

Public consultation



Management of the .fr TLD Increase in fees for .fr

16 May 2023 – 6 June 2023

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1. Introduction

1.1. Public consultations on .fr projects

Afnic regularly consults the Internet community as a whole on any far-reaching projects concerning the .fr domain.

The public consultations conducted so far have primarily dealt with the means used to combat abuse. Examples include the implementation of alternative procedures and the resolution of disputes under .fr, the opening of registration to domain names with only one or two characters, the reform of ICANN and the supervision of the DNS root, the application of the GDPR to the .fr TLD and the definition of online abuse as well as the tools for combating it.

More recently, Afnic consulted the Internet community on the implementation of a mediation procedure.

Today we are launching this new public consultation in order to solicit contributions from all stakeholders on quite another matter, though an equally defining one for the future of the .fr domain, namely an increase in fees.

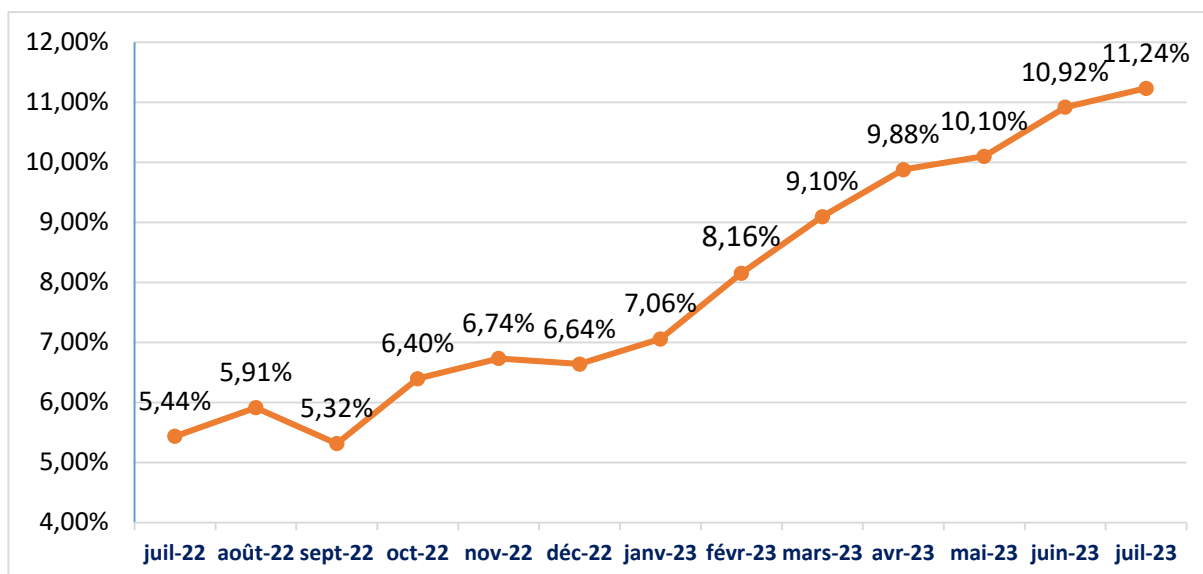
2. Increase in fees for the .FR domain

This public consultation concerns the plan to increase the fee for operations on .fr domain names¹.

The current fee is €4.56 excl. tax, irrespective of the operation or the TLD concerned.

We propose to increase it by the maximum inflation rate observed between July 2021 and July 2023 (INSEE forecast), namely 11.2% (*see graph hereunder*). This would correspond to a **maximum fee equal to €5.07**.

¹ And on all overseas French TLDs managed by Afnic, namely: .re, .pm, .yt, .tf and .wf



Trend in the consumer price index between July 2021 and July 2023

This plan was presented to the Afnic Consultative Committees on 30 March 2023 and this public consultation incorporates the comments made on that occasion.²

2.1. The context

2.1.1. The historical context

2.1.1/a The fee for the .fr TLD has declined since 2012

The charge for operations on .fr domain names fell from 5% in 2012, to €4.56 excl. tax for “option 1” registrars and €5.51 excl. tax for “option 2” registrars. It remained unchanged until 30 June 2022.

