

Dated: August 27, 2012.

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*Captain, U.S. Coast Guard, Captain of the Port Honolulu.*

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**POSTAL SERVICE**

**39 CFR Part 111**

**Holiday Mobile Shopping Promotion**

**AGENCY:** Postal Service™.

**ACTION:** Final rule.

**SUMMARY:** The Postal Service will revise the *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM®) 709.3 to add a new temporary promotion during November of 2012 for Presorted and automation First-Class Mail® cards, letters, and flats, and Standard Mail® letters and flats bearing two-dimensional mobile barcodes or equivalent print technology.

**DATES:** *Effective date:* November 7, 2012.

**FOR FURTHER INFORMATION CONTACT:** Krista Becker at 202-268-7345, Bill Chatfield at 202-268-7278, John Rosato at 202-268-8597, or [mobilebarcode@usps.gov](mailto:mobilebarcode@usps.gov).

**SUPPLEMENTARY INFORMATION:** On June 27, 2012, the Postal Service filed a notice with the Postal Regulatory Commission (Docket No. R2012-9) to temporarily reduce the prices for certain types of First-Class Mail and Standard Mail letters and flats containing a transactional two-dimensional barcode (“mobile barcode”) readable by consumer mobile devices. The terms “mobile barcode or mobile barcodes” include equivalent mobile technologies such as watermarks or tags. On August 7, 2012, the PRC approved the Holiday Mobile Shopping Promotion (“Promotion”), which will take place between November 7, 2012 and November 21, 2012 (“promotion period”). The Promotion is designed to

spur mobile purchasing by putting mailers’ mobile-optimized offers, coupons, and catalogs into the hands of customers for the Black Friday/Cyber Monday holiday shopping timeframe.

In this final rule, the Postal Service provides a description of the eligibility conditions for the Holiday Mobile Shopping Promotion, and the revised mailing standards to implement the promotion. The new standards will replace those for the Mobile Commerce and Personalization Promotion that have been in effect for the months of July and August 2012.

To be eligible, each mailpiece listed on a qualifying postage statement must have a mobile barcode on the outside of the piece or on the contents within the piece. When scanned, the mobile barcode must lead the recipient of the mailpiece to a mobile optimized shopping Web site that allows the recipient to purchase an advertised product on the mobile device (the sale of services will not qualify). Directional text must be printed near the mobile barcode to instruct the recipient to scan the image. Mobile barcodes that direct consumers to web pages that allow them to pay for prior or future purchases or encourage enrollment in online bill payment or paperless statement services are not eligible for the Promotion. Mailpieces with mobile barcodes that convey postage information, destination, sender, or a machinable serial number for security purposes also are not eligible for the discount.

**Discount and Rebate Information**

The Holiday Mobile Shopping Promotion provides an upfront price reduction of 2 percent on the eligible postage for qualifying mailpieces. Qualifying mailings are Presorted and automation mailings of First-Class Mail cards, letters, and flats, and Standard Mail (including Nonprofit) letters and flats. Commingled, co-mailed, and combined mailings are allowed, but a separate postage statement is required for the mailpieces with mobile barcodes.

The price reduction will be taken off the eligible postage amount due at the time of mailing. The Promotion discount does not apply to single-piece First-Class Mail pieces including residual single-piece First-Class Mail pieces claimed on a postage statement for Presorted and automation mailings. The price reduction also does not apply to any Standard Mail residual pieces paying single-piece First-Class Mail prices.

Eligible mailings must be accompanied by electronic documentation, submitted via mail.dat, mail.xml, or Postal Wizard. The electronic documentation must identify the mail owner and mail preparer in the “by/for” fields for all mailings, either by the Customer Registration ID (CRID) or Mailer ID (MID) assigned by USPS®. Mailings of automation cards and letters, including Standard Mail letters (other than those with simplified addresses) claiming a carrier route automation letter price on a postage statement, or automation flats must have Intelligent Mail® barcodes. Mailpieces with POSTNET™ barcodes will not be eligible for the price reduction.

