

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. FAA-2006-24325; Directorate Identifier 2006-NE-10-AD]

RIN 2120-AA64

#### Airworthiness Directives; Rolls-Royce plc RB211-524 and -535 Series Turbofan Engines

**AGENCY:** Federal Aviation Administration (FAA), Department of Transportation (DOT).

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** The FAA proposes to adopt a new airworthiness directive (AD) for certain Rolls-Royce plc (RR) RB211-524 and -535 series turbofan engines. This proposed AD would require initial and repetitive fluorescent penetrant inspections (FPI) and borescope inspections of the high pressure (HP) compressor stage 1 and 2 rotor discs for cracks. This proposed AD results from reports of low-cycle-fatigue cracks found at overhaul in the interface weld between the HP compressor stage 1 and 2 rotor disc. We are proposing this AD to prevent uncontained engine failure and damage to the airplane.

**DATES:** We must receive any comments on this proposed AD by November 28, 2006.

**ADDRESSES:** Use one of the following addresses to comment on this proposed AD.

- *DOT Docket Web site:* Go to <http://dms.dot.gov> and follow the instructions for sending your comments electronically.

- *Government-wide rulemaking Web site:* Go to <http://www.regulations.gov> and follow the instructions for sending your comments electronically.

- *Mail:* Docket Management Facility; U.S. Department of Transportation, 400 Seventh Street, SW., Nassif Building, Room PL-401, Washington, DC 20590-0001.

- *Fax:* (202) 493-2251.

- *Hand Delivery:* Room PL-401 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

Contact Rolls-Royce plc, PO Box 31, Derby, England, DE248BJ; telephone: 011-44-1332-242424; fax: 011-44-1332-249936 for the service information identified in this proposed AD.

**FOR FURTHER INFORMATION CONTACT:** Ian Dargin, Aerospace Engineer, Engine Certification Office, FAA, Engine And Propeller Directorate, 12 New England Executive Park; Burlington, MA 01803; telephone (781) 238-7178; fax (781) 238-7199.

#### SUPPLEMENTARY INFORMATION:

##### Comments Invited

We invite you to send us any written relevant data, views, or arguments regarding this proposal. Send your comments to an address listed under **ADDRESSES**. Include "Docket No. FAA-2006-24325; Directorate Identifier 2006-NE-10-AD" in the subject line of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of the proposed AD. We will consider all comments received by the closing date and may amend the proposed AD in light of those comments.

We will post all comments we receive, without change, to <http://dms.dot.gov>, including any personal information you provide. We will also post a report summarizing each substantive verbal contact with FAA personnel concerning this proposed AD. Using the search function of the DMS Web site, anyone can find and read the comments in any of our dockets. This includes the name of the individual who sent the comment (or signed the comment on behalf of an association, business, labor union, etc.). You may review the DOT's complete Privacy Act Statement in the **Federal Register** published on April 11, 2000 (65 FR 19477-78) or you may visit <http://dms.dot.gov>.

##### Examining the AD Docket

You may examine the docket that contains the proposal, any comments received, and any final disposition in person at the DMS Docket Office between 9 a.m. and 5 p.m., Monday

through Friday, except Federal holidays. The Docket Office (telephone (800) 647-5227) is on the plaza level of the Department of Transportation Nassif Building at the street address stated in **ADDRESSES**. Comments will be available in the AD docket shortly after the DMS receives them.

##### Discussion

The Civil Aviation Authority (CAA), which is the airworthiness authority for the United Kingdom, recently notified us that an unsafe condition might exist on certain RR RB211-524 and -535 series turbofan engines. The CAA advises that during overhaul inspections of HP compressor stage 1 and 2 rotors, low-cycle-fatigue cracks were identified. The cracks ran in an axial direction in the region of the interface weld between the HP compressor stage 1 and 2 rotor discs. If allowed to spread, the cracks could result in uncontained engine failure and damage to the airplane.

##### Relevant Service Information

We have reviewed and approved the technical contents of RR Alert Service Bulletin (ASB) No. RB.211-72-AE359, dated November 17, 2005. That ASB describes FPI and borescope inspections for cracks in HP compressor stage 1 and 2 rotor discs. The CAA classified this ASB as mandatory and issued airworthiness directive G-2005-0028 R1, dated October 18, 2005, in order to ensure the airworthiness of these engines in the United Kingdom.

