

dated January 4, 2018; Bombardier Service Bulletin 100–32–31, Revision 01, dated January 23, 2018; Bombardier Service Bulletin 100–32–31, Revision 02, dated March 14, 2018; Bombardier Service Bulletin 350–32–007, dated January 4, 2018; Bombardier Service Bulletin 350–32–007, Revision 01, dated January 23, 2018; or Bombardier Service Bulletin 350–32–007, Revision 02, dated March 14, 2018; as applicable, as of the effective date of this AD: Within 50 flight hours after the effective date of this AD, torque the fittings on any tube assembly having part number K1000070395–401, in accordance with the “Retroactive Action” instructions of Bombardier Service Bulletin 100–32–31, Revision 03, or Bombardier Service Bulletin 350–32–007, Revision 03, both dated March 27, 2018, as applicable.

(i) Other FAA AD Provisions

The following provisions also apply to this AD:

(1) *Alternative Methods of Compliance (AMOCs)*: The Manager, New York ACO Branch, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the manager of the certification office, send it to ATTN: Program Manager, Continuing Operational Safety, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7300; fax 516–794–5531. Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office.

(2) *Contacting the Manufacturer*: For any requirement in this AD to obtain corrective actions from a manufacturer, the action must be accomplished using a method approved by the Manager, New York ACO Branch, FAA; or Transport Canada Civil Aviation (TCCA); or Bombardier, Inc.’s TCCA Design Approval Organization (DAO). If approved by the DAO, the approval must include the DAO-authorized signature.

(j) Related Information

(1) Refer to Mandatory Continuing Airworthiness Information (MCAI) Canadian AD CF–2018–11, dated April 5, 2018, for related information. This MCAI may be found in the AD docket on the internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA–2018–0792.

(2) For more information about this AD, contact Darren Gassetto, Aerospace Engineer, Mechanical Systems and Administrative Services Section, FAA, New York ACO Branch, 1600 Stewart Avenue, Suite 410, Westbury, NY 11590; telephone 516–228–7323; fax 516–794–5531; email 9-avs-nyacos@faa.gov.

(k) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference (IBR) of the service information listed in this

paragraph under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use this service information as applicable to do the actions required by this AD, unless this AD specifies otherwise.

(i) Bombardier Service Bulletin 100–32–31, Revision 03, dated March 27, 2018.

(ii) Bombardier Service Bulletin 350–32–007, Revision 03, dated March 27, 2018.

(3) For service information identified in this AD, contact Bombardier, Inc., 200 Côte-Vertu Road West, Dorval, Québec H4S 2A3, Canada; North America toll-free telephone 1–866–538–1247 or direct-dial telephone 1–514–855–2999; email ac.yul@aero.bombardier.com; internet <http://www.bombardier.com>.

(4) You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

(5) You may view this service information that is incorporated by reference at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202–741–6030, or go to: <http://www.archives.gov/federal-register/cfr/ibr-locations.html>.

Issued in Des Moines, Washington, on February 22, 2019.

Michael Kaszycki,

Acting Director, System Oversight Division, Aircraft Certification Service.

[FR Doc. 2019–08915 Filed 5–1–19; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2018–0763; Product Identifier 2018–NM–052–AD; Amendment 39–19626; AD 2019–08–05]

RIN 2120–AA64

Airworthiness Directives; The Boeing Company Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: We are adopting a new airworthiness directive (AD) for certain The Boeing Company Model 787–8 and 787–9 airplanes. This AD was prompted by a determination that certain areas in the tire/wheel threat zones could be susceptible to damage, which could result in loss of braking on one main landing gear (MLG) truck, loss of nose wheel steering, and loss of directional control on the ground when below rudder effectiveness speed. This AD requires installing hydraulic tubing, a pressure-operated check valve, and new flight control software. We are issuing

this AD to address the unsafe condition on these products.

DATES: This AD is effective June 6, 2019.

The Director of the Federal Register approved the incorporation by reference of certain publications listed in this AD as of June 6, 2019.