Mailers also may qualify for an additional 1 percent rebate on the pre-discount postage of their qualifying mailings if a portion of their orders is fulfilled via Priority Mail® between November 9, 2012, and December 31, 2012 (“fulfillment period”). Priority Mail packages must bear a unique trackable barcode (i.e., Delivery Confirmation barcode or Intelligent Mail package barcode). To claim the rebate, mailers will need to demonstrate that during the fulfillment period, the number of Priority Mail packages delivered to customers exceeded 0.5 percent (“package threshold”) of the total number of qualifying mailpieces sent during the “promotion period” (November 7, 2012, through November 21, 2012.).

An example of the package threshold calculation is in the table below:

Promotion Period—Discounted Mail volume .....	100,000 pieces.
Total postage prior to discount .....	\$21,000.
2% Discount Applied .....	\$420.
Total Postage after Discount applied .....	\$20,580.
Fulfillment Threshold—0.5% of Discounted Mail volume .....	500 packages.
Actual number of packages fulfilled via Priority Mail with Delivery Confirmation (11/9–12/31) .....	1,225.
Additional rebate earned .....	\$210.

In the example above, if the mailer had sent 500 packages or less via Priority Mail with Delivery Confirmation during the fulfillment period, there would be no rebate. Rebate

applications will be due to the program office no later than February 15, 2013. Any earned rebate will be deposited to the participant’s mailing postage payment account.

**Postage Payment Methods**

Postage payment methods will be restricted to permit imprint, metered postage, or precancelled stamps. Pieces with metered postage must bear an exact

amount of postage as stipulated by the class and shape of mail. For First-Class Mail letters, the affixed values below are

for the first 2 ounces only, and for First-Class Mail flats, for the first ounce only.

Affixed postage values for metered mailings will be as follows:

First-Class Mail postcards .....	\$0.20
First-Class Mail automation and Presorted machinable letters .....	0.25
First-Class Mail nonmachinable letters .....	0.45
First-Class Mail automation and Presorted flats .....	0.35
Standard Mail Regular letters .....	0.12
Standard Mail Regular flats .....	0.13
Standard Mail Nonprofit letters .....	0.05
Standard Mail Nonprofit flats .....	0.06

Mailings with postage paid by metered or precancelled stamp postage will have the percentage discount deducted from the additional postage due, except for Value Added Refund mailings, which may include the amount of the discount with the amount to be refunded. The holiday mobile shopping promotion discount cannot be combined with other incentives, with the exception of the full-service Intelligent Mail barcode discount.

**Promotion Dates and More Information**

To participate in the promotion, customers must be registered for the Promotion on the Incentive Programs Service through the Business Customer Gateway at <https://gateway.usps.com/bcg/login.htm> and specify which permits and CRIDs will participate in the promotion. Registration opens September 15, 2012 and must be completed at least 2 hours prior to the first mailing. The Postal Service will implement the Promotion and temporary price reduction for mailings made on November 7, 2012, through November 21, 2012. Plant-verified drop shipment (PVDS) mailings accepted no later than November 21, 2012, may be entered at destinations through December 6, 2012. Program requirements, including updated FAQs, are available on the RIBBS® Web site at <https://ribbs.usps.gov/index.cfm?page=mobilebarcode> or by email to [mobilebarcode@usps.gov](mailto:mobilebarcode@usps.gov).

The Postal Service adopts the following changes to *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM), which is incorporated by reference in the *Code of Federal Regulations*. See 39 CFR 111.1.

**List of Subjects in 39 CFR Part 111**

Administrative practice and procedure, Postal Service.

Accordingly, 39 CFR part 111 is amended as follows:

**PART 111—[AMENDED]**

■ 1. The authority citation for 39 CFR Part 111 continues to read as follows:

**Authority:** 5 U.S.C. 552(a); 13 U.S.C. 301–307; 18 U.S.C. 1692–1737; 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001–3011, 3201–3219, 3403–3406, 3621, 3622, 3626, 3632, 3633, and 5001.

