held payment is returned in full.

B1 — Winner loses the ICANN auction

- The **outside applicant wins** the string at ICANN's auction.
- And the **AA winner must have bid to the same or higher price** than at the prior AA auction.
- Our winner's **held payment is returned in full**.
- **Losers receive nothing** — there was no win to share.
- Fee: **0%**.
- The outside applicant proceeds on ICANN's own track; our path ends here.

Net effect

No one in the group is worse off than before the auction. The winner gets its money back; the losers were never going to be paid out of a loss.

FEE 0%

B2 — Winner wins, ICANN price higher

- Our winner **wins the string** at ICANN's auction.
- But ICANN's clearing price is **higher** than the Auction Price.
- Winner gets the **TLD** and **pays ICANN's higher price**.
- The Auction Price held in **escrow** is applied to ICANN's bill; the winner **tops up the difference** to cover the higher price.
- **Losers receive nothing** — there is no surplus to share.
- Fee: **0%**.

Why losers get nothing

The outside competition pushed the price **above** what the group agreed internally. There is no "saved" amount to distribute — the winner simply paid market price to ICANN.

FEE 0%

B3 — Winner wins, ICANN price lower

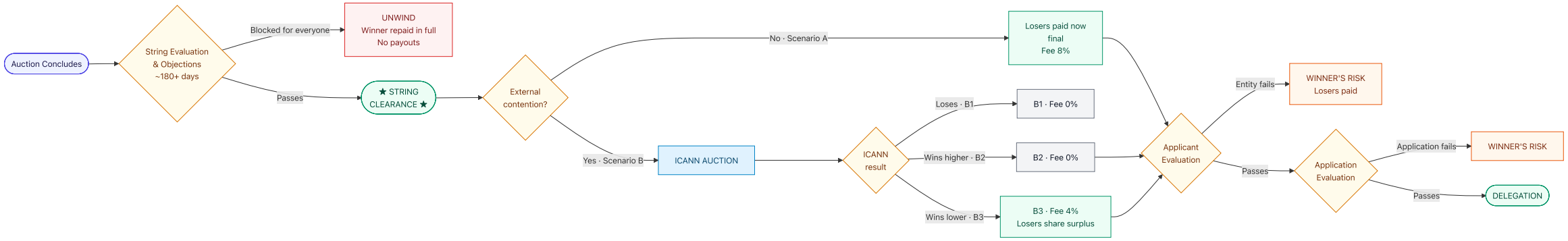
- Our winner **wins the string** at ICANN's auction.
- ICANN's clearing price is **lower** than the Auction Price.
- Winner gets the **TLD**; net cost works out to the **original bid**.
- The **surplus** (Auction Price – the lower ICANN price) is **shared among the losers**.
- Fee: **4%, capped at the surplus**.

The surplus

The group's internal price was higher than ICANN's final price. That gap is real value, so it flows to the losers — and the fee can never exceed it.

FEE 4% · CAPPED AT SURPLUS

The full safeguards map — funds held, run through gates



Whatever Band 1 decided, the funds are **held** and run through this sequence of gates — each with a **pass** (continue) and a **fail** (exit to a defined outcome).

Three rules govern every outcome

1 · String-level failure → UNWIND

Nobody could have had the string, so the deal reverses: **Winner repaid in full · no payouts · each party bears its own ICANN-fee consequences.**

2 · Applicant / Application failure → WINNER'S RISK

The string was fine; the **Winner** wasn't. **Losers' payouts proceed / stand. Winner forfeits payment and the TLD.**

3 · Distribution = deferral, not clawback

All funds are **held until String Clearance**. Once paid, payouts to losers are **final** — they are never clawed back.

However a path unfolds, it ends in one of four places

The string-evaluation gate has many mechanisms, but every path — string-level, applicant, and application — funnels to just **four destinations**.

Keeps It

Winner gets the TLD (Scenario A · B2 · B3). Losers are paid in **A and B3.** Final at **Delegation**.

Outbid

An external applicant wins at the ICANN auction (B1). Winner's money returned; losers get nothing.

