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COMMISSION STAFF WORKING DOCUMENT

**Assessment of the possibility of extending the criteria set out in Article 9 of Regulation
2019/517 on the implementation and functioning of the .eu top-level domain name**

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Introduction

The .eu internet domain is the country code Top-Level Domain (ccTLD) of the European Union and its variants in Cyrillic and Greek scripts. In line with its legal framework and policy objectives, established in Regulation (EU) 2019/517¹ (“eu Regulation”), the .eu TLD aims to give Europe its own Internet identity, boost EU visibility, increase user choice of domain names and promote e-commerce. The main objectives are to enhance the Union identity and promote Union values online, such as multilingualism, respect for users’ privacy and security, respect for human rights, as well as specific Union priorities in the digital area.

The .eu TLD is administered and managed by the non-profit organisation EURid² (hereafter ‘the .eu Registry’) based on a Service Concession Contract with the European Commission. The last contract was signed in October 2022, as result of a competitive procedure, for a 5 year duration.

The characteristics of the .eu Registry are established by Article 9 of the .eu Regulation:

- The (.eu) Registry shall be a not-for-profit organisation. It shall have its registered office, central administration, and principal place of business within the territory of the Union.
- The (.eu) Registry may impose fees. Those fees shall be directly related to the costs incurred.

In addition, the eligibility requirements for the selection of the Registry are further specified in the Commission Delegated Regulation (EU) 2020/1083³ on the *eligibility and selection criteria and the procedure for the designation of the Registry* of the .eu top-level domain name.

Pursuant to Article 16, paragraph 3, of the .eu Regulation, by 13 October 2024, the Commission is required to *assess the possibility of extending the criteria set out in Article 9 of the same Regulation and may, if appropriate, submit a legislative proposal*.

This report provides the outcome of the analysis of the Commission’s services of these requirements and of the need to extend them. The Commission’s services received assistance in the analysis from an external independent expert but retain full responsibility for the outcome.

¹ Regulation (EU) 2019/517 of the European Parliament and of the Council of 19 March 2019 on the implementation and functioning of the .eu top-level domain name and amending and repealing Regulation (EC) No 733/2002 and repealing Commission Regulation (EC) No 874/2004 ([OJ L 91, 29.3.2019, p. 25–35](#)).

² <https://eurid.eu/>

³ Commission Delegated Regulation (EU) 2020/1083 of 14 May 2020 Supplementing Regulation (EU) 2019/517 of the European Parliament and of the Council by establishing the eligibility and selection criteria and the procedure for the designation of the Registry of the .eu top-level domain name ([OJ L 239, 24/07/2020, p. 1–5](#)).

Context: legal framework and market analysis

History and legislative background of the .eu Top Level Domain

A domain name is an easy-to-remember name associated with a physical IP address on the Internet. IP addresses are not human friendly as they are composed of a long sequence of numbers and letters⁴ intended for machines to communicate effectively. Conversely the domain name makes the internet simpler for humans and has contributed to the exponential expansion of the web.

Domain names are organised in a hierarchy which descends from right to left. Top-level domains are situated at the extreme right of domain names and can be divided in two categories: Country Code (ccTLD) and generic (gTLD). While ccTLDs are associated with specific countries or geographies, gTLDs are based on broad themes and feature a minimum of three letters.

In the early 2000s, conscious of the importance of having a European TLD to increase the presence of European organisations on the internet and to boost eCommerce, the European Council endorsed the creation of the **.eu Top Level Domain**. This endorsement led to the adoption of:

- Regulation (EC) No 733/2002 of 22 April 2002 on the implementation of the .eu Top Level Domain⁵;
- Regulation (EC) No 874/2004 of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration⁶.

In 2003, the European Commission selected the European Registry for Internet Domains vzw, abbreviated EURid, a non-profit company registered in Belgium, as .eu Registry Operator. Shortly thereafter, the .eu ccTLD was added to the DNS root zone and .eu registrations opened for the public⁷. In 2016, the .eu extension in Cyrillic script (.ею) was launched, followed by

⁴ Examples of IP Addresses are 01.102.103.104 (IPv4) or 2001:db8:3333:4444:5555:6666:7777:8888 (IPv6)

⁵ Regulation (EC) No 733/2002 of the European Parliament and of the Council of 22 April 2002 on the implementation of the .eu Top Level Domain, eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2002:113:FULL

⁶ Commission Regulation (EC) No 874/2004 of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration, [EUR-Lex - L:2004:162:TOC - EN - EUR-Lex \(europa.eu\)](http://eur-lex.europa.eu/LexUriServ.do?uri=OJ:L:2004:162:TOC)

⁷ European Commission. (2006) “.eu”: Europe’s new internet domain now open for everybody. Press release, [Microsoft Word - i05_1510.enw](http://europa.eu/rapid/press-release-2006-05-1510.enw)

.eu in Greek (.ev) in 2019⁸. The Concession Service Contract signed with EURid was extended in 2014 and 2019 and renewed in 2022 based on a competitive procedure⁹.