ADDRESSES: For service information identified in this final rule, contact Boeing Commercial Airplanes, Attention: Contractual & Data Services (C&DS), 2600 Westminister Blvd., MC 110–SK57, Seal Beach, CA 90740–5600; telephone 562–797–1717; internet <https://www.myboeingfleet.com>. You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195. It is also available on the internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA–2018–0763.

Examining the AD Docket

You may examine the AD docket on the internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA–2018–0763; or in person at Docket Operations between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this final rule, the regulatory evaluation, any comments received, and other information. The address for Docket Operations (phone: 800–647–5527) is U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT: Kelly McGuckin, Aerospace Engineer, Systems and Equipment Section, FAA, Seattle ACO Branch, 2200 South 216th Street, Des Moines, WA 98198; phone and fax: 206–231–3546; email: Kelly.McGuckin@faa.gov.

SUPPLEMENTARY INFORMATION:

Discussion

We issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 by adding an AD that would apply to certain The Boeing Company Model 787–8 and 787–9 airplanes. The NPRM published in the **Federal Register** on August 31, 2018 (83 FR 44508). The NPRM was prompted by a determination that certain areas in the tire/wheel threat zones could be susceptible to damage, which could result in loss of braking on one MLG truck, loss of nose wheel steering, and loss of directional control on the ground when below rudder effectiveness speed.

The NPRM proposed to require installing hydraulic tubing, a pressure-operated check valve, and new flight control software.

We are issuing this AD to address damage from a MLG thrown tire tread or tire burst event, which could result in loss of directional control on the ground and consequent runway excursion.

Comments

We gave the public the opportunity to participate in developing this final rule. The following presents the comments received on the NPRM and the FAA's response to each comment.

Support for the NPRM

The Air Line Pilots Association, International (ALPA) stated it agrees with the intent of the NPRM. Boeing stated it concurs with the contents of the NPRM.

Request To Include Service Information Notice in Paragraph (g)(1) of the Proposed AD

American Airlines asked that Boeing Information Notice B787-A-29-00-0032-01A-931E-D, Issue 001, dated June 12, 2018, be added to paragraph (g)(1) of the proposed AD as an additional source of service information for accomplishing the required actions. American Airlines stated that the information notice contains corrections to Boeing Alert Service Bulletin B787-81205-SB290032-00, Issue 001, dated November 17, 2017, including to the aircraft configuration and accomplishment instructions. American Airlines added that, as written, the proposed AD would require an alternative method of compliance for operators to accomplish the modification following the instructions in this service information.

We agree to address the corrections in Boeing Information Notice B787-A-29-00-0032-01A-931E-D, Issue 001, dated June 12, 2018, in this AD. Boeing has issued Boeing Alert Service Bulletin B787-81205-SB290032-00, Issue 002, dated February 1, 2019, which includes the corrections and clarifications specified in Boeing Information Notice B787-A-29-00-0032-01A-931E-D, Issue 001, dated June 12, 2018. We have determined these corrections and clarifications to the service information do not change the substantive requirements of this AD but rather make the requirements more accurate and understandable. We have further determined that Issue 002 of Boeing Alert Service Bulletin B787-81205-SB290032-00 does not require additional work for airplanes on which

the actions specified in Issue 001 have been done.

Therefore, we revised the "Related Service Information under 1 CFR part 51" paragraph of this final rule, and paragraphs (c)(1) and (g)(1) of this AD, to refer to Boeing Alert Service Bulletin B787-81205-SB290032-00 Issue 002, dated February 1, 2019. We also provide credit in this AD for using Boeing Alert Service Bulletin B787-81205-SB290032-00, Issue 001, dated November 17, 2017; and for using Boeing Alert Service Bulletin B787-81205-SB290032-00, Issue 001, dated November 17, 2017, in conjunction with Boeing Information Notice B787-A-29-00-0032-01A-931E-D, Issue 001, dated June 12, 2018.

Request To Address Service Information Errors

Japan Airlines requested that we refer to a revised service bulletin to address two errors found in Boeing Alert Service Bulletin B787-81205-SB290033-00, Issue 001, dated November 17, 2017. Japan Airlines stated that there are incorrect part numbers in multiple locations in Figure 10 and Figure 11. Japan Airlines stated it contacted Boeing to correct the errors, and Boeing stated that a revision was in work.