■ 2. Revise the following sections of the *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM):

*Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM):

\* \* \* \* \*

**700 Special Standards**

\* \* \* \* \*

**709 Experimental and Temporary Classifications**

\* \* \* \* \*

[Revise the title of 3.0 as follows:]

**3.0 Holiday Mobile Shopping Promotion**

**3.1 Program Description and Scope**

[Revise 3.1 as follows:]

The holiday mobile shopping promotion provides a 2 percent discount on the prices of Presorted and automation pieces in mailings of First-Class Mail cards, letters, and flats, and Standard Mail (including Nonprofit) letters and flats that include a transactional two-dimensional mobile barcode and meet all the conditions in 3.0. The term “mobile barcode” also will include equivalent mobile technologies, such as watermarks and tags, that meet all the conditions in 3.0. Automation pieces must bear Intelligent Mail barcodes. The promotion is valid for mailings entered from November 7, 2012, through November 21, 2012. Plant-verified drop shipment (PVDS) mailings meeting all relevant standards may be accepted at origin as late as November 21, 2012, if they are entered no later than December 6, 2012 at the destination facility. Mailers also may qualify for an additional 1 percent rebate on the postage of their qualifying mailers under 3.3.

**3.2 Eligibility Standards**

[Revise 3.2 as follows:]

To be eligible for the 2 percent discount, customers must be registered for the promotion on the Incentive Programs Service through the Business Customer Gateway at <https://gateway.usps.com/bcg/login.htm>, and specify which permits and CRIDs will participate in the promotion. Registration opens September 15, 2012, and must be completed at least 2 hours prior to the first mailing. Mailpieces must be mailed under the following conditions:

a. The mobile barcode or similar image must be on each mailpiece, either on the outside or printed on the contents of the piece. Brief instructions or directional copy must be printed near the mobile barcode to instruct the recipient to scan the barcode or image. See 3.4 for placement restrictions.

b. The mobile barcode must be readable by a mobile device and must lead to a mobile-optimized Web site. The mobile barcode must be relevant to the contents of the mailpiece. Scanning the barcode must lead the consumer to a Web page that allows the recipient to purchase an advertised product on the mobile device. Barcodes with links that direct consumers to sites that allow purchase of a service, payment for prior or future purchases, or that encourage enrollment in online bill payment or paperless statement services are not eligible for the discount. Mailpieces with mobile barcodes that convey postage information, destination, sender, or a machinable serial number for security purposes also are not eligible for the discount.

c. The mailpieces with mobile barcodes must be one of the following:

1. Presorted or automation First-Class Mail cards, letters, or flats. Automation pieces must bear Intelligent Mail barcodes.

2. Standard Mail (including Nonprofit) letters or flats. Automation pieces must bear Intelligent Mail barcodes.

d. Postage must be paid by permit imprint or by affixing metered postage or a precanceled stamp to each piece of mail; the postage statement and mailing

documentation must be submitted electronically. The mail owner's identity must be indicated in the electronic documentation ("eDoc"). The eDoc must identify the mail owner and mail preparer in the by/for fields, either by Customer Registration ID (CRID) or Mailer ID (MID) assigned by the USPS. All Presorted and automation pieces declared on a postage statement must contain a mobile barcode that qualifies for the discount.

e. At the time of mailing, mailers must provide the USPS acceptance unit with an unaddressed sample of the mailpiece that contains a mobile barcode. Mailers also must retain, until February 15, 2013, a sample of each mailpiece claiming a discount.

f. Other than a full-service Intelligent Mail discount (see 705.24), no other incentives apply for mailpieces claiming a discount under this promotion.

g. Participants must agree to participate in a survey conducted either during or after the promotional period.

h. Federal government official mailings under OMAS are not eligible for this promotion.

i. The electronic equivalent of the mailer's signature on the postage statement will certify that each mailpiece claimed on the postage statement contains a qualifying mobile barcode.

