

# ICANN Investment Policy 20 November 2025

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# 1. Introduction

This investment policy (IPS) has been adopted by the Internet Corporation for Assigned Names and Numbers (ICANN) Board of Directors (Board) to provide guidelines for the investment of the pools of assets under its care as described below<sup>1</sup>.

This IPS is meant to outline applicable responsibilities, management policies, and performance expectations. Given the uncertainties of the future, this IPS is designed to provide flexibility to manage ICANN assets prudently through market cycles without requiring frequent changes to this IPS.

## 2. Roles & Responsibilities

**ICANN Board of Directors (Board)** – The ICANN Board has ultimate oversight authority and responsibility over this IPS. However, the Board can delegate functions that enable the day-to-day management of the funds to others so long as it delegates such responsibilities in accordance with ICANN’s Bylaws and prevailing regulatory and legal requirements.

**Board Finance Committee (BFC)** – A subset of the Board that evaluates proposed recommendations relating to this IPS from the organization and makes recommendations for further consideration by the Board.

**Chief Financial Officer (CFO)** – The Board has delegated certain functions and authority to the CFO of ICANN to manage the day-to-day activities of the funds. This includes monitoring and directing all activities related to funding daily operations, managing the selection process for selecting external resources, appointing external resources and monitoring and reporting on the compliance with this IPS

**Custodian(s)** – The institution(s) responsible for the safekeeping of assets, settlement of transactions, and asset accounting functions, such as income and market value reporting for ICANN.

**Asset Manager(s)** – The firm(s) responsible for selecting individual securities and/or commingled products, within the restrictions found in this document.

## 3. Definition and Hierarchy of Funds<sup>2</sup>

**Operating Fund** – This Fund is used for the daily needs of ICANN as developed in each ICANN Board-approved annual budget. The Operating Fund needs to always be at or

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<sup>1</sup> This Investment Policy does not govern any pools of assets for which ICANN may have fiduciary responsibility that are not named in this policy, for example, retirement plans for ICANN employees.

<sup>2</sup> Information about specific limitations and performance expectations of each fund can be found in Addendum A.

above its minimum level of three months of expected operating expenses to enable daily operations. Then, the Reserve Fund must be at above its target level to ensure financial sustainability and resilience to unforeseen events. Finally, the SFICR can be allocated funds as is deemed useful to support ICANN's project activity.

Any shortfall or excess in any of the funds should be addressed respecting the above hierarchy. If each and all minimum target levels are reached or exceeded, any excess fund can be allocated in the manner considered most appropriate.

**Supplemental Fund for Implementation of Community Recommendations (SFICR)** – The SFICR provides funding for large, complex, or longer-term projects that are multiyear and focus on community recommendations that are approved by the Board, but do not fit within an annual Budget. The SFICR is funded through Board-approved allocations from the Operating Fund.

**Reserve Fund** – This Fund includes assets that are held specifically for large, unavoidable, unpredictable or unplanned events resulting in expenses that cannot be funded from ICANN's Operations. The Reserve Fund must be at or above its target level minimum of 12 months of expected expenditures to ensure financial sustainability and resilience to unforeseen events. The use of any assets in the Reserve Fund is subject to approval by the ICANN Board or its delegate(s). Specifically, the Board of Directors has delegated to the BFC the authority to act on behalf of the Board of Directors to release up to \$5 million from the Reserve Fund to pay for items of an emergency nature; the BFC must inform the Board within seven days of taking any such action.

**New gTLD Application Fees** – This Fund is designated to cover all expenses incurred to process new gTLD applications.

**Auction Proceeds** – The use of this pool of assets is subject to Board approval.

## 4. Investment Objectives and Guidelines

**Generally** - The purpose of the investment portfolios is to optimize potential returns within acceptable risk parameters as outlined in the Definition and Hierarchy of Funds section above. Further, the ICANN Board has identified the following three objectives:

- **Safety** – Return of principal is of paramount importance to ICANN.
- **Liquidity** – Each Fund has unique liquidity needs; therefore, the assets in each Fund will be invested to meet the needs of the specific Fund.
- **Yield/Growth** – Returns are a function of the riskiness of the investments held. ICANN expects to achieve returns at or above commensurate level of risk of the underlying assets, as outlined in Addendums A and B.

The Operating Fund and SFICR require first liquidity, then safety and finally yield/growth. The New gTLD Application Fee and Auction Proceeds portfolios require first safety, then liquidity and finally yield/growth. The Reserve Fund requires first yield/growth, then safety and finally liquidity as the order of importance of these objectives.