We agree we should address the errors identified by the commenter in this AD. We have confirmed the errors with Boeing; however, Boeing has not yet issued revised service information. We have included the corrections to the service information, including the part number corrections identified by the commenter, as exceptions in this AD.

Request To Include Credit for Service Information Notice for Paragraph (g)(2) of the Proposed AD

United Airlines asked that Boeing Information Notice B787-A-27-00-0039-01A-931E-D, Issue 001, dated September 7, 2017, be approved as an additional source of service information for accomplishing the required actions (in paragraph (g)(2) of the proposed AD). United Airlines stated that the information notice contains corrections to Boeing Alert Service Bulletin B787-81205-SB270039-00, Issue 001, dated July 31, 2017, but noted the required software part numbers did not change.

We agree with the commenter since the information notice provides the correct software location identification for a couple of steps and refers to an alternative method of compliance to a different AD. We have provided credit in this AD for using Boeing Alert Service Bulletin B787-81205-SB270039-00, Issue 001, dated July 31, 2017, in conjunction with Boeing

Information Notice B787-A-27-00-0039-01A-931E-D, Issue 001, dated September 7, 2017.

Change to Paragraph (g)(2) of This AD

Paragraph (g)(2) of the proposed AD specifies to install new software as specified in Boeing Alert Service Bulletin B787-81205-SB270039-00, Issue 002, dated March 8, 2018, for certain Model 787-9 airplanes. In addition to the software identified in Boeing Alert Service Bulletin B787-81205-SB270039-00, Issue 002, dated March 8, 2018, we have determined that later-approved software versions are acceptable for compliance, provided those later-approved versions meet certain conditions. We have revised paragraph (g)(2) of this AD to allow later-approved software versions.

Conclusion

We reviewed the relevant data, considered the comments received, and determined that air safety and the public interest require adopting this final rule with the changes described previously and minor editorial changes. We have determined that these minor changes:

- Are consistent with the intent that was proposed in the NPRM for addressing the unsafe condition; and
- Do not add any additional burden upon the public than was already proposed in the NPRM.

We also determined that these changes will not increase the economic burden on any operator or increase the scope of this final rule.

Related Service Information Under 1 CFR Part 51

We reviewed Boeing Alert Service Bulletins B787-81205-SB290032-00, Issue 002, dated February 1, 2019, and B787-81205-SB290033-00, Issue 001, dated November 17, 2017. This service information describes procedures for installing hydraulic tubing and installing a pressure-operated check valve. These documents are distinct since they apply to different airplane models.

We also reviewed Boeing Alert Service Bulletin B787-81205-SB270039-00, Issue 002, dated March 8, 2018. This service information describes procedures for installing new flight control software.

This service information is reasonably available because the interested parties have access to it through their normal course of business or by the means identified in the **ADDRESSES** section.

Costs of Compliance

We estimate that this AD affects 87 airplanes of U.S. registry. We estimate

the following costs to comply with this AD:

ESTIMATED COSTS FOR REQUIRED ACTIONS

Action	Labor cost	Parts cost	Cost per product	Number of affected airplanes	Cost on U.S. operators
Tubing and Pressure-operated Check Valve installation for Model 787–8 airplanes (Groups 1 and 3).	37 work-hours × \$85 per hour = \$3,145.	\$55,940	\$59,085	7	\$413,595
Tubing and Pressure-operated Check Valve installation for Model 787–8 airplanes (Group 2).	36 work-hours × \$85 per hour = \$3,060.	55,940	59,000	0	0
Tubing and Pressure-operated Check Valve installation for Model 787–8 airplanes (Groups 4 through 6).	33 work-hours × \$85 per hour = \$2,805.	55,940	58,745	47	2,761,015
Tubing and Pressure-operated Check Valve installation for Model 787–9 airplanes (Groups 1 through 4).	36 work-hours × \$85 per hour = \$3,060.	55,940	59,000	33	1,947,000
Software installation for Model 787–9 airplanes ..	2 work-hours × \$85 per hour = \$170.	0	170	33	5,610

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.

