



39 CFR Part 501

Authorization to Manufacture and Distribute Postage Evidencing Systems

AGENCY: Postal Service™.

ACTION: Final rule.

SUMMARY: In this final rule, the Postal Service withdraws all authorizations to distribute (decertifies) Postage Evidencing Systems (PES) that are not producing compliant Intelligent Mail Indicia (IMI) on June 30, 2024. IMI compliant PES are defined in the IMI Performance Criteria (IMI-PC) and produce only IMI-Minimum (IMI-MIN), IMI-Standard (IMI-STD), and IMI-Maximum (IMI-MAX) indicia constructs (as stated in the IMI-PC). All PES that are not IMI-PC compliant, also referenced as Phase VI-IBI and Phase VII-PC Postage (collectively Phase VI and Phase VII PES), will become decertified Postage Evidencing Systems on June 30, 2024. The decertified Postage Evidencing Systems must be withdrawn from service by December 31, 2024. As of December 31, 2024, the decertified PES must be marked inactive in the USPS PES management systems, including in the National Meter Accounting and Tracking System (NMATS). Postage indicia printed by Decertified PES will no longer be considered valid postage for use or refunds after June 30, 2025.

DATES: This final rule is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

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SUPPLEMENTARY INFORMATION: In response to a notice of proposed rulemaking (85 FR 30671, May 20, 2020) to decertify and withdraw all non-Intelligent Mail Indicia (IMI) compliant Postage Evidencing Systems (PES) by June 30, 2024, the Postal Service received industry comments and feedback. The comments and feedback can

be grouped into three areas: (I) requests for an extension on the proposed dates for both the withdrawal of Decertified PES and the decertification of non IMI-postage indicia; (II) provision of more specificity on IMI-PC compliance and clarification on several items related to the decertification; and (III) additional clarification on the support the Postal Service will provide to the PES providers on the PES migration (from Information Based Indicia Program (IBIP) to IMI-PC). We will address all three areas in turn below.

- I. Requests for an extension on the proposed dates for both the withdrawal of Decertified PES and the decertification of non-IMI postage indicia.

The Postal Service has taken into consideration the concerns of the industry and is extending the dates for withdrawal of decertified PES and decertified indicia. The new withdrawal date will be December 31, 2024; the last date non-IMI indicia will be accepted for use as postage or for refunds will be June 30, 2025. Some commenters argued that changes to the IMI-PC before June 30, 2024 should extend the decertification date. The Postal Service will strive to minimize the number of changes it requires, but some changes will be inevitable and will not extend the timeline.

- II. Provision of more specificity on IMI-PC compliance and clarification on several items related to the decertification.

Like any other institution, the Postal Service needs accurate, complete, and timely data to operate effectively; the IMI-PC supports these key business objectives for the Postal Service. The IMI-PC requires the PES providers to submit more detailed transaction data, with increased transparency and frequency; it also employs higher security specifications which address the rising security threats and challenges. IMI-PC enables the USPS to provide more detailed corporate reporting, more accurately price shipping/mailling products, attain operational efficiency by automating many functions (including postage refunds), improve the USPS Federal Regulatory compliance, and

better secure Postal Service and customer data. Finally, the IMI-PC provides the USPS a better platform to bring improvements and updates to the USPS PES related products and services.

Phase VI and Phase VII PES no longer meet the USPS PES requirements adequately. Commercial Payment has shared with each provider a list of Phase VI and Phase VII PES that are not IMI-PC compliant. A PES is IMI-PC compliant when conforming to IMI-PC specifications and all other current PES related guidelines, regulations, and technical requirements; this includes the rules and regulations in the Domestic Mail Manual, International Mail Manual, Publication 199, Notice 123, Code of Federal Regulations, and having a Postal Security Device (PSD) that has a valid Federal Information Processing Standards (FIPS) certificate at the time of authorization. The decertification and withdrawal 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.

In keeping with the June 30, 2024 decertification date and the December 31, 2024 withdrawal date, the providers must stop leasing non-IMI-PC compliant PES for lengths extending beyond the withdrawal date. Postage indicia printed by Decertified PES will not be considered valid postage after June 30, 2025; also, refund requests for all unused postage indicia need to be completed before this date. As the withdrawal date for PES approaches, the providers must coordinate with Commercial Payment (or its successor) to invalidate and remove the non-IMI-PC compliant PES from USPS PES product-service-line, in accordance with IMI-PC PES withdrawal guidelines.

In rare and select cases, for unique service/business reasons that the Postal Service deems appropriate, PES providers may request a waiver to operate non-IMI-PC compliant PES beyond the December 31, 2024 withdrawal date. The waiver request

form can be obtained from Commercial Payment. Any waiver granted will be in writing from Commercial Payment, or its successor.

- III. Additional clarification on the support the Postal Service will provide to the PES providers on the PES migration (from Information Based Indicia Program (IBIP) to IMI-PC)

The updated withdrawal date (December 31, 2024) is based on the feedback and comments from the PES industry, the impact of the COVID-19 pandemic on the mailing and shipping industry, current market needs, and the USPS long-term PES product support/management strategies. The USPS believes the updated withdrawal date allows the PES providers to execute the decertification and withdrawal process and complete the IBIP to IMI-PC transition with minimal impact to our customers. The USPS is committed to supporting the providers in the decertification and withdrawal process to minimize the impact of the transition to our PES customers. To this end, the USPS will provide the providers with three support tools for communication with their end customers: (1) a publication on the importance/value of IMI-PC for USPS (this will be available on PostalPro for the providers to utilize for their customer communications); (2) a license agreement for use of an IMI logo and wordmark to support the providers' PES transition and IMI PES marketing work; and (3) USPS-led customer outreach in collaboration with the providers, when the Postal Service deems it necessary.

List of Subjects in 39 CFR Part 501

Administrative practice and procedure, Postal Service.

For the reasons stated in the preamble, the Postal Service amends 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) introductory text 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 Indicia Performance Criteria (IMI-PC), is:

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3. Amend § 501.17 by adding paragraph (f) to read as follows:

§501.17 Decertified Postage Evidencing Systems.

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(f) Postage Evidencing Systems that do not comply with the then current Intelligent Mail Indicia Performance Criteria will be Decertified Postage Evidencing Systems on June 30, 2024. The withdrawal date for those systems will be December 31, 2024.

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

§501.20 Discontinued Postage Evidencing Indicia.

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(b) Effective December 31, 2024 all Postage Evidencing Systems that do not to produce Intelligent Mail Indicia (IMI) for evidence of pre-paid postage must be withdrawn from service. 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 for use or refunds,
after June 20, 2025.

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