Winner's Risk

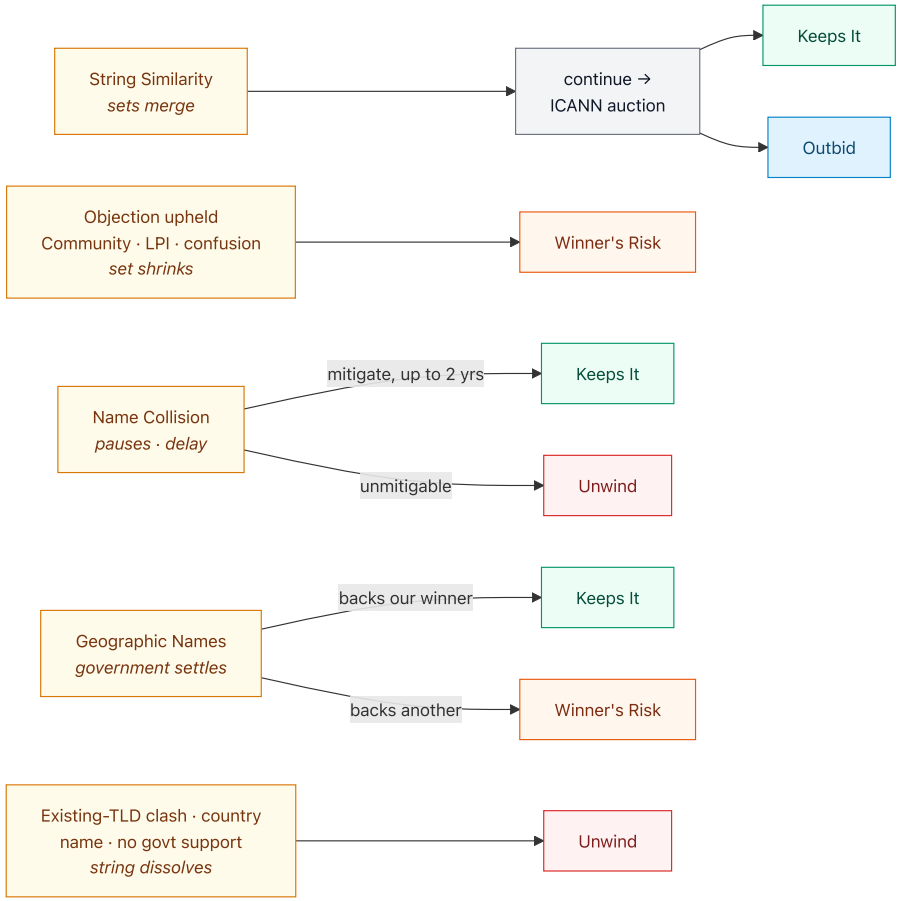
A gate removes our winner; a different applicant gets the string. **Losers still paid.**

Unwind

The string dies for everyone. Money returned; no payouts.

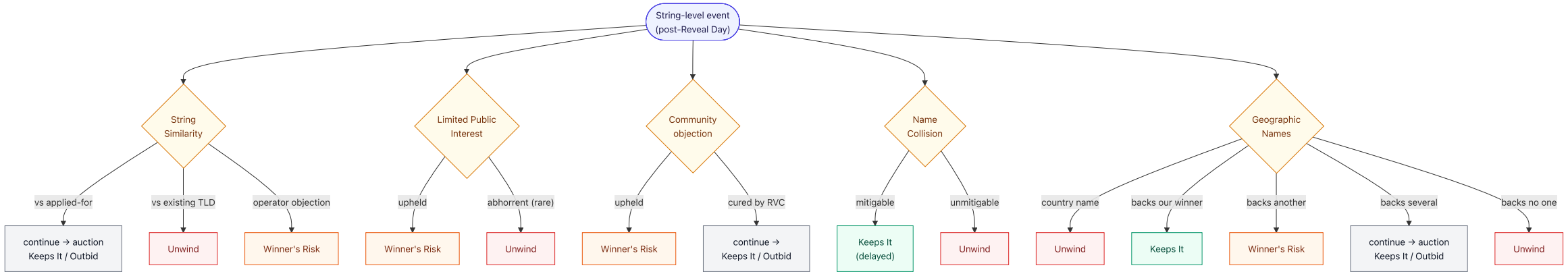
The rule: at any gate you either **exit** (Winner's Risk or Unwind) or **continue**. **Keeps It** and **Outbid** are only decided *downstream* — never assume the winner keeps the string just because it cleared one gate.