##### FAA's Determination and Requirements of the Proposed AD

These RR RB211-524 and -535 series turbofan engines are manufactured in the United Kingdom. They are type-certificated for operation in the United States under the provisions of section 21.29 of the Federal Aviation Regulations (14 CFR 21.29) and the applicable bilateral airworthiness agreement. In keeping with this bilateral airworthiness agreement, the CAA kept us informed of the situation described above. We have examined the CAA's findings, reviewed all available information, and determined that AD action is necessary for products of this type design that are certificated for operation in the United States. For this reason, we are proposing this AD, which would require starting at the next engine shop visit, initial and repetitive FPI and borescope inspections of the HP

compressor stage 1 and 2 rotor discs for cracks. The proposed AD would require you to use the service information described previously to perform these actions.

**Interim Action**

These actions are interim actions and we may take further rulemaking actions in the future.

**Costs of Compliance**

We estimate that this proposed AD would affect 884 RB211-524 and -535 series turbofan engines installed on airplanes of U.S. registry. We also estimate that it would take about 2 work-hours per engine to perform the proposed inspections, and that the average labor rate is \$80 per work-hour. Based on these figures, we estimate the total cost to U.S. operators of performing one inspection on all of the engines, to be \$141,440.

**Authority for This Rulemaking**

Title 49 of the United States Code specifies the FAA's authority to issue rules on aviation safety. Subtitle I, Section 106, describes the authority of the FAA Administrator. Subtitle VII, Aviation Programs, describes in more detail the scope of the Agency's authority.

We are issuing this rulemaking under the authority described in Subtitle VII, Part A, Subpart III, Section 44701, "General requirements." Under that section, Congress charges the FAA with

promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

**Regulatory Findings**

We have determined that this proposed AD would not have federalism implications under Executive Order 13132. This proposed AD would not have a substantial direct effect on the States, on the relationship between the national Government and the States, or on the distribution of power and responsibilities among the various levels of government.

For the reasons discussed above, I certify that the proposed regulation:

1. Is not a "significant regulatory action" under Executive Order 12866;
2. Is not a "significant rule" under the DOT Regulatory Policies and Procedures (44 FR 11034, February 26, 1979); and
3. Would not have a significant economic impact, positive or negative, on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

We prepared a regulatory evaluation of the estimated costs to comply with this proposed AD. See the **ADDRESSES** section for a location to examine the regulatory evaluation.

**List of Subjects in 14 CFR Part 39**

Air transportation, Aircraft, Aviation safety, Safety.

**The Proposed Amendment**

Under the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend 14 CFR part 39 as follows:

**PART 39—AIRWORTHINESS DIRECTIVES**

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

**Authority:** 49 U.S.C. 106(g), 40113, 44701.

**§ 39.13 [Amended]**

2. The FAA amends § 39.13 by adding the following new airworthiness directive:

**Rolls-Royce plc:** Docket No. FAA-2006-24325; Directorate Identifier 2006-NE-10-AD.

**Comments Due Date**

(a) The Federal Aviation Administration (FAA) must receive comments on this airworthiness directive (AD) action by November 28, 2006.

**Affected ADs**

(b) None.

**Applicability**

(c) This AD applies to the following Rolls-Royce plc (RR) RB211-524 and -535 series turbofan engines:

-524B2-19	-524D4-19	-524D4X-19	-535E4-37
-524B-02	-524D4-39	-524D4X-B-19	-535E4-B-37
-524B3-02	-524B-B-02	-524G2-19	-535E4-C-37
-524C2-19	-524B2-B-19	-524G3-19	-535E4-B-75
-524B4-02	-524D4-B-39	-524H-36	-535C-37
-524B4-D-02	-524C2-B-19	-524H2-19	

These engines are installed on, but not limited to, Boeing 747, 757, 767, Lockheed L-1011, and Tupolev Tu204 airplanes.

**Unsafe Condition**

(d) This AD results from reports of low-cycle fatigue cracks found at overhaul in the interface weld between the high pressure (HP) compressor stage 1 and 2 rotor discs. We are issuing this AD to prevent uncontained engine failure and damage to the airplane.

**Compliance**

(e) You are responsible for having the actions required by this AD performed within the compliance times specified unless the actions have already been done.