Today, the .eu TLD is governed by the .eu Regulation¹⁰, which entered into force on 13 October 2022. The new Regulation was designed as a lighter, more efficient, and future-proof principle-based legal instrument. It aims at creating the overall framework for the principles, the vision and the administration and management of the .eu TLD, with more operational aspects being defined through delegated and implementing acts. The new Regulation also sets new eligibility criteria to enable EU/EEA citizens to register a .eu domain, regardless of where they live.

The .eu Regulation, is complemented by a) Commission Delegated Regulation (EU) 2020/1083 on the *eligibility and selection criteria and the procedure for the designation of the Registry* of the .eu top-level domain name¹¹, b) Commission Implementing Regulation (EU) 2020/857 on *the principles to be included in the contract between the European Commission and the .eu top-level domain Registry*¹² and c) Commission Implementing Regulation (EU) 2022/1862 of 4 October 2022 *establishing the lists of reserved and blocked domain names under the .eu top-level domain*¹³. Article 14 of the .eu Regulation¹⁴ also requires the European Commission to establish a .eu Multistakeholder Advisory Group. The Decision establishing such group is expected in Q4 2024 and will complete the .eu legislative framework.

⁸ EURid website <https://eurid.eu/en/welcome-to-eurid/eu-timeline/> (accessed 19/7/2024)

⁹ [Call for the selection of the Registry of the .eu Top-Level Domain | Shaping Europe's digital future \(europa.eu\)](#)

¹⁰ Regulation (EU) 2019/517 of the European Parliament and of the Council of 19 March 2019 on the implementation and functioning of the .eu top-level domain name and amending and repealing Regulation (EC) No 733/2002 and repealing Commission Regulation (EC) No 874/2004, [Regulation - 2019/517 - EN - EUR-Lex \(europa.eu\)](#)

¹¹ Commission Delegated Regulation (EU) 2020/1083 of 14 May 2020 Supplementing Regulation (EU) 2019/517 of the European Parliament and of the Council by establishing the eligibility and selection criteria and the procedure for the designation of the Registry of the .eu top-level domain name, [Delegated regulation - 2020/1083 - EN - EUR-Lex \(europa.eu\)](#)

¹² Commission Implementing Regulation (EU) 2020/857 of 17 June 2020 laying down the principles to be included in the contract between the European Commission and the .eu top-level domain Registry in accordance with Regulation (EU) 2019/517 of the European Parliament and of the Council, [Implementing regulation - 2020/857 - EN - EUR-Lex \(europa.eu\)](#)

¹³ Commission Implementing Regulation (EU) 2022/1862 of 4 October 2022 establishing the lists of reserved and blocked domain names under the .eu top-level domain in accordance with Regulation (EU) 2019/517 of the European Parliament and of the Council, [Implementing regulation - 2022/1862 - EN - EUR-Lex \(europa.eu\)](#)

¹⁴ Regulation (EU) 2019/517 of the European Parliament and of the Council of 19 March 2019 on the implementation and functioning of the .eu top-level domain name and amending and repealing Regulation (EC) No 733/2002 and repealing Commission Regulation (EC) No 874/2004, [Regulation - 2019/517 - EN - EUR-Lex \(europa.eu\)](#)

Top Level Domain market analysis

In June 2024, there were 362.4 million domain names worldwide, across all top-level domains, of which around 38% were ccTLDs registrations¹⁵. The top 10 largest ccTLDs in the world were .cn (20.3 million), .de (17.7 million), .uk (10.5 million), .ru (6.5 million), .nl (6.2 million), .br (5.4 million), .au (4.2 million), .fr (4.2 million), .in (4.0 million) and .eu (3.7 million)¹⁶.

Historically, in the European Union, ccTLDs have been holding the largest share of the TLD market. The twenty-eight ccTLDs from EU Member States and .eu together have roughly 53 million domain names under management, close to 40% of all ccTLD domain names globally. The table below provides a breakdown of domain names by European ccTLDs.

The EU and EEA ccTLDs at the beginning of 2024 ¹⁷					
.de (Germany)	17.65M	.cz (Czech Republic)	1.47M	.hr (Croatia)	0.13M
.nl (Netherlands)	6.30M	.dk (Denmark)	1.35M	.lu (Luxemburg)	0.12M
.fr (France)	4.13M	.hu (Hungary)	0.86M	.bg (Bulgaria)	No data
.eu .eio .ev (EU)	3.66M	.ro (Romania)	0.66M	.cy (Cyprus)	No data
.it (Italy)	3.49M	.fi (Finland)	0.55M	.gr / .ελ (Greece)	No data
.pl (Poland)	2.55M	.sk (Slovakia)	0.47M	.mt (Malta)	No data
.es (Spain)	2.09M	.ie (Ireland)	0.33M		
.pt (Portugal)	1.78M	.lt (Lithuania)	0.23M	<i>EEA countries</i>	
.be (Belgium)	1.73M	.ee (Estonia)	0.16M	.no (Norway)	0.85M
.at (Austria)	1.51M	.si (Slovenia)	0.16M*	.is (Iceland)	0.15M
.se (Sweden)	1.48M	.lv (Latvia)	0.14M	.li (Lichtenstein)	0.08M