Operating Fund and SFICR	New gTLD Application Fee and Auction Proceeds	Reserve Fund
Liquidity	Safety	Yield / Growth
Safety	Liquidity	Safety
Yield / Growth	Yield / Growth	Liquidity

## 5. Custodian and Asset Manager Requirements

**Custodians** - All investments managed by external investment managers must be held in bank custodial account(s) that are segregated from the investment manager firms' assets. All transactions will be reconciled to custody account statements from each Custodian on a monthly basis. The Custodian shall be responsible for sweeping all cash from transactions into an appropriate interest-bearing vehicle.

Custodians must meet the following criteria:

- Minimum long-term debt credit rating of Investment Grade (A3/A-) as determined by any two of the Nationally Recognized Statistical Rating Organizations (NRSROs).
- Must have an unqualified SSAE 16 audit by an independent audit firm that is registered with the Public Company Accounting Oversight Board created by Sarbanes-Oxley Act (PCAOB).
- Must maintain insurance coverage that exceeds the value of the assets held in custody on behalf of ICANN: Financial Institutions Bond that covers losses from employee theft, loss of securities on premises/in transit, forgery, etc., and Professional Liability insurance (Errors & Omissions).
- The Custodians must also promptly inform ICANN's CFO of material changes to its organization, management team, process, and ownership.
- Provide reporting as required by ICANN in compliance with this IPS on a monthly, quarterly, and annual basis including but not limited to:
  - Accounting reports consistent with Accounting Standards Codification (ASC) 820, or its replacement guidance.
  - Market value, amortized cost, and accrued interest and dividends on each holding.
  - A complete list of transactions, both income and principal, including realized gains/losses.

**Asset Managers** - Asset Managers shall invest the assets in a manner consistent with this IPS. An Asset Manager must meet the following minimum requirements:  
 Be a bank, insurance company, investment management company, or an investment adviser as defined by the Registered Investment Advisers Act of 1940.

- Manage a minimum of \$10 billion in institutional fixed income portfolios.

- Provide historical performance of a composite portfolio calculated in compliance with GIPS®<sup>3</sup> methodology preferably of at least five years.
- Articulate a clear investment strategy that will be followed.
- Commit to performing all transactions within the current definition of “best execution” as defined by the Securities and Exchange Commission (SEC).
- Provide continuous monitoring of credit ratings and adherence to policy guidelines.
- Provide reporting, as required by ICANN for monitoring purposes, on a regular basis including but not limited to:
  - Monthly performance and compliance with this IPS
  - Overall quality, duration, and cash flow of the portfolio under its care
  - Changes to market and economic outlook
  - Other information pertinent to ICANN’s oversight of the portfolio
- Be available to report periodically to the ICANN Board on the performance results and cash flow projections of the funds, as well as compliance to the IPS.

The Asset Managers must utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and with full familiarity with such matters would use for similar assets.

The Asset Managers must also promptly inform the ICANN CFO of material changes to its organization, management team, process, and ownership.

Assets may be invested in certain passively managed exchange traded funds (ETFs). While it is the intention of ICANN that all funds align with the limitations found in this IPS, the offering memorandum or prospectus of the ETFs shall govern these investments. ETFs shall meet the following minimum requirements:

- Management must have been in place for at least three years
- The passive ETF must have followed the same strategy for at least three years
- No single Asset Manager’s client may represent more than 10% of the Asset Manager’s assets under management

## 6. Eligible Investments

A list of eligible fixed income investments including minimum credit quality and diversification limits can be found in Addendum B – Eligible Investments. If an instance arises where a particular security is listed in neither the Eligible Investments Addendum nor in the Excluded Strategies and Investments list below, it should be assumed that the investment is excluded from the portfolio without written authorization from the CFO.

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<sup>3</sup> The Chartered Financial Analyst (CFA) Institute’s Global Investment Performance Standards as available at the date of this Policy.

All eligible securities must carry at least one credit quality rating from any of the NRSROs . In the case of split ratings, the lower of the ratings will be considered the overall credit rating. The Asset Manager's responsibility for assessing the credit quality of eligible securities is ongoing on a daily basis and is not limited to credit quality at the time of purchase.

**Senior Securities** - All eligible securities must be senior notes or senior classes of the capital structure of the issuer or the senior tranche or class of the collateralized issue. Notes, tranches or classes, preferred shares and equities that are all junior to senior notes of all eligible issuers are prohibited.

**Floating Rate Securities** - Floating rate securities whose interest rates are linked to a well-recognized money market index such as the Treasury Bill, Secured Overnight Financing Rate (SOFR), London Interbank Offered Rate (LIBOR) or Federal Funds with coupon resets daily, weekly, monthly, quarterly semi-annually or annually are eligible investments. Stated final maturities permissible up to five years.

**Fixed Rate Securities** - Fixed rate securities are limited to three- and one-half years stated final maturity or weighted average life (WAL).