How you get there — from event to destination



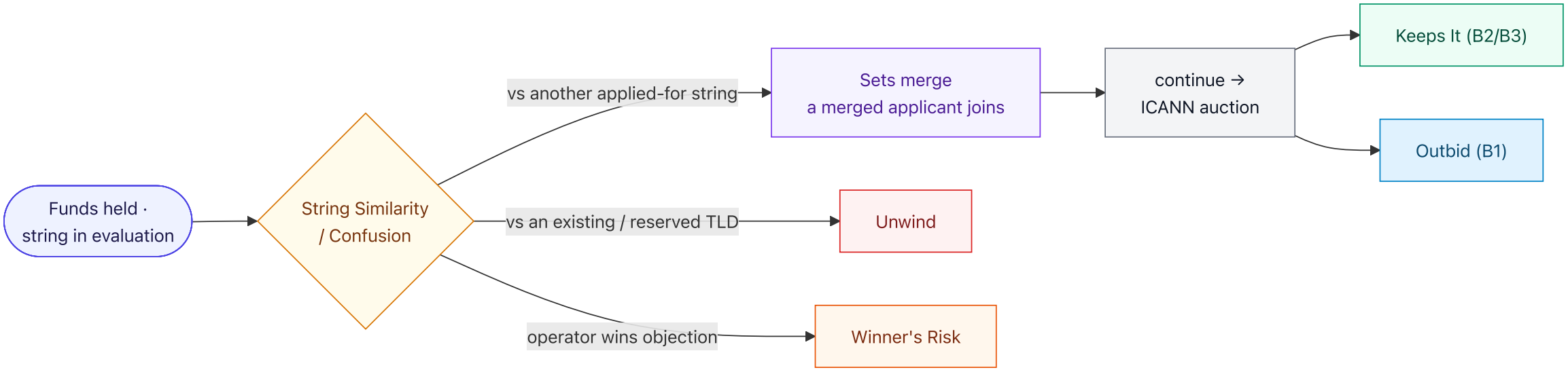
Most events settle the outcome at the string stage. **String Similarity** is the exception: it merges the set and carries the winner into the **ICANN auction**, where the winner can still be **Outbid**.

The full string-level map



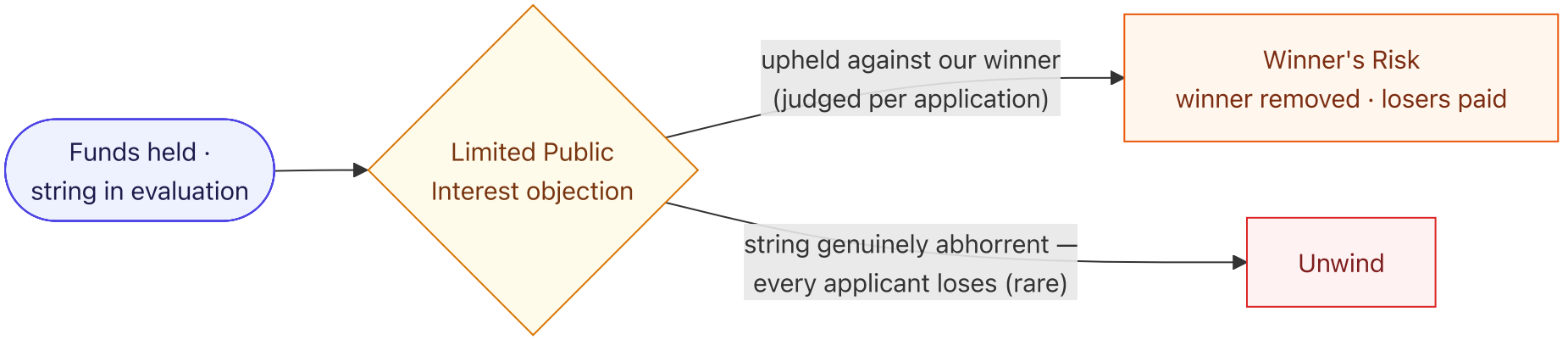
Every branch settles into one of the four **destinations** — except a merged set or a multi-government split, which **doesn't end at the string gate** and carries on into the ICANN auction (Keeps It or Outbid).

