



POSTAL SERVICE

39 CFR Part 501

Authorization to Manufacture and Distribute Postage Evidencing Systems; Discontinued Indicia

AGENCY: Postal Service™.

ACTION: Final rule.

SUMMARY: The Postal Service is amending the rules concerning the manufacture and distribution of postage evidencing systems to clarify that effective January 1, 2016, all postage evidencing systems (postage meters and PC Postage® products) will be required to produce Information-Based Indicia (IBI) or Intelligent Mail® Indicia (IMI) for evidence of pre-paid postage, and that indicia from noncompliant systems will not be recognized as valid postage.

DATES: *Effective date:* January 1, 2016.

FOR FURTHER INFORMATION CONTACT: Marlo Ivey, Business Programs Specialist, Payment Technology, U.S. Postal Service, (202) 268-7613.

SUPPLEMENTARY INFORMATION: In 1999, the Postal Service introduced the Information Based Indicia Program (IBIP). Under IBIP, postage evidencing systems submitted for Postal Service test and evaluation were required to produce IBI — digital indicia that use a two-dimensional (2-D) barcode. In 2012, the next generation of postage evidencing was introduced through the publication of the IMI performance criteria. Both IBI and IMI contain a 2-D barcode that includes revenue security-related data elements and product and service information.

On July 13, 2012, the Postal Service published a proposed rule (77 FR 41336) stating that after January 1, 2016, all postage evidencing systems (postage meters and PC Postage products) will be required to produce IBI or IMI for evidence of pre-paid postage. Indicia from postage evidencing systems that are not IBI-compliant or IMI-compliant will not be recognized as valid after December 31, 2015. The following amendment to 39 CFR part 501 is intended to clarify that noncompliant indicia will be decertified, and will not be recognized as valid after that date.

One comment was received. The vendor understands the need to implement such changes to maintain revenue protection and accountability. However, by discontinuing the non-IBI or non-IMI indicia over such a short period of time it would put them at risk in the market due to the amount of resources needed to complete upgrading their customers in just 3 years.

Our response noted that this proposed rule was expected over the past several years, since the Postal Service has discussed with the industry the need to discontinue these indicia. Since the introduction of the IBI, the Postal Service has made significant investment in infrastructure to enhance the revenue security and processing of the mail. Postage meter indicia that do not bear an IBI or IMI indicia are inconsistent with these enhanced systems and processes and pose a threat to their effectiveness. Also, they do not have the enhanced revenue security features required under today's performance criteria. Recent experiences have demonstrated that these meters pose revenue risks to the Postal Service

In addition, metering systems producing non-IBI or IMI do not provide the Postal Service and its customers the product level and mail processing visibility needed to manage business in today's information rich environment.

Given these compelling reasons, the Postal Service does not intend to delay the discontinuance of non-IBI or IMI beyond December 31, 2015. We believe this date (about 3 years in the future) provides the best compromise for all parties impacted by this ruling.

List of Subjects in 39 CFR Part 501

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Accordingly, the Postal Service amends 39 CFR part 501 as follows:

PART 501 — AUTHORIZATION TO MANUFACTURE AND DISTRIBUTE POSTAGE EVIDENCING SYSTEMS

1. The authority citation for 39 CFR part 501 continues to read as follows:

Authority: 5 U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 404, 410, 2601, 2605, Inspector General Act of 1978, as amended (Pub. L. 95-452, as amended); 5 U.S.C. App. 3.

2. Add section 501.20 to read as follows:

§ 501.20 Discontinued Postage Evidencing Indicia.

(a) *Decertified indicia* (evidence of pre-paid postage) are indicia that have been withdrawn by the Postal Service as valid forms of postage evidence through publication by the Postal Service in the *Federal Register*, or by voluntary withdrawal undertaken by the provider.

(b) Effective January 1, 2016, all Postage Evidencing Systems (postage meters and PC Postage products) will be required to produce Information-Based Indicia (IBI) or Intelligent Mail Indicia (IMI) for evidence of pre-paid postage. Non-IBI and non-IMI indicia will be decertified effective January 1, 2016, and may not be used as a valid form of postage evidence. These decertified indicia will not be recognized as valid postage after December 31, 2015.

Stanley F. Mires,

Attorney, Legal Policy & Legislative Advice.

[FR Doc. 2013-02514 Filed 02/05/2013 at 8:45 am; Publication Date: 02/06/2013]