**Non-Investment Grade Fixed Income Securities** – In the case of the Reserve Fund only, no more than 10% of the total portfolio may consist of U.S. marketable securities rated below investment grade (limited to BB and B rated), and may include high yield, notes, bonds, 144A, fixed rate and floating rate bank loans that are senior, secured loans to U.S. companies.

**Foreign Exchange Exposure** – This IPS recognizes that while ICANN is a U.S. based organization, ICANN investments should reflect the global nature of ICANN. No more than 30% of any Fund listed above can be denominated in foreign currencies or held outside of the U.S.

## 7. Excluded Strategies and Investments

ICANN assets shall be managed under the Prudent Investor Rule that states no one holding, in and of itself, is imprudent when viewed as a portion of the entire portfolio; however, there are strategies and investments, as described below, that add more risk than return potential and therefore are forbidden without the prior written approval of the CFO.

### Strategies

**Leverage** – There shall be no leverage applied to the asset pools, nor may ICANN borrow against any asset pool without authorization from the Board. This limitation is waived for

reverse repurchase agreements that receive prior approval from the CFO for short-term liquidity purposes.

**Securities Lending** – No assets may be lent from the investment portfolios.

## Prohibited Investments

- Letter stock or other unregistered securities
- Physical commodities or contracts thereof
- Transacting in swaps or futures contracts in any form
- Utilizing options for speculation
- Short sales or margin transactions
- Initial Public Offerings
- Investments for the purpose of exercising control of management
- Collateralized Debt Obligations (CDOs), Collateralized Bond Obligations (CBOs), Collateralized Loan Obligations (CLOs)
- Credit default swaps
- Direct Real Estate
- Interest only or principal only bonds
- Unrated securities (other than U.S. government securities) or securities rated below BBB- by one of the NRSROs.
- Limited partnerships (including hedge funds, private equity, and venture capital)
- Auction Rate Securities / Preferred Stock
- Perpetual Preferreds
- Tiered and Two-Tiered Index Bonds
- Floating Rate Securities that are not tied to money market rates
- Securities with deferred interest payments or payment-in-kind
- Securities that have extendable maturities at the discretion of the issuer
- Other such investments as ICANN may identify

## 8. Other Considerations

**Accounting** - All holdings will be reported at fair market value. While none of these investment portfolios are subject to taxation, the CFO must provide pre-authorization for an Asset Manager to realize net losses in a month. The CFO will be notified if the exposure to an individual issuer is increased in excess of 5%.

**Cash Flows** - ICANN will communicate as soon as feasible any projected cash flows in or out of the investment portfolios to allow the Asset Manager(s) as much time as possible to raise the necessary funds or plan to deploy incoming funds. If cash flows create a deviation from policy guidelines, the Asset Manager shall communicate with the CFO a plan to remediate such variances.

**Consultants** – From time to time or on an ongoing basis, ICANN may wish to retain one or more consultants to assist in the day-to-day management of ICANN’s assets or for general investment advice. Any consultant retained should be registered with the SEC and provide any necessary documentation and insurances as ICANN may require.

**Environmental, Social & Governance (ESG)** - ICANN's policy is to exclude the sectors of Alcohol, Tobacco and Firearms from the investible universe. None of ICANN assets shall be invested in securities of companies that derive 30% or more of their total revenue from defense-related activities, including but not limited to the manufacturing of weapons, military systems, or services contracted by national defense departments. Revenue thresholds shall be determined using the most recent publicly available financial disclosures or third-party ESG data providers. Additionally, ICANN believes that companies holding high ESG standards have less inherent risks to investors than do companies that do not maintain such standards. Therefore, Asset Managers are expected to utilize and integrate ESG scoring and all available information in the selection process for portfolio holdings and report to ICANN, upon request, their process for implementing this policy guideline. ICANN will annually perform a review of all holdings based on their ESG scores and rate of return and provide this analysis to the Board.

**Exceptions** - Any exceptions to this IPS sought by an Asset Manager prior to purchase or during the holding of a security requires written approval by the CFO. Holdings that are downgraded below ratings outlined in this IPS will be sold according to an action plan agreed to by the CFO and Asset Manager. Any intended exceptions to this Policy by an Asset Manager must be documented by written approval from the CFO prior to execution of the transaction. In the event that any unintended exceptions to this Policy do occur, it will be reported to ICANN as soon as the Asset Manager becomes aware of the violation. Actions to eliminate any unauthorized exception to this IPS will be cured immediately and at the expense of the Asset Manager. If an investment rating for a security is reduced below the minimums set by this IPS, the Asset Manager will contact ICANN immediately and an action plan will be agreed upon.