String Similarity / Confusion — the sets can merge



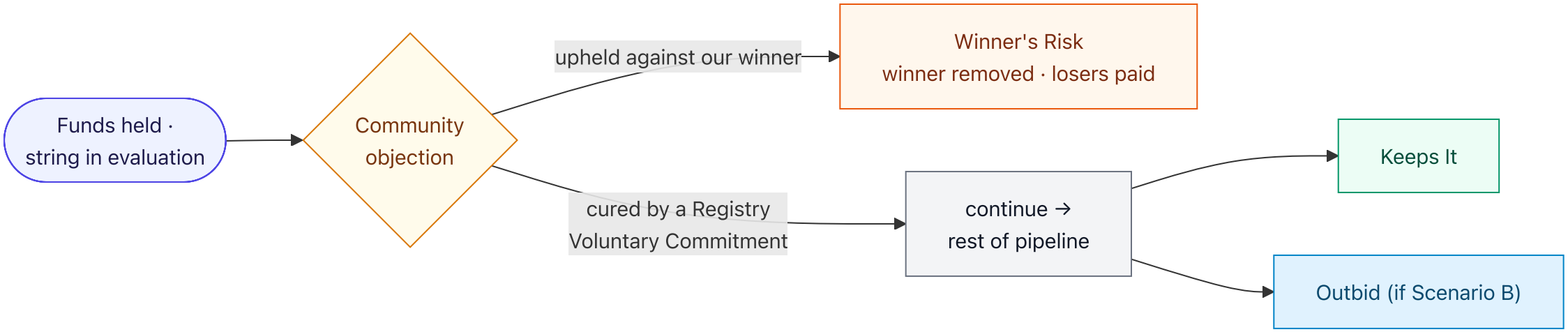
Why it matters: this happens **after Reveal Day**. The merge adds a **merged applicant** your winner must face at the ICANN auction — so a clean **Scenario A becomes a Scenario B**, and the fate (**Keeps It** or **Outbid**) is decided *there*, not at the string gate.

Limited Public Interest objection



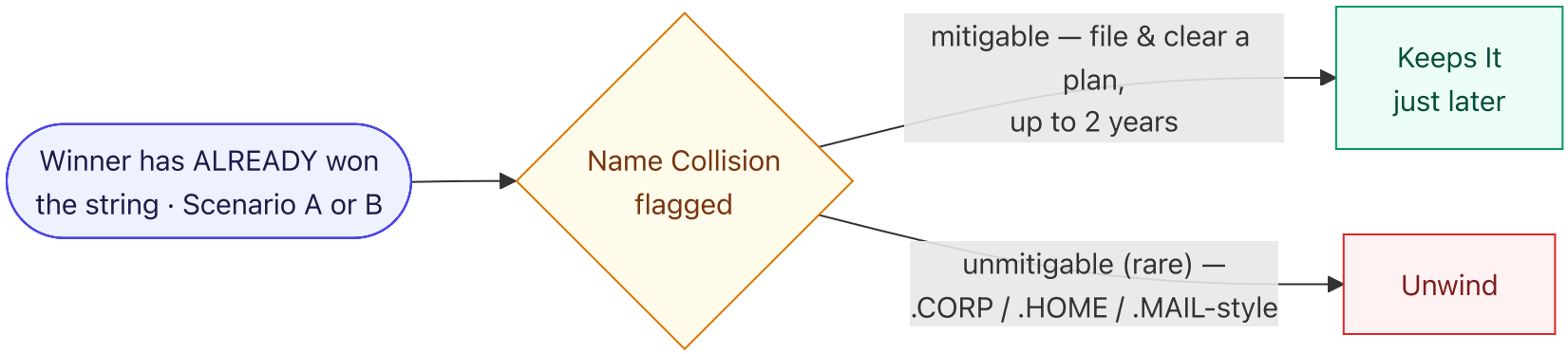
Treat it as **Winner's Risk**: there is **no string-wide kill switch** — each objection is judged separately. Only a string so offensive that *every* applicant loses its own objection behaves like an **Unwind**.