In recent years, the European ccTLDs market has remained stable, having reached a relative plateau with small annual growth for most ccTLD and limited decline for the others. This

¹⁵ DNIB, “The DNIB Quarterly Report Q2 2024”, <https://dnib.com/articles/the-domain-name-industry-brief-q2-2024#:~:text=The%20second%20quarter%20of%202024,1.6%25%2C%20year%20over%20year>.

¹⁶ DNIB, “The DNIB Quarterly Report Q2 2024”, <https://dnib.com/articles/the-domain-name-industry-brief-q2-2024#:~:text=The%20second%20quarter%20of%202024,1.6%25%2C%20year%20over%20year>.

¹⁷ CENTR Stats, Domain Counts by TLD, <https://stats.centri.org/public/registrations?> (accessed 5/5/2024),

invariability however does not mean that domain names are no longer relevant or that the TLDs market in Europe never knows any fluctuation, due to internal or external factors and shocks.

For instance, domain name registrations spiked during the COVID-19 pandemic due to the forced (and sudden) digitalisation of many economic and social activities. During this time, the median growth rates for the largest EU ccTLDs went up from 1% at the time of the first restrictions in 2020 to 4% in 2021. By the beginning of autumn in 2021 however, the growth started to slow down and, today, EU ccTLDs growth continues but at a lower rate and with differences between registry providers. In this context, the .eu domain remained stable, reporting a -0.47% growth for 2023¹⁸.

While the growth dynamic for a TLD Registry comes from new registrations, the basis of a Registry activity is formed by renewals of domain names¹⁹. For a well-established Registry, the annual renewal fees generally account for more than 80% of its total revenue, which means that the financial solidity of a Registry depends essentially on the invoicing of renewal fees.

While most European ccTLDs enjoy historically high and reliable renewal rates, this is an element that today requires attention. A decrease in renewal rates means that more new registrations are needed to maintain growth or stay at the same level. According to several market experts consulted during the Commission's assessment, some EU registries appear to be heading in this direction, though it is too early to call it a trend. Even in case such a decrease occurs, renewal rates will probably remain high in the near future. Nevertheless, the current situation is already prompting some EU ccTLDs to adjust their planning and investment strategies to a stabilising rather than growing market.

Other factors that are currently impacting the EU TLD market include:

1. Power shift and consolidation in the registrar market: domain name registrars are organisations handling the reservation of domain names. They normally sell domain names from multiple Registries (i.e., a registrar might sell .eu domain names but also .it, .com, .edu etc.). The introduction of over a thousand new gTLDs in 2012 (following the latest ICANN gTLD expansion round²⁰) significantly shifted the balance of power between Registries and Registrars. Before, registrars were eager to offer domain names in as many TLDs as possible, including smaller ccTLDs but post-2012, registrars have become more selective on the TLDs they offer. Some registrars are leveraging their market power and make Registries compete and pay for shelf space or promotional space on their websites. For smaller ccTLDs, expanding their sales channel and gaining traction has become more difficult, as they must compete for the registrars' attention against larger TLDs with bigger budgets. Furthermore, and since 2012, the registrars have started to merge and consolidate. This consolidation results in the formation of

¹⁸ EURid. "EURid's Annual Report 2023."

¹⁹ When individuals or organisations register a domain name, it is in their possession for a set period, which is typically between one and 10 years. If they want to keep using it, including all the services associated with it (like a website or email service), they must renew before it expires.

²⁰ [2012 New gTLD Round | New gTLD Program \(icann.org\)](https://www.icann.org/news/2012/01/2012-New-gTLD-Round-New-gTLD-Program)

large Registrar groups that wield even greater power. This can be attributed to several factors including the availability of capital from financial groups taking equity interests, a stable end-customer market for domain names with no significant growth in demand, and rising costs for Registrars. This phenomenon is expected to continue and will impact EU ccTLDs.

2. Increase in operational costs: the cost of operating a ccTLD registry has significantly increased over the past years, due to inflation resulting in rising energy prices and increasing labour costs and compliance with requirements and regulations, including cybersecurity rules. According to several market experts, some EU ccTLDs are operating close to break-even, have already raised the registration price or established additional activities to generate further income.
3. Emerging technologies: blockchain based domain name spaces or technological progresses in the use of Artificial Intelligence (AI) do not seem to pose immediate threats to the EU ccTLDs business nor to the relevance of the DNS infrastructure layer. Nonetheless, these technological developments might impact business as usual practices, for instance through uptake of AI domain name generators or interoperability and integration of blockchain based domain names in the traditional DNS.