This AD is issued in accordance with authority delegated by the Executive Director, Aircraft Certification Service, as authorized by FAA Order 8000.51C. In accordance with that order, issuance of ADs is normally a function of the Compliance and Airworthiness Division, but during this transition period, the Executive Director has delegated the authority to issue ADs applicable to transport category airplanes and associated appliances to the Director of the System Oversight Division.

Regulatory Findings

This AD will not have federalism implications under Executive Order 13132. This AD will 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 this AD:

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

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Incorporation by reference, Safety.

Adoption of the Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA amends 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 (AD):

2019–08–05 The Boeing Company:
Amendment 39–19626; Docket No. FAA–2018–0763; Product Identifier 2018–NM–052–AD.

(a) Effective Date

This AD is effective June 6, 2019.

(b) Affected ADs

None.

(c) Applicability

This AD applies to The Boeing Company airplanes, certificated in any category, as identified in paragraphs (c)(1) and (c)(2) of this AD.

(1) Model 787–8 airplanes identified in Boeing Alert Service Bulletin B787–81205–SB290032–00, Issue 002, dated February 1, 2019.

(2) Model 787–9 airplanes identified in Boeing Alert Service Bulletin B787–81205–SB290033–00, Issue 001, dated November 17, 2017.

(d) Subject

Air Transport Association (ATA) of America Code 29, Hydraulic Power.

(e) Unsafe Condition

This AD was prompted by a determination that certain areas in the tire/wheel threat zones could be susceptible to damage, which could result in loss of braking on one main landing gear (MLG) truck, loss of nose wheel steering, and loss of directional control on the ground when below rudder effectiveness speed. We are issuing this AD to address damage from a MLG thrown tire tread or tire burst event, which could result in loss of directional control on the ground and consequent runway excursion.

(f) Compliance

Comply with this AD within the compliance times specified, unless already done.

(g) Required Actions

(1) At the applicable time specified in paragraph 5, "Compliance," of Boeing Alert Service Bulletin B787–81205–SB290032–00, Issue 002, dated February 1, 2019 (for Model 787–8 airplanes); or Boeing Alert Service Bulletin B787–81205–SB290033–00, Issue

001, dated November 17, 2017 (for Model 787–9 airplanes); except as specified in paragraph (h)(1) of this AD: Do all applicable actions identified as “RC” (required for compliance) in, and in accordance with, the Accomplishment Instructions of Boeing Alert Service Bulletin B787–81205–SB290032–00, Issue 002, dated February 1, 2019; or Boeing Alert Service Bulletin B787–81205–SB290033–00, Issue 001, dated November 17, 2017, as applicable; except as specified in paragraphs (h)(2) through (h)(8) of this AD.

(2) For Model 787–9 airplanes: Prior to or concurrently with accomplishing the actions required by paragraph (g)(1) of this AD, do all applicable actions (including software installation) identified as RC in and, in accordance with the Accomplishment Instructions of Boeing Alert Service Bulletin B787–81205–SB270039–00, Issue 002, dated March 8, 2018; except where Boeing Alert Service Bulletin B787–81205–SB270039–00, Issue 002, dated March 8, 2018, specifies installing required software, this AD requires installing that software or later-approved software versions. Later-approved software versions are only those Boeing software versions that are approved as a replacement for the applicable software, and are approved as part of the type design by the FAA or the Boeing Commercial Airplanes Organization Designation Authorization (ODA) after issuance of Boeing Alert Service Bulletin B787–81205–SB270039–00, Issue 002, dated March 8, 2018.

(h) Exceptions to Service Information

(1) For purposes of determining compliance with the requirements of this AD: Where the service information identified in paragraph (g)(1) of this AD uses the phrase “the Issue 001 date on [of] this service bulletin” this AD requires using “the effective date of this AD.”

(2) Where step 8 in Table 1 of Task 12 of the Accomplishment Instructions of Boeing Alert Service Bulletin B787–81205–SB290033–00, Issue 001, dated November 17, 2017, identifies the part as “652Z1591–95,” use part “652Z1591–764.”