With effect from 1 July 2022, this fee was revised downwards, aligning it with the lowest fee (€4.56), irrespective of the registrar and the operation. This action, which was favourable

² <https://www.afnic.fr/en/associating-excellence/who-we-are/functioning/reports-of-meetings-of-governing-and-consultative-bodies/>

for 72% of clients, naturally led to a fall in the remuneration of the registry of around €150,000 per year.

Moreover, between 2012 and 2022, even though the fee was not reduced in face value, decisions taken in favour of the registrars contributed to reducing the price of operations in total:

- In 2014, reform of the voluntary transfer operation (change of holder) which became free of charge, with a financial impact of around €250,000 per year
- In 2022, commitment to reduce the fee for create operations of domain names for promotional operations, calculated at 2% of the registry's turnover, with a financial impact of around €400,000 per year.

2.1.1/b At the same time the registry's expenses increased as a result of:

- our status as an Operator of Essentials Services (OES)

The .fr registry has been an OES since 1 April 2019.

Afnic welcomed this designation with pride, determination and responsibility and has not compromised in terms of budget on this important security matter.

Nonetheless, it must be recognised that the work needed to implement the 23 security rules linked to this new status were very costly, in terms of time spent by employees, purchases of materials and equipment and intellectual services.

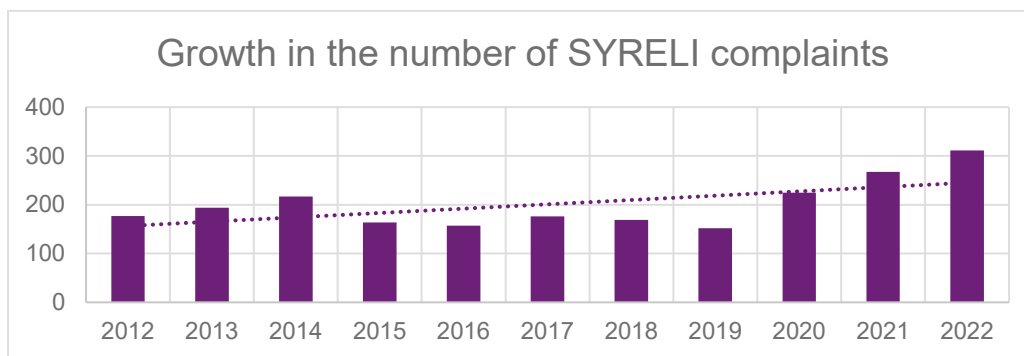
Between 2019 and 2022, Afnic **spent €1.2 million** on this subject.

- The increase in the number of disputes resolved by our internal departments

To obtain the recovery or deletion of a domain name, within the confines of the law, Afnic makes available to anyone (natural or legal person) two extrajudicial inter partes procedures for resolving disputes. These two procedures are known as **SYRELI** and **PARL EXPERT**.

The SYRELI procedure was put in place by Afnic in 2011. Decisions are taken by the Syreli College, composed of Afnic employees.

In the last three years, the number of complaints has increased considerably.



Procedural costs amount to €250 excl. tax for the claimant. This is not enough to cover the cost of internal processing which is about €750 excl. tax per procedure.

So for ten years now the registry has been seeing a significant increase in its charges which it has not offset by higher fees for the .fr domain

2.1.2 The current context

In the last two years the budgetary constraints weighing on the registry have increased considerably due to the combination of several adverse factors:

2.1.2/a The increase in suppliers' prices

Already in 2022 we started to receive emails from several of our suppliers and providers, announcing significant price increases.