State of play for the .eu TLD

With 3.7 million registered .eu domain names in Q2 2024, the .eu domain is the tenth largest ccTLD worldwide and the fifth largest in Europe behind .de, .nl, .at and .fr. The vast majority (99%) of its domain names are registered under .eu, the remaining 1% under the Cyrillic and Greek versions. The .eu Registry operator counts on 660 active registrars selling .eu domains, half of which based in Germany (92), Netherlands (65), Italy (62), Austria (50) and Belgium (38). The .eu Registry also observes a consolidation among its registrars, with the top-100 Registrars managing 90% of the .eu portfolio, just six large groups controlling 51% and one of those groups holding 20%.

Overall, German private individuals and organisations have by far the most registrations, followed by domain name holders in the Netherlands, France, Italy, and Poland, as shown in the figure below.



The total number of .eu registrations has remained stable in the past few years. Similarly, renewal rates have also remained stable, ranging between 80% and 82%, which is in line with the rates of other European ccTLDs and substantially higher than those reported for gTLDs²¹. The level of .eu registration fees (for domain name registrations, renewals, and transactions) is also in line with the practices of the other European ccTLDs.

Almost two thirds of .eu domain name holders are businesses. According to a recent web-crawling exercise conducted by the .eu Registry, the biggest categories of .eu users are webshops (14,8%) and organisations from the IT (8.2%), manufacturing (8.2%), marketing/advertising (8%), energy/environmental (5.9%) and education (5.2%) sectors²². Organisations from these sectors alone constitute around 50% of the total number of users.

The .eu domain space is characterised by a strong emphasis on security. Around 18% of .eu domains are DNSSEC protected domains²³, compared to a 10.5% DNSSEC adoption rate within European ccTLDs. The number of .eu DNSSEC protected domains is growing over time thanks to a combination of discounts offered to registrars per domain name signed, continuous awareness campaigns and large registrars having improved their technical systems to automate the DNSSEC key rollover. The .eu Registry is also investing significantly in the development of DNS abuse²⁴ prevention tools, such as AI-driven Abuse Prevention and Early Warning

²¹ Monthly renewal rates for gTLDs in Q1-2024 as shown in the DNIB dashboard on 5/8/2024. <https://dnib.com/dashboards/gtld-registration-and-renewal-trends>.

²² [Statistics - EURid](#)

²³ DNSSEC (Domain Name System Security Extensions) is an Internet security protocol that helps to reduce the chance that visitors to your website are led to a fake or fraudulent webpage when typing your web address into their browser, see [Statistics - EURid](#)

²⁴ There is no consensus among stakeholders on the definition of DNS abuse. According to the 2022 Study on Domain Name System Abuse – DNS abuse, the latter can be understood as is any activity that makes use of domain names or the DNS protocol to carry out harmful or illegal activity. See: [Study on Domain Name System \(DNS\) abuse - Publications Office of the EU \(europa.eu\)](#). According to the Internet Corporation for Assigned Names and Numbers (ICANN), the term DNS abuse encompasses malware, botnets, phishing,

System (APEWS). APEWS is an innovative and award-winning methodology based on evaluating patterns of domain name registration. It predicts whether a domain name may potentially be used in an abusive manner²⁵.

Finally, the .eu Registry is strongly involved in global and regional activities aimed at spreading the adoption of Internationalised Domain Names (IDNs) in line with the EU support for multilingualism. IDNs are domain names that contain characters other than unaccented Roman letters (A-Z), digits (0-9), and the hyphen. The .eu Registry is involved in the work on Universal Acceptance, within and outside the Internet Corporation for Assigned Names and Numbers (ICANN), to ensure that all domain names and email addresses are treated equally and can be used by all Internet-enabled applications, devices, and systems²⁶.

Assessment of the criteria laid down in Article 9

Article 9 of the .eu Regulation lays down the following characteristics for the .eu Registry:

1. The Registry shall be a not-for-profit organisation. It shall have its registered office, central administration, and principal place of business within the territory of the Union.
2. The Registry may impose fees. Those fees shall be directly related to the costs incurred.

The following sections detail the results of the assessment of these requirements.

Not-for-profit

In accordance with Article 9 (1) of the .eu Regulation, EURid, the .eu Registry operator since 2003, is a not-for-profit association registered in Belgium²⁷.