Community objection



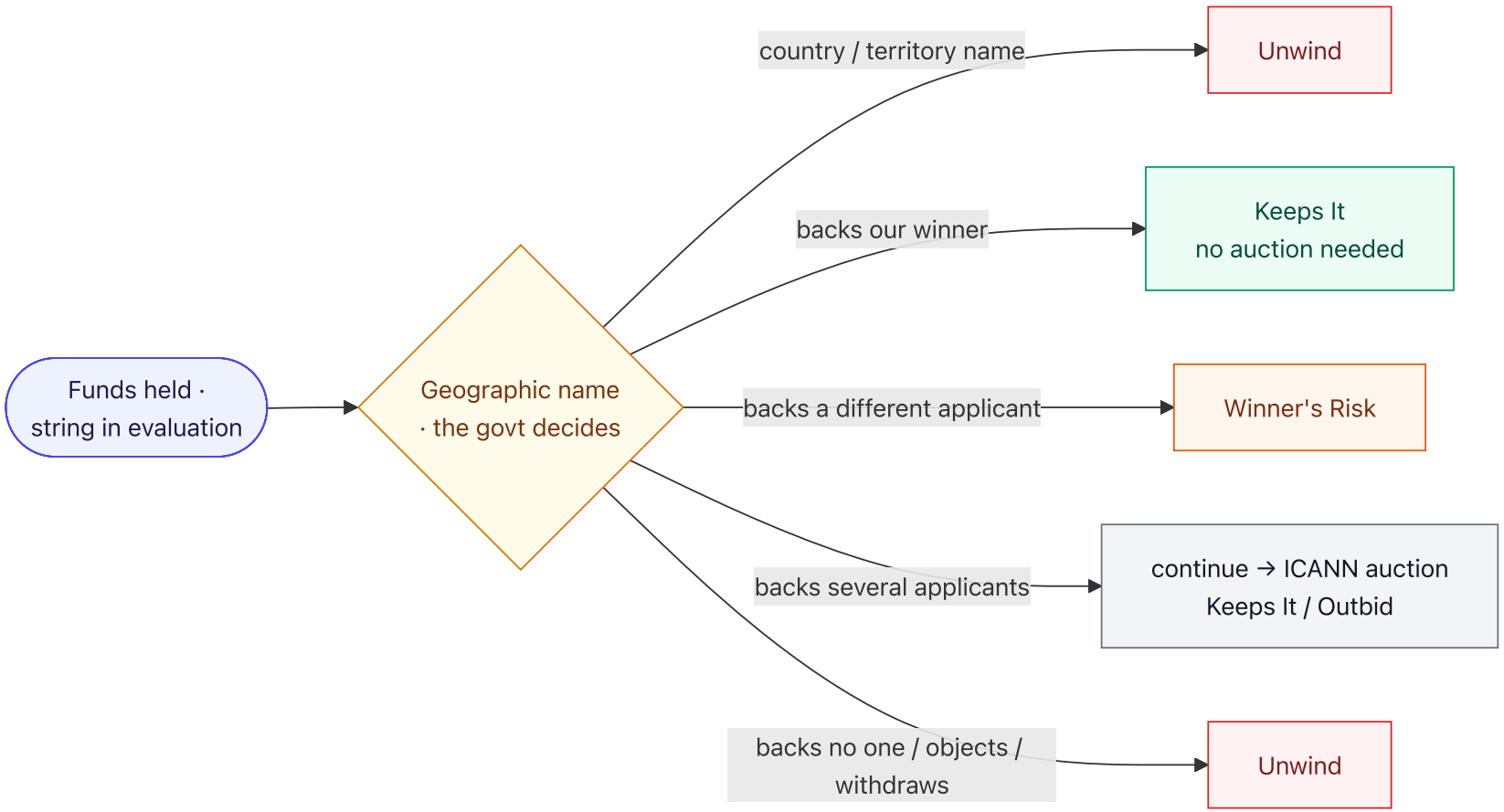
The tests turn on **the applicant's** conduct, so a different community-backed applicant could win the same string — that's why it's **Winner's Risk**, not Unwind. If a commitment cures it, the winner **continues** and the fate is still decided downstream.