These increases applied to all categories of purchases:

- IT purchases: hosting of data centres, renewal of maintenance contracts, servers, switches
- Purchases as an association: refurbishment and rental of rooms for events, travel, accommodation and reception of the International College
- General overheads: rental, upkeep and reception, utilities

2.1.2/b Hardware shortages

This obliged us to buy more than usual to avoid the risk of interruption of supply which might endanger the stability of the .fr domain. In many cases, this involved equipment or components that were uncommon and for which the price was therefore higher, which increased the overall extra cost.

2.1.2/c Qualified manpower which was inevitably more expensive

Afnic mainly employs people with technical profiles, engineers, developers and experts in their field. Even in normal times these people are much sought after, so the salary and other benefits have to be competitive to be able to attract and retain them.

To stay in the race, Afnic needs to be able to increase salaries in an inflationary context, which it was unable to do at the end of 2022 for reasons of cost control.

2.1.2/d A change in the regulatory framework

The regulatory framework changed recently with the approval at the end of 2022 by the European MPs of the NIS 2 Directive (Network and Information Security), aimed at strengthening cybersecurity.

As in 2019, to bring itself into line with the status of OES, the registry will have to undertake expensive work in order to comply with the NIS 2 Directive.

2.1.2/e One of the triggering factors has been reached

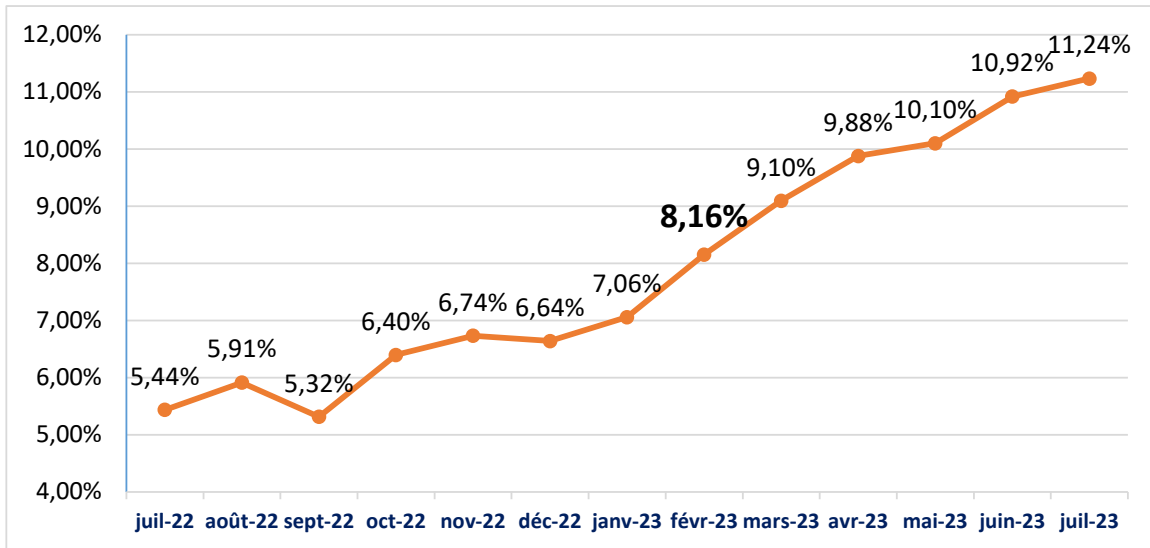
The registry had anticipated the possibility of an increase in its fees, and managed to get the new concession to include a fee review clause.

Thus the Agreement signed with the State on 18 March 2022 stipulates that:

“In order for a fee review process to be embarked upon by the registry, at least one of the following conditions must be met:

- Inflation above 8% since the beginning of the concession;
- Inverse euro/dollar exchange rate, with the dollar higher than the euro for a continuous period of at least six months;
- Amendment to the legal framework entailing an increase in charges of more than 5% of the total charges of the registry, attributable to this amendment of the framework;
- Change in fees of the control group² of TLDs of at least 10% since the beginning of the concession”

The first trigger condition, namely “inflation above 8% since the beginning of the concession” was met in February 2023, with a rate equal to **8.16%**:



Trend in inflation since the beginning of the concession

Annex 3 to the agreement between the State and Afnic;

² The TLDs forming the control group are: .com, .org, .eu, .it, .es, .uk, .ch and .ca

Thus the current context, in which the registry has already absorbed a significant portion of the increased charges, makes it necessary to increase fees for the .FR TLD, the more so as one of the trigger conditions provided by the agreement with the State has been fulfilled.