The organisations managing ccTLD Registries are typically categorised based on type of ownership (public or private) and purpose (for-profit or not-for-profit organisations). Among ccTLDs, the not-for-profit model is particularly popular and is the most common in the EU. Several European ccTLDs are membership organisations, with either a limited membership structure (for instance .pt, .be, .eu), open membership (for instance .fr, .cz), or a cooperative structure (for instance .de). A few ccTLDs are managed by a foundation (for example .nl, .se). Other EU ccTLDs are operated by or are part of a public entity (such as .es, .fi) or of public research institute (such as .it, .gr). A particular case are ccTLDs operated by an independent

farming and spam when it is used to deliver other forms of DNS Abuse. See: [DNS Abuse - ICANNWiki](#). Notwithstanding the discussions on the definition of DNS abuse, its impact on the internet is increasingly worrisome. Global ransomware damage costs are predicted to exceed \$265 billion by 2031. See: [2023 Ransomware Market Report](#). Furthermore, cyber-attacks to hospitals have been increasing year after year: between January 2021 and March 2023, the EU health sector witnessed frequent cyberattacks, with 53% affecting healthcare providers and 42% hospitals. See: [Health Threat Landscape — ENISA \(europa.eu\)](#)

²⁵ [Data Quality - EURid](#)

²⁶ [Universal Acceptance \(UA\) - ICANN](#)

²⁷ EURid Articles of Association. <https://eurid.eu/en/other-infomation/articles-association/> (accessed 5/8/2024)

company founded and fully owned by a not-for-profit entity (for example .at²⁸, .dk²⁹). This landscape of organisations managing EU ccTLDs has not seen major changes in recent years.

In 2018, the public stakeholder consultation that informed the proposal of the current .eu Regulation showed an almost unanimous (93%) support for the requirement that the .eu TLD Registry should be operated by a not-for-profit organisation or association³⁰. The Impact Assessment³¹ accompanying the proposal for the .eu Regulation also concluded that the option of commercialisation by outsourcing the operation and management of .eu to an external for-profit service provider would have not fulfilled ‘*the EU’s policy objective of ensuring a European online identity*’ as well as other objectives³². The impact assessment indicated that this option was ‘*likely to create a fully commercial .eu TLD in which there would be little guarantee that EU values or objectives would be prioritised and adequately pursued*’³³. It further stated that “*weakening the involvement of the EU in an area which is becoming highly sensitive (such as the policy-making in the DNS space) and in a political context where increased political attention is given to issues related to the security and trust on the Internet, would not be in line with the current political context*”³⁴.

The considerations outlined in the 2018 Impact Assessment remain relevant in 2024 and the views of the community have not changed since. A staunch support for the not-for-profit requirement for managing the .eu ccTLD remains for several reasons.

First, as a ccTLD, .eu is the unique two letter code for its geographic region, which comes with obligations towards its community which should prime over any potential business interest. Indeed, the commercialisation may prompt a for-profit operator to promote the use of .eu to increase sales in ways that divert the attention from .eu as a strong European online identity. An example of such practices is the ccTLDs that some online search engines treat as gTLDs

²⁸ [nic.at GmbH](#) is a wholly owned subsidiary of the [Internet Stiftung](#)

²⁹ [DK Hostmaster](#) is owned by the [Danish Internet Forum \(DIFO\)](#).

³⁰ Commission Staff Working Document SWD (2018) 120 “Impact Assessment Accompanying the document Proposal for a Regulation of the European Parliament and the Council on the implementation and functioning of the .eu Top Level Domain name and repealing Regulation (EC) No 733/2002 and Commission Regulation (EC) No 874/2004, Part 2, Annex 2: Stakeholder consultation.

³¹ Commission Staff Working Document SWD (2018) 120 “Impact Assessment Accompanying the document Proposal for a Regulation of the European Parliament and the Council on the implementation and functioning of the .eu Top Level Domain name and repealing Regulation (EC) No 733/2002 and Commission Regulation (EC) No 874/2004

³² The objectives “*Ensure a governance structure that both reflects technical and governance best practices and serves EU public interest*” (S O3) and “*Promote the attractiveness of .eu TLD*” (S O4).

³³ Ibid.

³⁴ Ibid.

because they are found to be more frequently used in a generic and not country-targeted way, such as .ai (Anguilla), .co (Colombia), or .me (Montenegro).³⁵

In addition, a non-commercial approach is coherent with the EU's stance on Internet Governance, namely its support for multistakeholderism and its views on the collective management of the core Internet infrastructure³⁶, which is further corroborated by the upcoming creation of a Multistakeholder Advisory Group to advise the Commission on the management of the .eu TLD and the fact that the .eu Registry should support achieving the Union objectives in the field of internet governance. This approach mirrors what is happening in most of the EU Member States.

Finally, the not-for-profit requirement has not resulted in a shortage of candidates to operate .eu, as demonstrated by the recent process where four candidates³⁷ were declared eligible and admitted to the selection procedure. As such, the requirement does not appear to come in the way of the .eu domain being attractive for potential Registry operators.

Therefore, and according to all available evidence and the examples from other ccTLDs, **the not-for-profit requirement remains the most logical and natural option to ensure that the management of the .eu TLD fulfils the expectations and needs of the EU society and economy.**

EU-based organisation

Article 9 (1) of the .eu Regulation further requires that the .eu Registry operator has '*its registered office, central administration and principal place of business within the territory of the Union.*' EURid, the current .eu Registry, has its registered head office in Belgium (Diegem) and the registry has regional offices in Italy (Pisa), Czech Republic (Prague) and Sweden (Stockholm).

