

determination case files, memos, and forms.

5. Department of Justice, Criminal Division (DAA-0060-2011-0010, 1 item, 1 temporary items). Master files of an electronic information system used to track correspondence and administrative material.

6. Department of Justice, Justice Management Division (DAA-0060-2011-0002, 2 items, 2 temporary items). Master files and outputs of an electronic information system used to report on performance metrics.

7. Department of Justice, Office of Community Oriented Policing Services (DAA-0060-2011-0004, 1 item, 1 temporary item). Master files of an electronic information system used to track financial reports for federal grants.

8. Department of Transportation, Federal Railroad Administration (N1-399-08-11, 4 items, 3 temporary items). Inputs and outputs of an electronic information system containing source data and data exports created for specific requests on activities and events related to the rail network. Proposed for permanent retention are master files containing geographic information on the railroad network and mileposts.

9. Department of the Treasury, Internal Revenue Service (N1-58-11-3, 3 items, 3 temporary items). Master files, audit data, and documentation for an electronic information system used to control and track bank adjustment inventories.

10. Social Security Administration, Office of Earnings, Enumeration, and Administrative Systems (N1-47-09-2, 2 items, 1 temporary item). Master files of an electronic information system used to facilitate and manage the application and assignment of social security numbers. Proposed for permanent retention is a system output that includes biographical data on all social security card holders.

Dated: March 29, 2012.

Paul M. Wester, Jr.,

Chief Records Officer for the U.S. Government.

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POSTAL REGULATORY COMMISSION

[Docket No. R2012-7; Order No. 1302]

Postal Service Classification and Price Adjustments

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: The Commission is noticing a recently-filed Postal Service notice

announcing its intent to implement Picture Permit Imprint Indicia as priced categories for First-Class Mail and Standard Mail letters and cards. This notice addresses procedural steps associated with this filing.

ADDRESSES: Submit comments electronically by accessing the "Filing Online" link in the banner at the top of the Commission's Web site (<http://www.prc.gov>) or by directly accessing the Commission's Filing Online system at <https://www.prc.gov/prc-pages/filing-online/login.aspx>. Commenters who cannot submit their views electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section as the source for case-related information for advice on alternatives to electronic filing.

DATES: *Comments are due:* April 17, 2012.

FOR FURTHER INFORMATION CONTACT: Stephen L. Sharfman, General Counsel, at 202-789-6820 (case-related information) or DocketAdmins@prc.gov (electronic filing assistance).

SUPPLEMENTARY INFORMATION:

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I. Introduction

On March 28, 2012, the Postal Service filed a notice with the Commission announcing its intent to implement Picture Permit Imprint Indicia as price categories for First-Class Mail and Standard Mail letters and cards pursuant to 39 U.S.C. 3622 and 39 CFR 3010.¹ The classification and price adjustment will permit certain images, such as corporate or product logos, to be placed in the permit indicia area of First-Class and Standard Mail letters and cards (Adjustment). *Id.* at 2. The adjustment is proposed to take effect at 12:01 a.m. on June 24, 2012. *Id.* at 1.

II. Postal Service Filing

Picture Permit Imprint Indicia category. The Postal Service plans to implement Picture Permit Imprint Indicia as a price category for First-Class Mail and Standard Mail letters and cards. *Id.* at 2. The Postal Service states that, in response to customer requests to use corporate or product logos in this area of the envelope, it has developed guidelines, requirements, and other specifications for the use of images on

the permit indicia area of the mailpiece. *Id.* It asserts that the Picture Permit Imprint Indicia is an innovative use for the permit indicia space that affords prospective customers the opportunity and ability to brand and advertise their products and services on the mailpiece. *Id.* It states that such mailpieces have been tested in the mailstream, and it believes that limited use of the permit indicia space of the mailpiece should be permitted at an appropriate price. *Id.* at 3.

The Postal Service states that the Adjustment is designed to help keep mailers using the mail, increase the interest of mail recipients in the mail they receive, and generate higher revenue through a per-piece charge over and above postage. *Id.* Market research by the Postal Service indicates that most mailers would use Picture Permit imprints for existing volume, although some said that they would increase their mailing volume. *Id.* Nine percent of First-Class Mail commercial customers and 12 percent of Standard Mail customers responded that they would be willing to pay a small premium to use Picture Permit imprints. *Id.* The Postal Service will charge an additional one cent per piece for First-Class Mail and two cents per piece for Standard Mail for the use of Picture Permit imprints. *Id.* It will require all mailings to be Full-Service Intelligent Mail barcodes, with each Picture Permit imprint to be approved by the Postal Service. *Id.* Mail customers will be responsible to defend against all legal charges for use of the image. *Id.*

Impact on the price cap. The Postal Service states that the planned prices have no impact on price cap issues because they do not change the prices for any existing First-Class Mail or Standard Mail price categories. *Id.* Therefore, it made no cap or price change calculations as described in rules 3010.14(b)(1) through (4). *Id.*