[Revise the heading and text of 3.3 as follows:]

### 3.3 Discounts

Mailers must claim the 2 percent postage discount on the postage statement at the time the statement is electronically submitted. Mailings with postage affixed will deduct the discount amount from the additional postage due, except that mail service providers authorized to submit Value Added Refund ("VAR") mailings may include the discount in the amount to be refunded. Pieces with metered postage must bear an exact amount of postage as stipulated by the class and shape of mail. Affixed postage values for metered mailings may be found in the **Federal Register** notice preamble available at [pe.usps.com](http://pe.usps.com). Provisions for additional postage for First-Class Mail pieces over 1 ounce are in 234.2.2a and 334.2.2a, and in 244.2.2 and 344.2.2 for Standard Mail pieces over 3.3 ounces. Mailers may also qualify for an additional one percent rebate on the postage of their qualifying mailpieces if a portion of their orders are fulfilled via Priority Mail between November 9, 2012, and December 31, 2012 (fulfillment period). To claim the rebate, mailers will need to demonstrate that during the fulfillment period, the number of

Priority Mail packages (sent with a unique trackable barcode, such as Delivery Confirmation or Intelligent Mail package barcode) delivered to customers exceeded 0.5 percent of the total number of qualifying mailpieces mailed from November 7, 2012, through November 21, 2012.

[Add new 3.4 as follows:]

### 3.4 Mobile Barcode Placement

The mobile barcode cannot be placed on a detached address label (DAL or DML) or card that is not attached to the mailpiece. The mobile barcode cannot be placed in the (postage) indicia zone or the (Intelligent Mail) barcode clear zone on the outside of the mailpiece. For letters, the barcode clear zone is defined in 202.5.1. For flats, the barcode clear zone for this purpose is the barcode itself and an area that extends an additional 1/8 inch from any part of the barcode. The indicia zone is defined as follows:

a. The postage "indicia zone" is 2 inches from the top edge by 4 inches from the right edge of the mailpiece;

b. When the postage indicium is not in the area described in 3.4a, the mobile barcode must not be placed within 2 inches of the actual postage indicium.

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We will publish an appropriate amendment to 39 CFR Part 111 to reflect these changes.

Stanley F. Mires,

Attorney, Legal Policy and Legislative Advice.

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## POSTAL SERVICE

### 39 CFR Part 501

#### Revisions to the Requirements for Authority to Manufacture and Distribute Postage Evidencing Systems

**AGENCY:** Postal Service™.

**ACTION:** Final rule.

**SUMMARY:** This rule updates the security and revenue protection features of the Computerized Meter Resetting System (CMRS) to reflect recommended changes in Sarbanes-Oxley compliance procedures.

**DATES:** This rule is effective October 15, 2012.

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

**SUPPLEMENTARY INFORMATION:** When the Postal Service was mandated to comply

with Sarbanes-Oxley regulations, the Postal Service required a Statement on Auditing Standards (SAS) 70 Type II Report from each of our providers. As the American Institute of Certified Public Accountants (AICPA) guidance has changed, the Postal Service is now requiring a Statements on Standards for Attestation Engagements (SSAEs) No. 16 Type II Report from each of our providers. We have also clarified that the expense incurred from obtaining this report will be paid by the resetting companies (RCs).

#### List of Subjects in 39 CFR Part 501

Administrative practice and procedure.

Accordingly, for the reasons stated, 39 CFR part 501 is amended 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. Section 501.15 is amended by revising paragraph (i) as follows:

#### § 501.15 Computerized Meter Resetting System.

\* \* \* \* \*

(i) *Security and Revenue Protection.* To receive Postal Service approval to continue to operate systems in the CMRS environment, the RC must submit to a periodic examination of its CMRS system and any other applications and technology infrastructure that may have a material impact on Postal Service revenues, as determined by the Postal Service. The examination shall be performed by a qualified, independent audit firm and shall be conducted in accordance with the Statements on Standards for Attestation Engagements (SSAEs) No. 16, Service Organizations, developed by the American Institute of Certified Public Accountants (AICPA), as amended or superseded. Expenses associated with such examination shall be incurred by the RC. The examination shall include testing of the operating effectiveness of relevant RC internal controls (Type II SSAE 16 Report). If the service organization uses another service organization (sub-service provider), Postal Service management should consider the nature and materiality of the transactions processed by the sub-service organization and the contribution of the sub-service organization's processes and controls in the achievement of the Postal Service's