The .eu ccTLD is expected³⁸ to support the EU's digital single market, build and strengthen an online EU identity, and promote EU values online. The requirement that the .eu Registry operator be an EU-based organisation is logical and in line with the general idea that a ccTLD

³⁵ See for instance the the list of ccTLDs treated by Google as gTLDs which is published at <https://developers.google.com/search/docs/specialty/international/managing-multi-regional-sites#generic-domains> (accessed 10/9/2024)

³⁶ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Internet Policy and Governance. Europe's role in shaping the future of Internet Governance (COM/2014/072 final) [EUR-Lex - 52014DC0072 - EN \(europa.eu\)](#)

³⁷ European Commission. (2021) "Call for the selection of the .eu Top Level Domain Registry - Results of Phase 1 - Eligible Applicants." 9 July 2021, see: [Call for the selection of the .eu Top Level Domain Registry – Result of Phase 1 – Eligible Applicants | Shaping Europe's digital future](#)

³⁸ Recital 5 and Article 5 of Regulation (EU) 2019/517 of the European Parliament and of the Council of 19 March 2019 on the implementation and functioning of the .eu top-level domain name and amending and repealing Regulation (EC) No 733/2002 and repealing Commission Regulation (EC) No 874/2004, [Regulation - 2019/517 - EN - EUR-Lex \(europa.eu\)](#)

is operated to serve the community it represents. Moreover, the requirement has gained significant importance considering today's geopolitical context and the growing emphasis on digital sovereignty. For instance, Directive 2022/2555 on measures for a high common level of cybersecurity across the Union (NIS 2 Directive)³⁹ considers top-level domain name registries, regardless of their size, to be essential entities⁴⁰ that play a crucial role in maintaining the proper functioning of the EU economy and society.

The fact that the .eu Registry operator is based within the EU enhances trust in the .eu domain both in a practical sense and on an emotional level. Practically, it ensures compliance with EU regulations, including data protection and privacy legislation. The requirement also provides transparency as the operator's location within the EU territory determines which national authority is responsible for overseeing compliance with EU law. On a more symbolic (but nonetheless important) level, the local presence fosters a sense of belonging and accountability, making users feel more confident that the domain aligns with EU values and is managed with their interests in mind.

Another argument for keeping the registry operation EU-based stems from the expectation that .eu is operated not-for-profit serving the interests of the .eu community. If any parts of the .eu Registry were outsourced to a non-EU provider, a sizeable portion of the revenue would be directed outside the EU, raising concerns about whether this would align with the intent that funds generated from domain registrations benefit the .eu community.

Cost recovery model

Article 9 (2) of the .eu Regulation requires that fees, if imposed, *'shall be directly related to the costs incurred'*.

The .eu Registry operator communicates to the Commission *"the fees it intends to impose for registering a .eu domain name and information about how they relate to the costs incurred"*⁴¹. The fee must be directly derived from the reasonable costs incurred by the .eu Registry to fulfil its mission⁴² and to invest in the enhanced quality and security of its services. Fees must allow to provide the *'best value for money for the registrants'* and take into consideration the market prices of the other EU ccTLDs⁴³.

The .eu Registry charges fees to its accredited registrars for domain name registrations, renewals, and transactions, such as transfers or applying a Registry lock. Since the launch of

³⁹ Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148 (NIS 2 Directive). Recital 32 and Article 3.

⁴⁰ Compared to operations of essential services for digital infrastructure under the original NIS Directive. Directive (EU) 2016/1148 of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union).

⁴¹ Art 7, Commission Implementing Regulation (EU) 2020/857 of 17 June 2020.

⁴² The mission, according to Art. I.2 of the concession contract is 'to organise, administer and manage the .eu TLD in a manner that enhances the Union's identity, promotes the Union values online and promotes the use of the .eu domain name.'

⁴³ Art I.5, Service Concession Contract between the European Commission and EURid vzw (2022)

the .eu domain in 2006, the fees have been increased once, as of 1 January 2023, to account for rising operational costs⁴⁴.

There is a strong stakeholders' consensus, recognised both through the data collection (survey and interviews) exercise carried out in 2018 for the Impact Assessment preceding the current .eu Regulation and through the more recent interviews carried out for this assessment, on allowing the .eu Registry operator to charge fees and the principle that fees should be related to costs. This approach has been applied in telecom regulations to prevent large operators from abusing their market power and charging high connection fees to smaller competitors⁴⁵. Similarly, in the .eu context, the requirement laid down in Art 9(2) is meant to ensure fair competition in the European ccTLD market, considering that maintaining a level playing field between the .eu and the other 27 EU ccTLDs regarding fee levels and the budget use is crucial. For smaller ccTLDs in fact, the presence of the .eu Registry operator can mean facing a significantly more resourceful competitor, with larger budgets for R&D, marketing, security investments, and regulatory compliance.