**Initial and Repetitive Inspections**

(f) At the next engine shop visit, but no later than 30 days after the effective date of this AD, perform an initial fluorescent penetrant inspection (FPI) and borescope

inspection of the HP compressor stage 1 and 2 rotor discs for cracks.

(g) Thereafter, at every engine shop visit, perform repetitive FPIs and borescope inspections of HP compressor stage 1 and 2 rotor discs for cracks.

(h) Use paragraphs 3.A.(1) through 3.A.(4)(o) of the Accomplishment Instructions of RR Alert Service Bulletin (ASB) No. RB.211-72-AE359, Revision 1, dated November 17, 2005, to do the inspections.

(i) Accept or reject as necessary, HP compressor stage 1 and 2 rotor discs using inspection criteria paragraphs 3.A.(5)(a) through 3.A.(5)(f) of the Accomplishment Instructions of RR ASB No. RB.211-72-AE359, Revision 1, dated November 17, 2005.

**Definition**

(j) For the purpose of this AD, an engine shop visit is defined as anytime the HP compressor stage 1 and 2 rotor discs are

removed from the HP compressor stage 3 disc.

**Reporting Requirements**

(k) Within 10 days, report inspection findings of cracks to the RR local field service office representative. The Office of Management and Budget has approved the reporting requirements specified in paragraph 3.A.(6)(b) of the Accomplishment Instructions of RR ASB No. RB.211-72-AE359, Revision 1, dated November 17, 2005, and assigned OMB control number 2120-0056.

**Alternative Methods of Compliance**

(l) The Manager, Engine Certification Office, has the authority to approve alternative methods of compliance for this AD if requested using the procedures found in 14 CFR 39.19.

**Related Information**

(m) Civil Aviation Authority airworthiness directive No. G-2005-0028 R1, dated October 18, 2005, also addresses the subject of this AD.

Issued in Burlington, Massachusetts, on September 25, 2006.

**Peter A. White,**

*Acting Manager, Engine and Propeller Directorate, Aircraft Certification Service.*

[FR Doc. E6-16047 Filed 9-28-06; 8:45 am]

BILLING CODE 4910-13-P

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**COMMODITY FUTURES TRADING COMMISSION**
**17 CFR Part 1**

**RIN 3038-AC27**

**Limitations on Withdrawals of Equity Capital**

**AGENCY:** Commodity Futures Trading Commission.

**ACTION:** Proposed rule.

**SUMMARY:** The Commodity Futures Trading Commission (“Commission” or “CFTC”) is proposing to amend its regulations to provide that the Commission may, by written order, temporarily prohibit a futures commission merchant (“FCM”) from carrying out equity withdrawal transactions that would reduce excess adjusted net capital by 30 percent or more. The proposed orders would be based on the Commission’s determination that such withdrawal transactions could be detrimental to the financial integrity of FCMs or could adversely affect their ability to meet customer obligations. The proposed amendments also would provide that an FCM may file with the Commission a petition for rescission of an order temporarily prohibiting equity withdrawals from the FCM.

**DATES:** Comments must be received on or before November 28, 2006.

**ADDRESSES:** You may submit comments, identified by RIN 3038-AC27, by any of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *E-mail:* [secretary@cftc.gov](mailto:secretary@cftc.gov). Include “Proposed Amendment to Rule 1.17” in the subject line of the message.

- *Fax:* (202) 418-5521.

- *Mail:* Send to Eileen A. Donovan, Acting Secretary of the Commission, Commodity Futures Trading Commission, 1155 21st Street, NW., Washington, DC 20581.

- *Courier:* Same as Mail above.

All comments received will be posted without change to <http://www.cftc.gov>,

including any personal information provided.

**FOR FURTHER INFORMATION CONTACT:**

Thomas J. Smith, Deputy Director and Chief Accountant, at (202) 418-5430, or Thelma Diaz, Special Counsel, at (202) 418-5137, Division of Clearing and Intermediary Oversight, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581. Electronic mail: ([tsmith@cftc.gov](mailto:tsmith@cftc.gov)) or ([tdiaz@cftc.gov](mailto:tdiaz@cftc.gov)).