2.2. The reasons for the increase

This increase in fees for the .fr TLD is necessary in order to safeguard the registry's ability to deliver results and to invest, allowing it to:

2.2.1 Withstand the inflationary context without having its operational activity called into question

- Make such purchases as are necessary in order to maintain a stable and secure .fr TLD
- Preserve the societal dimension in its choice of providers, favouring local providers who are also sensitive to the Social and Environmental dimension,
- Maintain its competitiveness in the employment market, having the possibility of recruiting and retaining a qualified workforce

2.2.2 Absorb the costs of implementing its commitments and those imposed by the regulatory framework

- Effectively combat abuse despite the significant increase in the number of cases

Online abuse is constantly increasing, as are the disputes that are brought to Afnic to be settled.

To be able to absorb this increase, at least two new hires are needed, in addition to the significant amount of time already spent by the current College.

- Increase spending on security in connection with our status as OES, and above all the spending that will be occasioned by the new NIS 2 Directive

The registry must necessarily continue to invest in security, as part of a continuous improvement process.

It must also bring itself into line very quickly with the NIS 2 Directive, which must be implemented in France in the second half of 2024.

2.2.3 Offset the weak growth momentum of the .fr TLD

Growth in the stock of domain names is fairly correlated with the economic context. A rather low number of registrations can therefore be expected this year and in the coming years.

Our forecast budget thus sees 2% p.a. growth in the .fr TLD from 2023 to 2026, as against 6% last year.

2.2.4 Limited to inflation, the increase allows the registry to remain competitive

From exchanges with our registrars, we know that a large number of our European counterparts have already increased their fees, in a range of 6% to 20%.

The .fr TLD will remain competitive relative to .com, which charges nearly €8.00, with systematic annual increases of 7%. But reducing the differential will also allow us to reduce the number of cases of abuse on .fr domains.

The registrars we have asked agree that the proposed fee increase will not have an impact on the number of registrations and will not be systematically passed on in the prices offered to holders of domain names.

Finally, it is important to note that increasing the registry's turnover by increasing its fee is tantamount to investing more in actions of general interest, since Afnic is committed to ploughing back 11% of its turnover into actions of this type. The same goes for the registry's R&D capacity, for which the commitment is 10% of turnover.

Thus the increase in the fee of the .fr TLD will allow the registry to preserve its fundamentals, namely an Internet that is secure, green and stable, managed by qualified staff, in an environment that leaves plenty of room for dialogue and the life of the association.

2.3. Operational implementation

2.3.1 The approval stages

This proposal must pass several consultation or approval stages.

It was thus presented to the Consultative Committee on 30 March last and received a favourable opinion. It is submitted for your comments today.

A dossier must also be presented to the DGE (Directorate General for Enterprise) for it to be able to express a position.

2.3.2. Forecast schedule

We foresee a six-month grace period for our clients, in other words an effective date for the new fee during the first quarter of 2024.

3. Arrangements for the public consultation

3.1. Your contributions

You can forward your contributions and comments on these plans up until **6 June 2023** by connecting to the following address: **<https://www.afnic.fr/observatoire-ressources/consultations-publiques/consultation-publique-gestion-du-fr-hausse-du-tarif-fr/>**.

In this form, you will be asked to provide certain elements of identification that will enable us to take better account of your contribution, which will be anonymised in the summary report that we will publish following this public consultation.

Lastly, if you would like to discuss the projects of the .fr domain in the fight against abuse in greater depth and to become a stakeholder in the search for and implementation of the solutions discussed in the consultative committees, we invite you to become an Afnic member: **<https://www.afnic.fr/en/become-an-afnic-member/>**