While the requirement that prices must align with actual costs remains relevant and useful, a clear understanding of a) which costs the fees are intended to cover and b) how much room there is for R&D and future investments is needed. Some expenses, such as investments in security or costs to implement regulatory requirements, are spread over several years and can be difficult to fully assess in advance. Additionally, with rising costs and inflation, Registries should have some leeway and a streamlined process to raise fees when appropriate and necessary. It is therefore important to continue monitoring the implementation of this requirement to avoid any (unintended) market distortion which would put the .eu Registry operator in an advantageous or disadvantageous position with respect to the other European ccTLDs. In this regard, the role of the Commission in supervising the execution of the service concession contracts, including the respect of the principle of sound financial management, remains very relevant.

[Additional considerations on the requirements](#)

The .eu Regulation was designed as a principle-based legislation, aiming at defining the key elements of the legal framework and deferring to secondary legislation and the contractual arrangements between the Commission and the Registry to establish more operational requirements.

Pending a full evaluation of the .eu Regulation, this approach seems to work well as regards the characteristics of the Registry. In particular, the implementing and delegated regulations and the service concession contract provide for additional specification of some characteristics and make some characteristics optional to be activated according to the policy needs. For example, the criterion that the Registry should be EU-based is further complemented by the requirement by Commission Delegated Regulation (EU) 2020/1083 that the infrastructure to

⁴⁴ EURid (2022) "EURid to raise prices as of 1 January 2023." 21 November 2022.

⁴⁵ For example, the obligation to charge cost-price connection fees for operators with significant market power, as described in Peitz M. "On access pricing in telecoms: theory and European practice." Telecommunications Policy, Volume 27, Issues 10–11, 2003, Pages 729-740,

perform its core functions be on EU territory. The core functions⁴⁶ are then further defined in the service concession contract. This is an important requirement to ensure that critical operations are performed in the EU and that the related infrastructure is on the EU soil, but the objective is achieved without the need to amend the existing main .eu Regulation.

Another example is given by the so-called “registrar function”. From the analysis it emerged that one potential additional characteristic for the .eu Registry could be to perform registrar activities, and sell directly .eu domain names, to better support specific needs such as those of the European SMEs. The current .eu Registry operator, in agreement with the Commission, identifies SMEs as a very important target audience for the .eu domain. In 2018, the Impact Assessment preceding the current .eu Regulation anticipated that the new legal framework would benefit European SMEs and offer an attractive and relevant .eu TLD, thereby enhancing product innovation, reducing prices, and increasing visibility for European businesses, SMEs and micro-enterprises. However, many SMEs that hold one or more European Trademarks (EUTM) do not have the corresponding .eu domain name. Of the 2.3 million active EUTMs in the EUIPO database, less than half (1.03 million) have a matching .eu domain name.

Nonetheless, the analysis concluded that the current legal framework is sufficiently flexible to allow the registrar function to be activated on demand and only for specific needs and no further legislative intervention would be required. In fact, Article 5(4) of the Commission Delegated Regulation⁴⁷ establishes that the registry needs to demonstrate the capability (technical and organisational) to perform the registrar function. The service concession contract specifies that these additional activities can only be performed upon request by the Commission to cater for specific policy needs and underserved geographical areas in the Union and/or underserved categories of registrants.

Other considerations that emerged during the analysis, including through the consultation of external experts, pertain to the possibility to include a new mandatory characteristic establishing some specific role for the .eu Registry in supporting and strengthening the European ccTLD community. This could involve for example investing a part of .eu Registry’s

⁴⁶ These are the core registry functions as listed in the service concession contract: a) operation and maintenance of the primary authoritative server for the .eu TLD; b) management of the network of secondary servers for the .eu TLD; c) creation and management of the .eu TLD zone file(s); d) implementation of appropriate security measures to guarantee: that the .eu TLD is available at all times; a high level of data confidentiality, integrity and availability; e) security due diligence to guarantee state-of-the-art protection against emerging cybersecurity threats; f) maintenance of an accurate and up-to-date registration database (WHOIS) for all .eu TLD registrations; g) maintenance of an accurate and up-to-date database of .eu TLD accredited registrars; h) establishment of a third party data escrow for the .eu TLD zone file and domain name registration information; i) compliance with relevant international standards and best practice procedures for the functions outlined above and in order to ensure the interoperability of the .eu TLD with the rest of the domain name system (DNS); j) promotion of the .eu TLD by maintaining a website with up-to-date policy and registration information, and through other promotion and awareness means; and k) operation and maintenance of associated public query services.