Name Collision — a delay, not a detour



Collision is flagged at the string level but mitigated **after the winner has already secured the string** — so it only **delays** delegation, it doesn't change who wins. Funds are already held, so the wait costs nothing; the winner just carries the mitigation work.

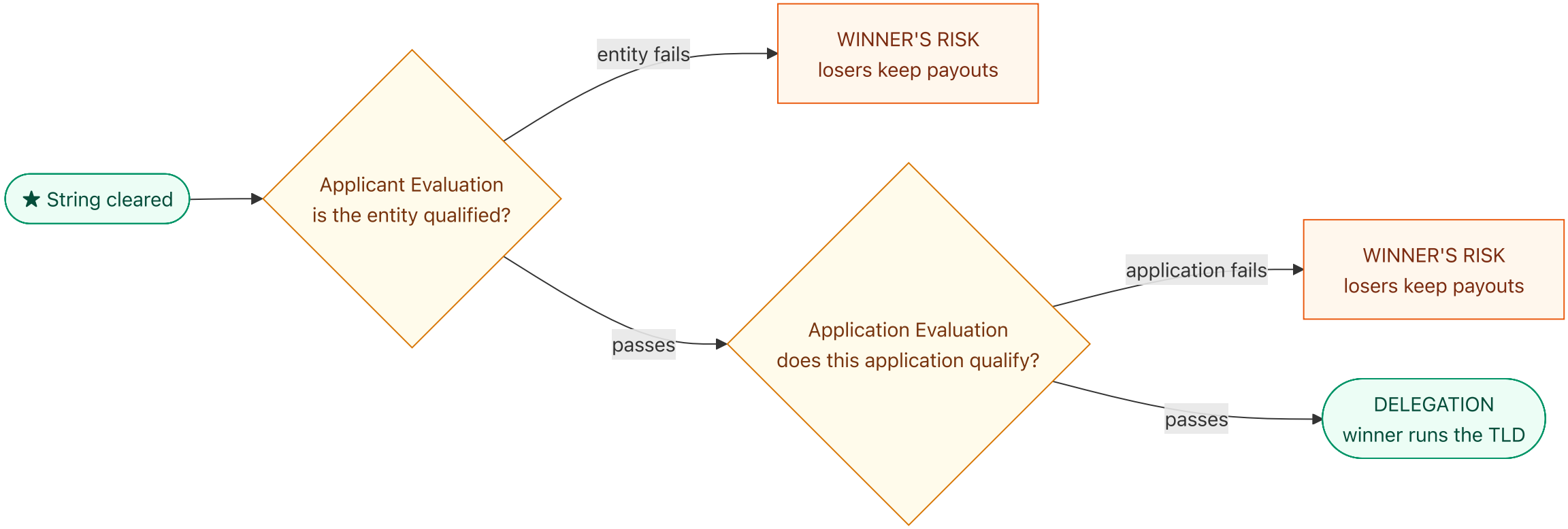
Geographic Names — the government decides



The endorsement letter **names a specific applicant**. So whether it's **Keeps It**, **Winner's Risk**, or a **continue** to the auction depends entirely on *who* the government backs — uniquely outside our control.

After the string clears — two more gates

String Clearance means the **string-level risk has expired** — the string is real and someone can have it. But the winner still has to pass as an **applicant** (is the entity qualified?) and as an **application** (does this specific application qualify?).



