EUROPEAN COMMISSION

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REGULATORY SCRUTINY BOARD OPINION

Proposition de règlement du Parlement européen et du Conseil concernant la mise en œuvre et le fonctionnement du domaine de premier niveau .eu et abrogeant le règlement (CE) n° 733/2002 et le règlement (CE) n° 874/2004 de la Commission

{COM (2018) 231 final}
{SWD (2018) 120 final}
{SWD (2018) 121 final}
{SWD (2018) 122 final}

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EUROPEAN COMMISSION
Regulatory Scrutiny Board

Brussels,
Ares(2018)

Opinion

Title: Impact Assessment / .eu Top Level Domain

(version of 17 January 2018)*

Overall opinion: POSITIVE WITH RESERVATIONS

(A) Context

The Commission formally launched the .eu top-level domain (TLD) in April 2006. Today, the domain is the eighth largest country code domain in the world with over 3.7 million registrations. The domain covers the EU Institutions and European businesses and citizens across all Member States. It signals quality and trust bound by EU law and trading standards. The .eu domain supports the realisation of the Digital Single Market.

The purpose of this impact assessment is to analyse the problems identified by the related REFIT evaluation. It found that the legislation is outdated and lacks flexibility to fully develop the potential of the .eu TLD.

(B) Main considerations

The Board notes the conclusions of the REFIT evaluation and the need to explore appropriate ways to further modernise the .eu TLD regulatory framework.

However, the impact assessment report contains significant shortcomings that need to be addressed. As a result, the Board expresses reservations and gives a positive opinion only on the understanding that the report shall be adjusted in order to integrate the Board's recommendations on the following key aspects:

(1) The report does not sufficiently explain the importance and the size of the problem against the evaluation's more nuanced picture of the current status of the .eu top level domain.

(2) The baseline is not sufficiently elaborated and substantiated.

(3) The reasons for discarding several options and the content and implementation of the retained options are not sufficiently developed.

(4) The criteria for success of the proposed future framework of the .eu top level domain are not sufficiently transparent.

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.

(C) Further considerations and adjustment requirements

(1) The report should more clearly define the problem. It should explain the conclusions from the evaluation in the problem section in order to establish the size and the importance of the problem. It should use these conclusions to help framing the initiatives' priorities against the Commission's policies. The report should link the problem drivers specifically to the scope and purpose of the initiative. It should include a description of future problems expected to emerge in the competitive market and the development of the TLDs world-wide.

(2) The baseline should not just repeat the problem drivers. It should further elaborate the projection of the situation without policy change (including the extension of a concession contract), but taking also into account potential implications of ongoing policy initiatives, for example those under the Digital Single Market. The baseline is the comparator of the different options and cannot be dismissed as inappropriate.

(3) The report should describe all options in more detail, in order to clarify how they differ. This is particularly important for options 1 (modernisation) and 2 (separate governance). In the description of the preferred option 2, the report should make clear what legal requirements are introduced regarding the establishment and functioning of the steering committee and the tasks and powers of the Commission. The comparison of the options should be further elaborated and the scoring system in the comparison table should be adjusted to better reflect the analysis of the impacts of the different options.

(4) The monitoring section should link indicators to objectives and clarify how and when information from indicators will be collected and assessed. It should also add qualitative or quantitative indications of how success of the preferred option would be assessed.

The Board takes note of the quantification of the various costs and benefits associated with the preferred option of this initiative, as assessed in the report considered by the Board and summarised in the attached quantification tables.

Some more technical comments have been transmitted directly to the author DG.

(D) RSB scrutiny process

The lead DG shall ensure that the report is adjusted in accordance with the recommendations of the Board prior to launching the interservice consultation.

The attached quantification tables may need to be adjusted to reflect any changes in the choice or the design of the preferred option in the final version of the report.

Full title	Impact assessment on the REFIT Review of Regulation EC 733/2002 establishing the ".eu" top-level domain (TLD) and Regulation (EC) 874/2004 laying down public policy rules concerning the implementation and functions of the .eu TLD
Reference number	2017/CNECT/006
Date of RSB meeting	14 February 2018 (Written procedure)

ANNEX: Quantification tables extracted from the draft impact assessment report submitted to the Board on 17 January 2018

(N.B. The following tables present information on the costs and benefits of the initiative in question. These tables have been extracted from the draft impact assessment report submitted to the Regulatory Scrutiny Board on which the Board has given the opinion presented above. It is possible, therefore, that the content of the tables presented below are different from those in the final version of the impact assessment report published by the Commission as the draft report may have been revised in line with the Board's recommendations.)

Summary of costs and benefits

Tables 8, 9. Overview of benefits and costs

I. Overview of Benefits (total for all provisions) – Preferred Option		
Description	***Amount***	***Comments***
Direct benefits		
Compliance cost reductions by reducing the governance cost for the .eu Registry (as some of these tasks will be taken over by the multistakeholder committee)	€ 170.00	Reduced compliance cost for the .eu Registry
Compliance cost reductions by reducing time to be devoted at Commission level to the implementation of the .eu Regulations (as the Regulations will be simpler)	€ 57.200	Reduced compliance cost for the Commission
Administrative burden reductions by omission of the IO of attending informal meetings to discuss specific actions including possible refinements to the Regulations	€ 4.570	Reduced administrative burden for the .eu Registry
Administrative burden reductions by omission of the IO of attending informal meetings to discuss specific actions including possible refinements to the Regulations	€ 4.644	Reduced administrative burden for the Commission
Reduced delay costs	By the lead	For the end users by the

	time currently needed to amend the Regulations	timely availability of technical and market innovations in the domain name sector
Indirect benefits		
A better functioning .eu TLD	Ensuring the availability of the .eu benefit (B)	For end users
Increased ability of Registry staff to focus on the registrar channel as a result of simplifying administrative requirements	Improved service	For registrars

II. Overview of costs – Preferred option					
		.eu Registry		European Commission	
		One-off	Recurrent	One-off	Recurrent
Supporting the multi-stakeholder committee In case action is resumed by the .eu Registry	Direct costs		€ 113.600		
	Indirect costs				Oversight over the Committee[1]
Supporting the multi-stakeholder committee In case action is resumed by the Commission	Direct costs				€ 113.600
	Indirect costs				Oversight over the Committee[2]

[1] This cost is included when calculating the overall compliance cost compared to the baseline for the preferred option. The reduction of € 57.200 mentioned above for Commission compliance cost takes into account the extra cost for the additional activity to exercise oversight over the multi-stakeholder committee

[2] Ibid.