**SUPPLEMENTARY INFORMATION:****I. Commission Oversight of Equity Withdrawals**

Several Commission regulations place limitations on the ability of owners and other insiders of FCMs and introducing brokers (“IBs”) to withdraw equity from these regulated entities. In 1978 the Commission adopted Regulation 1.17(e), which prohibits all equity withdrawal transactions that would reduce the adjusted net capital of FCMs or IBs beyond the amounts permitted by the regulation.<sup>1</sup> In describing the transactions affected by the regulation, the Commission included any withdrawals made by the action of a stockholder or partner or redemption or repurchase of shares of stock by “consolidated entities”,<sup>2</sup> dividend payments or similar distributions, or through unsecured advances or loans made to stockholders, partners, sole proprietors, or employees. The regulation further clarifies that, when determining the effect of the proposed equity withdrawal transaction on the firm’s capital, the firm also must take into account other pending equity withdrawal transactions and scheduled liability payments that will reduce its capital within six months after the subject equity withdrawal transaction.<sup>3</sup>

<sup>1</sup> Commission regulations cited in this release may be found at 17 CFR Ch. I (2006). Generally speaking, Regulation 1.17(e) prohibits equity withdrawal transactions if such withdrawals would reduce the firm’s adjusted net capital to less than 120 percent of its minimum adjusted net capital requirement under Regulation 1.17(a)(1). Such transactions also are prohibited if they would result in less than the minimum amount of equity required under Regulation 1.17(d), which provides that FCMs and IBs must maintain a debt-equity ratio of at least 30 percent equity.

<sup>2</sup> Commission Regulation 1.17(f) requires, and in other circumstances permits, FCMs and IBs to consolidate the assets and liabilities of their subsidiaries and/or affiliates in a single computation of adjusted net capital for the FCM or IB and its consolidated entities.

<sup>3</sup> Regulation 1.17(e) specifically requires the firm to combine the amount of the subject equity withdrawal transaction with any of the following that are scheduled to occur within six months after the subject withdrawal: Any other proposed equity withdrawal; any payments under satisfactory subordination agreements under Regulation 1.17(h); and any payments of the liabilities identified in Regulation 1.17(c)(4)(vi).

The proposed equity withdrawal transaction is prohibited if, when added together with such other planned capital reductions, it would result in capital levels that are less than required by Regulation 1.17(e).<sup>4</sup>

The purpose of these equity withdrawal restrictions is to help preserve and enhance the required compliance by FCMs and IBs with the minimum financial requirements set forth in the Commission’s regulations.<sup>5</sup> As the Commission has explained elsewhere, the Commission’s minimum financial requirements protect customers and other market participants by requiring FCMs and IBs to maintain minimum levels of liquid assets in excess of their liabilities to finance their business activities.<sup>6</sup> Moreover, pursuant to Section 4d of the Act,<sup>7</sup> FCMs are required to segregate from their own assets all money, securities, and other property held for customers as margin for their commodity futures and option contracts, as well as any gains accruing to customers from their open futures and option positions. Part 30 of the Commission’s regulations also call for FCMs to set aside funds, called the “foreign futures and foreign options secured amount”, to help protect the funds of U.S. customers trading on non-U.S. futures markets.<sup>8</sup> In the event of a shortfall in the Section 4d segregated funds or the Part 30 secured funds that an FCM must hold, the Commission’s minimum net capital requirements provide protection to customers by requiring each FCM to maintain a minimum level of assets that are readily available to be contributed in the event of a shortfall in the customer funds. The minimum capital requirements also protect customers and market participants by ensuring that an FCM remains solvent while waiting for margin calls to be met.

Because FCM capital requirements contribute to the security of customer

<sup>4</sup> Pursuant to a proviso included in the regulation, required tax payments and the payment to partners of reasonable compensation are not precluded. Also, Regulation 1.17(e) provides that, upon application, the Commission may grant relief if it deems it to be in the public interest or for the protection of nonproprietary accounts.

<sup>5</sup> Section 4f(b) of the Commodity Exchange Act (“Act”) authorizes the Commission, by regulation, to impose minimum financial and related reporting requirements on FCMs and IBs. The Act is codified at 7 U.S.C. 1 *et seq.* (2000), and Section 4f(b) of the Act is codified at 7 U.S.C. § 6f(b).

<sup>6</sup> 68 FR 40835, 40836 (July 9, 2003) (Minimum Financial and Related Reporting Requirements for Futures Commission Merchants and Introducing Brokers).

<sup>7</sup> Section 4d of the Act is codified at 7 U.S.C. § 6d (2000).

<sup>8</sup> The term “foreign futures and foreign options secured amount” is defined in Regulation 1.3(rr).