Fail either gate and the result is **Winner's Risk** — the losers keep their payouts.

Applicant-level issues

WINNER'S RISK

The string was fine; the **winning entity** wasn't. Examples of entity-level grounds:

- **Background screening** — general business diligence on the applicant.
- **Financial capability** — can the entity fund and operate a registry?
- **History of misconduct** — e.g. a pattern of cybersquatting or prior bad acts.

Outcome for the winner

Forfeits its payment and gets **no TLD**.

Outcome for the losers

Payouts **proceed / stand**. *B-case:* winner remits ICANN's refund up to the Auction Price.

Application-level issues

WINNER'S RISK

The string *and* the entity were fine; **this specific application** wasn't. Examples:

- **Geographic-name support** missing for a place name in the string.
- **.brand / Specification 13** requirements not met.
- A **Registry Voluntary Commitment** not satisfied.
- **Clarifying Questions** / technical, operational, or financial criteria not met.

> Handling is **identical to an applicant-level failure**: the winner forfeits and gets no TLD, the losers keep their payouts (B-case: winner remits ICANN's refund up to the Auction Price).

Why these are Winner's Risk, not Unwind

> **The principle:** the losers' payout shouldn't depend on the winner's own evaluability.

- **Unwind** is reserved for when **nobody** could have had the string — a string-level death.
- Applicant / application failures are **winner defaults** — a different applicant could have qualified. So the **winner forfeits**, and the **losers keep** their payouts.
- **Deferral, not clawback:** once paid at String Clearance, losers' shares are **final**.
- **B-case detail:** if the winner already paid ICANN, it **remits ICANN's bid refund** (up to the Auction Price) so losers are still made whole.

Where the risk actually concentrates

- ICANN schedules its auctions **after** string evaluation and objections complete. So in **Scenario B**, the string has effectively **already cleared** before the ICANN auction — string-level **unwind risk is concentrated in Scenario A**.
- Applicant / application failures normally land **after the losers have already been paid** — which is exactly why they're **Winner's Risk**, not clawbacks.

Scenario A

Carries the concentrated string-level **unwind** risk — but that risk fully **expires at String Clearance**, before any payout is final.

Scenario B

By the time money moves at ICANN's auction, the dangerous gates are **mostly already behind you**.

> Net: the failure modes are **front-loaded and time-boxed**. Funds simply wait in holding until that window closes.

The complete outcome list

#	TRIGGER	LOSER GETS	WINNER GETS	WHO BEARS COST
1	**Scenario A**, string clears	Share of Auction Price (final at String Clearance)	Operates the TLD	—
2	**String-level failure**	Nothing (unwind)	Payment **returned in full**	Shared — deal unwinds
3	**Applicant / Application failure**	**Still paid**	Forfeits payment, no TLD	**Winner**
4	**B1** — Outbid at ICANN auction	Nothing	Payment returned	— (fee 0%)
5	**B2** — wins, higher price	Nothing	TLD (pays ICANN price)	— (fee 0%)
6	**B3** — wins, lower price	Share of **surplus**	TLD (net cost = original bid)	— (fee 4%, capped)
7	**B-case** winner fails after paying ICANN	Paid via winner's remitted ICANN refund (up to Auction Price)	Out exactly the Auction Price	**Winner**

Green = auction stands / surplus shared · Orange = Winner's Risk (losers still paid) · Red = unwind (deal reverses).

Key takeaways

- **Two layers:** the Money (decided at Reveal Day) and the Safeguards (decided during ICANN's evaluation).
- **Funds are held until String Clearance** — nothing pays out while the string is still at risk.
- **Three rules:** string dies → unwind · winner fails → winner's risk · payouts are deferral, never clawback.
- **Most string-level risk concentrates in Scenario A** — and by Scenario B's ICANN auction, the string has usually already cleared.
- **The whole point:** certainty months or a year sooner, with every outcome defined in advance.

APPLICANT AUCTION · 2026 GTLD ROUND

Know your outcome months or year sooner.

Every outcome defined in advance · funds held until the string clears · the same auction format ICANN uses, run earlier.

Thank you