



POSTAL SERVICE

39 CFR Part 501

Authorization to Manufacture and Distribute Postage Evidencing Systems

AGENCY: Postal Service™.

ACTION: Proposed Rule.

SUMMARY: The Postal Service proposes to withdraw all authorizations to distribute Postage Evidencing Systems (PES) that are not producing compliant Intelligent Mail Indicia (IMI) on June 30th, 2024. IMI compliant PES are defined in the IMI Performance Criteria (IMIPC) and produce only IMI-Minimum (IMI-MIN), IMI-Standard (IMI-STD), and IMI-Maximum (IMI-MAX) indicia constructs (as stated in the Performance Criteria). All PES that are not IMIPC compliant, also referenced as Phase VI - IBI and Phase VII - PC Postage, will become Decertified PES on that date, and the Postal Service will withdraw the provider's authority to distribute Decertified PES. Postage indicia printed by Decertified PES will no longer be considered valid postage one hundred and eighty (180) days after June 30th, 2024.

DATE: Comments must be received on or before [INSERT DATE 30 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Mail or deliver written comments to: Director, Commercial Payment, 475 L'Enfant Plaza SW, Room 3500, Washington, DC 20260. Emailed and faxed comments will not be accepted. You may inspect and photocopy all written comments, by appointment only, at the USPS Headquarter Library, 475 L'Enfant Plaza SW, 11th Floor North, Washington, DC, 20260. These records are available for review on Monday

through Friday, 9 am to 4 pm, by calling (202) 268-2904. All submitted comments and attachments are part of the public record and subject to disclosure. Do not enclose any material in your comments that you consider to be confidential or inappropriate for public disclosure.

FOR FURTHER INFORMATION CONTACT: Ezana Dessie, Principal Business Systems Analyst, Ezana.Dessie@usps.gov, 202-268-5686.

SUPPLEMENTARY INFORMATION: The USPS (through regulations) manages the authorization, manufacturing, distribution, and decertification of Postage Evidencing Systems (PES); in addition, it establishes the PES Performance Criteria (PC). In 2000, the USPS implemented the first PES PC using the Information Based Indicia Program (IBIP); the IBIP started the movement from physical to digital PES transition. On February 4th, 2013, the USPS published an updated PES PC, the Intelligent Mail Indicia Performance Criteria (IMI-PC). Since its publication, the IMI-PC has undergone multiple updates; the current version in use is IMI-PC 1.5C, which was released on February 19th, 2019.

The Phase VI and Phase VII meters rely on the IBIP, which is an indicia format established over 19 years ago. Phase VI meters (both Closed and Open) are postage systems set exclusively via a modem or the Internet, where a 2D barcode utilizing National Institute of Standards and Technology (NIST)-certified digital signatures provides integrity and authenticity to the postage evidence imprint. The Phase VII meters are postage systems wherein postage transactions created via Postal Security Devices (PSD) are approved under the IBIP and located within the Provider's

infrastructure and the indicia; postage paid evidence is delivered via the Internet to the remote user.

Phase VI and Phase VII PES no longer meet the USPS PES requirements adequately. The decertification of the Phase VI and Phase VII PES will allow for the full implementation of Phase VIII–IMI PES, in which both PC Postage and physical PES are validated under the current edition of the IMI-PC. The implementation of the IMI-PC was announced in the Federal Register on February 4th, 2013 (Vol. 78, No. 23, pages 7820-7821). In that notice, the Postal Service set forth an implementation schedule which stated new PES submissions after October 1st, 2013 must adhere to the then-currently effective IMI-PC.

The Postal Service expected providers to update their systems to adhere to the IMI-PC within a few years after the publication of IMI-PC. However, little progress was made since 2013, until recently. Some providers did make great strides in IMI-PC compliance over the past three years, while others are still in the initial stage of their compliance work. This disparity has led to unequal PES compliance management/enforcement and in some instances afforded providers an unanticipated opportunity to market their non-compliant PES as a customer selling point.

In recent months, Commercial Payment has engaged with the providers to understand their short-term and long-term strategies to fully implement PESs that are compliant with the IMI-PC as well as to review their plans for phasing out non-compliant PES. After assessing the providers' input, weighing the USPS business/service needs, and determining potential impact to our customers, the Postal Service believes it has struck a balance between these competing objectives by setting June 30th, 2024 as the

decertification date for non-IMI-PC-complaint PESs. This target date allows the providers to plan and execute their PES decertification for Phase VI and Phase VII PES (meters) with minimal impact to customers as they transition IBI PC Postage PES to IMI-PC compliant PES.

List of Subjects in 39 CFR Part 501

Administrative practice and procedure, Postal Service.

For the reasons stated in the preamble, the Postal Service proposes to amend 39 CFR part 501 as follows:

PART 501 – [AMENDED]

1. The authority citation for 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. Amend § 501.7 by revising paragraph (c) to read as follows:

§501.7 Postage Evidencing System requirements.

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(c) The provider must ensure that any matter printed by a Postage Evidencing System, whether within the boundaries of the indicia or outside the clear zone as defined in DMM 604.4.0 and the Intelligent Mail Performance Criteria (IMI-PC), is:

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3. Amend § 501.20 by revising paragraph (b) to read as follows:

§501.20 Discontinued Postage Evidencing Indicia.

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(b) Effective June 30, 2024, all Postage Evidencing Systems will be required to produce Intelligent Mail Indicia (IMI) for evidence of pre-paid postage. Non-IMI indicia, which are not compliant with the then-current version of the IMI-PC, will be decertified and may not be used as a valid form of postage evidence. These decertified indicia may not be recognized as valid postage after December 27, 2024.

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