Objectives and factors, workshare discounts, and preferred rates. The Postal Service lists the relevant objectives and factors of 39 U.S.C. 3622, and claims the Adjustment does not substantially alter the degree to which First-Class Mail and Standard Mail prices already address the objectives and factors. *Id.* at 4-8. In particular, the Postal Service contends that the Adjustment is an example of the increased pricing flexibility under the Postal Accountability and Enhancement Act (objective 4), and will encourage new mail volumes, which will have the effect of enhancing the financial position of the Postal Service (objective 5). *Id.* at 7, 8. Similarly, the Postal Service claims that the Adjustment

¹ United States Postal Service Notice of Market Dominant Classification and Price Changes for Picture Permit Imprint Indicia, March 28, 2012 (Notice).

encourages increased mail volume (factor 7) and, by charging for an attractive new option that does not increase the Postal Service costs significantly, will help First-Class and Standard Mail cover attributable costs (factor 2). *Id.*

Workshare discounts. According to the Postal Service, the Adjustment will not impact current workshare discounts. *Id.* at 8.

Preferred rates. The same prices for Picture Permit Imprints will apply to Nonprofit pieces entered as Standard Mail High Density and Saturation Letters, Carrier Route, and Letters. *Id.* Based on the limited volumes expected to use this price category, the Postal Service expects that the ratio between nonprofit and commercial prices will remain close to 60 percent, thus meeting the statutory requirement in 39 U.S.C. 3626(a)(6).

Mail Classification Schedule (MCS). The Postal Service provides proposed MCS language in Appendix A of its Notice.

III. Commission Action

The Commission establishes Docket No. R2012-7 to consider all matters related to the Notice. The Commission's rules provide for a 20-day comment period starting from the date of the filing of the Notice. See 39 CFR 3010.13(a)(5). Interested persons may express views and offer comments on whether the planned changes are consistent with the policies of 39 U.S.C. 3622 and 39 CFR part 3010. Comments are due no later than April 17, 2012.

The Commission appoints Katalin K. Clendenin to represent the interests of the general public in this proceeding.

IV. Ordering Paragraphs

It is ordered:

1. The Commission establishes Docket No. R2012-7 to consider matters raised by the Postal Service's March 28, 2012 Notice.

2. Interested persons may submit comments on the planned price category implementation. Comments are due no later than April 17, 2012.

3. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

4. The Secretary shall arrange for publication of this notice in the **Federal Register**.

By the Commission.

Shoshana M. Grove,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-66697; File No. SR-Phlx-2012-39]

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Non-Display of Primary Pegged Orders With an Offset Amount

March 30, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 23, 2012, NASDAQ OMX PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as constituting a rule change under Rule 19b-4(f)(6) under the Act,³ which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to provide amend Exchange Rule 3301(f)(4) to provide for non-display of Primary Pegged Orders with an offset amount. The text of the proposed rule change is available at: <http://www.nasdaqtrader.com/micro.aspx?id=PHLXRulefilings>, at the Exchange's principal office, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Phlx proposes to amend Rule 3301(f)(4) to provide that Primary Pegged Orders with an offset amount will be non-displayed, a change that will improve system and inter-market price stability. Pegged Orders are orders that, once entered, adjust in price automatically, in response to changes in the inside bids or offers of NASDAQ OMX PSX ("PSX")⁴ or the national market system, depending upon the type of Pegged Order. A Primary Pegged Order specifies that its price will equal the inside quote on the same side of the market; a Market Pegged Order will equal the inside quote on the opposite side of the market. A Midpoint Peg Order will equal the midpoint of the national best bid and offer ("NBBO"), excluding the effect that the Midpoint Peg Order itself has on the inside bid or inside offer. As the bids and offers change, so move the Pegged Orders. A Pegged Order may have a limit price beyond which the order shall not be executed. Primary Peg and Market Peg Orders may establish their pricing relative to the appropriate bids or offers by selecting one or more offset amounts that will adjust the price of the order by the offset amount selected.

Under the Exchange's current rule, Midpoint Pegged Orders are not displayed, while Primary and Market Pegged Orders may be displayed or not displayed, at the option of the person placing the order. The display of Primary Pegs with an offset amount can potentially result in excessive messaging when multiple venues display Pegged non-marketable Orders. In these scenarios, it is possible for the Primary Pegged Orders on each venue to react to and change in relation to each other, resulting in excessive messaging and "quote flickering." A rule change to eliminate display of Primary Pegged Orders with an offset amount will prevent this feedback loop, adding to system stability and improving market quality.

Market participants retain the ability to display orders through other order options available under the Exchange rules, including by using Primary Pegged Orders without an offset amount or Market Pegged Orders. Because Primary Pegged Orders without an offset amount are priced at the inside quote, they do not present the same messaging

⁴ PSX is the Exchange's cash equities market electronic trading platform.