⁴⁷ Commission Delegated Regulation (EU) 2020/1083 of 14 May 2020 Supplementing Regulation (EU) 2019/517 of the European Parliament and of the Council by establishing the eligibility and selection criteria and the procedure for the designation of the Registry of the .eu top-level domain name, [Delegated regulation - 2020/1083 - EN - EUR-Lex \(europa.eu\)](#)

revenue in infrastructure projects, community initiatives, and open-source solutions to strengthen the DNS or assist other European ccTLDs. However, the assessment concluded that these objectives can still be achieved with the current legal framework, leveraging the provisions that require .eu Registry to support the Union objectives in the field of internet governance, including by dedicating to it some part of its surplus that would otherwise be returned to the EU budget.

There are already opportunities for the .eu Registry to share expertise or offer backend solutions to enhance security or comply with regulatory requirements which smaller ccTLDs may choose to implement. EURid has developed products like YADIFA, an open source nameserver implementation that is available to the community at no charge, and the above-mentioned Abuse Prevention and Early Warning System (APEWS), created in collaboration with the University of Leuven, which is an AI-driven system that detects possible malicious domain name registrations. EURid plans to collaborate with other ccTLDs and allow them to use APEWS on their registration data. Further priorities in the support of the EU ccTLD ecosystem will be discussed with the soon to be established .eu Multistakeholder Advisory Group.

Conclusions

The assessment performed by the Commission's services of the criteria set out in Article 9 of Regulation (EC) No 2019/517 indicates that these characteristics remain relevant and fit for purpose and that there is no compelling rationale neither for removing or adding new characteristics at this stage.

The assessment of the individual characteristics of the .eu Registry operator can be summarised as follows:

- *The Registry should continue to be a not-for-profit organisation.*

The not-for-profit structure remains the most appropriate model for the .eu Registry operator. This approach aligns the .eu Registry with the large majority of ccTLDs in Europe and is considered logical, given the expectation that a ccTLD is operated in the interest of its community and not in the interest of its operator's owner or shareholders.

- *The Registry should continue to have its registered office, central administration, and principal place of business within the territory of the Union.*

This characteristic has become increasingly important over the past five years due to the changing geopolitical reality, the growing emphasis on digital sovereignty, and the classification of TLD registries as essential entities under the NIS2 Directive⁴⁸. Additionally, having the Registry based within the EU territory and performing its core functions within its jurisdiction may enhance the community's trust in .eu and facilitate oversight of compliance with key EU privacy and security legislation. This characteristic should be maintained.

⁴⁸ Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/172, and repealing Directive (EU) 2016/1148 (NIS 2 Directive).

- *The Registry should continue to have the possibility of imposing fees directly related to the costs incurred.*

There is no doubt that offering free .eu domains would distort the European ccTLD market. While the requirement that fees shall relate to costs remain appropriate, it can present challenges due to the vague nature of “costs incurred”. This raises concerns about the potential competitive disadvantage faced by smaller EU ccTLDs, which have smaller budgets but must compete with .eu in their local market. However, it is unlikely that this concern can be resolved through changes to the characteristics of the .eu Registry operator.

Additionally, the TLD market analysis performed in the context of this assessment indicates that these characteristics have not prevented the .eu ccTLD from achieving and maintaining a strong, leading position within the European market and globally. While key challenges, such as moderate growth rates, a shift in market power combined with a further consolidation among registrars, and the rising costs of operating a registry, have been identified for European ccTLDs, these are not specific to .eu nor have been exacerbated by the requirements laid down in Article 9 of the .eu Regulation.

Finally, the priorities set for the .eu TLD have contributed to make the .eu a highly reliable, secure and trustworthy domain space which supports the presence of EU citizens and business online. In turn, this contributes to achieving the most recent European priorities including boosting productivity with digital tech diffusion and protecting our democracies⁴⁹. The priorities for the .eu TLD also support reaching Europe’s 2030 Digital Decade targets, strengthening cybersecurity to protect EU industries and resiliency to cybersecurity threats and ensuring a leading role for Europe in global digital governance⁵⁰. Overall, the availability of the .eu domain name space continues to benefit European citizens, businesses and organisations by providing them an online environment which embodies the EU values and aspirations and ensures respect of their digital rights.

The Commission’s services conclude that there is no need to modify or extend the Art. 9 requirements at this stage but will continue to monitor the evolution of the TLD market and the performance of the .eu Registry to act whenever appropriate.

⁴⁹ Europe’s choice, Political Guidelines for the Next European Commission, 2024–2029, Ursula von der Leyen, Candidate for the European Commission President, [e6cd4328-673c-4e7a-8683-f63ffb2cf648_en \(europa.eu\)](https://e6cd4328-673c-4e7a-8683-f63ffb2cf648_en.europa.eu)

⁵⁰ Mission letter; Henna Virkkunen, Executive Vice-President Designate for Tech Sovereignty, Security and Democracy, [3b537594-9264-4249-a912-5b102b7b49a3_en \(europa.eu\)](https://3b537594-9264-4249-a912-5b102b7b49a3_en.europa.eu)