**Performance Review** – The CFO will monitor the performance of the pools versus benchmarks and work with the Asset Manager(s) to identify the optimal asset allocation of each pool in light of ICANN's needs, including the time horizon, risk tolerance and cashflow requirements. ICANN org will review such analyses with the BFC and Board, as appropriate.

# ICANN - Addendum A\*

ICANN Pools

	Operating Fund	SFICR	Reserve Fund	New gTLD Application Fees & Auction Proceeds
Time Horizon	Immediate	Short-to-Intermediate	Intermediate	Short
Risk Profile	Cash & Equivalents	Cash & Equivalents	Conservative-Moderate	Conservative
Liquidity Requirement	High	Moderate-High	Moderate	High
Asset Allocation [Eq-FI-Cash]*	[0-0-100]	[0-0-100]	[35-65-0]	[0-80-20]
Expected Return	3-Month T-Bills	3-Month T-Bills	CPI + 3%	CPI +2%
Duration Expectation (Fixed Income Allocation) +/-10%	<1	<1	6	3
Minimum Wgtd Avg Quality	A3/A-	A3/A-	A3/A-	A3/A-
Allowable Investment Vehicles	Individual CUSIP/ISIN Securities, ETFs, Money Market Sweeps (Stable NAV), Repurchase Agreements			

\*See Addendum C for specific allocation ranges.

## ICANN - Addendum B - Eligible Investments

Eligible Investments	Minimum Credit Quality	Diversification Limits (% of Portfolio)
U.S. Treasury Securities	N/A	100%
U.S. Government Agency / Federal Agency Securities	N/A	100%
U.S. Government Sponsored Enterprises	N/A	100%
Tri-Party Repurchase Agreements	Counterparty rated A3/A-	20%
SEC 2a-7 Money Market Funds	N/A	100%
Money Market Instruments (CP, ABCP, CD)	A-1/P-1	50%
Corporate Debt Instruments (MTN, 144a, notes, bonds)	Baa3/BBB-	45% > A rated <15% BBB rated
Non-US Sovereign Supranational Organizations / International Agency Securities	Aa3/AA-	40%
Non-US Government Agency / Federal Agency Securities	Aa3/AA-	30%
Local Governments or Authorities Securities	Aa3/AA-	25%
Asset-Backed Securities	Aa3/AA-	15%
U.S. Municipal Bonds	A3/A-	15%

Credit Enhancements on any issue:	Minimum Rating	Per Issuer Limitation
Bank Letter of Credit, irrevocable & unconditional	A-1/P-1	5%
Monoline Insurer	Aa1/AA+	5%

Maximum Issuer Exposures	Per Issuer Limitation
Per Issuer (ex-U.S. Treasury & Federal Agency)	5%
Per Repurchase Agreement	10%
Per GSE Debenture Issuer	20%
Per ABS, MBS, CMBS, CMO Trust Issue (different CUSIPs)	5%
Per Money Market Fund (of fund AUM)	5%

# ICANN - Addendum C - Target Allocations

Operating Fund and SFICR	Target Allocation (%)	Allowable Ranges (%)
<b>Equities, Real Estate &amp; Commodities</b>	<b>0</b>	<b>0</b>
<b>Fixed Income</b>	<b>0</b>	<b>0 - 30</b>
<b>Cash</b>	<b>100</b>	<b>70 - 100</b>

Auction Proceeds and New gTLD Application Fees	Target Allocation (%)	Allowable Ranges (%)
<b>Equities, Real Estate &amp; Commodities</b>	<b>0</b>	<b>0 - 20</b>
U.S Large Cap Equities	0	0 - 10
U.S. Mid and Small Cap Equities	0	0 - 5
Developed Non-U.S. Large Cap Equities	0	0 - 10
Developed Non-U.S. Small Cap Equities	0	0 - 3
Emerging Market Equities	0	0 - 3
Global Real Estate Securities	0	0 - 3
Commodities	0	0 - 3
<b>Fixed Income</b>	<b>80</b>	<b>70 - 100</b>
<b>Cash</b>	<b>20</b>	<b>0 - 30</b>

Reserve Fund	Target Allocation (%)	Allowable Ranges (%)
<b>Equities, Real Estate &amp; Commodities</b>	<b>35</b>	<b>15 - 55</b>
U.S Large Cap Equities	12	2 - 22
U.S. Mid and Small Cap Equities	4	0 - 9
Developed Non-U.S. Large Cap Equities	9	3 - 16
Developed Non-U.S. Small Cap Equities	2	0 - 8
Emerging Market Equities	4	0 - 9
Global Real Estate Securities	2	0 - 3
Commodities	2	0 - 3
<b>Fixed Income</b>	<b>65</b>	<b>45 - 85</b>
<b>Cash</b>	<b>0</b>	<b>0 - 10</b>