(3) Where step 10 in Table 1 of Task 12 of the Accomplishment Instructions of Boeing Alert Service Bulletin B787–81205–SB290033–00, Issue 001, dated November 17, 2017, identifies the part as “652Z1591–94,” use part “652Z1591–95.”

(4) Where step 11 in Table 1 of Task 12 of the Accomplishment Instructions of Boeing Alert Service Bulletin B787–81205–SB290033–00, Issue 001, dated November 17, 2017, identifies the part as “652Z1591–764,” use part “652Z1591–94.”

(5) Where step 12 in Table 1 of Task 12 of the Accomplishment Instructions of Boeing Alert Service Bulletin B787–81205–SB290033–00, Issue 001, dated November 17, 2017, identifies the part as “658Z1593–48,” use part “BACC10MU0610000EP1.”

(6) Where step 12 in Table 1 of Task 12 of the Accomplishment Instructions of Boeing Alert Service Bulletin B787–81205–SB290033–00, Issue 001, dated November 17, 2017, identifies the part as “BACS47H3370G200K,” use part “BACS47H2370G200K.”

(7) Where step 12 in Table 1 of Task 13 of the Accomplishment Instructions of Boeing

Alert Service Bulletin B787–81205–SB290033–00, Issue 001, dated November 17, 2017, identifies the part as “658Z1593–48,” use part “BACC10MU0610000EP1.”

(8) Where step 12 in Table 1 of Task 13 of the Accomplishment Instructions of Boeing Alert Service Bulletin B787–81205–SB290033–00, Issue 001, dated November 17, 2017, identifies the part as “BACS47H3370G200K,” use part “BACS47H2370G200K.”

(i) Credit for Previous Actions

(1) This paragraph provides credit for the actions specified in paragraph (g)(1) of this AD, if those actions were performed before the effective date of this AD using Boeing Alert Service Bulletin B787–81205–SB290032–00, Issue 001, dated November 17, 2017.

(2) This paragraph provides credit for the actions specified in paragraph (g)(1) of this AD, if those actions were performed before the effective date of this AD using Boeing Alert Service Bulletin B787–81205–SB290032–00, Issue 001, dated November 17, 2017, in conjunction with Boeing Information Notice B787–A–29–00–0032–01A–931E–D, Issue 001, dated June 12, 2018.

(3) This paragraph provides credit for the actions specified in paragraph (g)(2) of this AD, if those actions were performed before the effective date of this AD using Boeing Alert Service Bulletin B787–81205–SB270039–00, Issue 001, dated July 31, 2017.

(4) This paragraph provides credit for the actions specified in paragraph (g)(2) of this AD, if those actions were performed before the effective date of this AD using Boeing Alert Service Bulletin B787–81205–SB270039–00, Issue 001, dated July 31, 2017, in conjunction with Boeing Information Notice B787–A–27–00–0039–01A–931E–D, Issue 001, dated September 7, 2017.

(j) Alternative Methods of Compliance (AMOCs)

(1) The Manager, Seattle ACO Branch, FAA, has the authority to approve AMOCs for this AD, if requested using the procedures found in 14 CFR 39.19. In accordance with 14 CFR 39.19, send your request to your principal inspector or local Flight Standards District Office, as appropriate. If sending information directly to the manager of the certification office, send it to the attention of the person identified in paragraph (k)(1) of this AD. Information may be emailed to: 9-ANM-Seattle-ACO-AMOC-Requests@faa.gov.

(2) Before using any approved AMOC, notify your appropriate principal inspector, or lacking a principal inspector, the manager of the local flight standards district office/certificate holding district office.

(3) An AMOC that provides an acceptable level of safety may be used for any repair, modification, or alteration required by this AD if it is approved by the Boeing Commercial Airplanes ODA that has been authorized by the Manager, Seattle ACO Branch, FAA, to make those findings. To be approved, the repair method, modification deviation, or alteration deviation must meet the certification basis of the airplane, and the approval must specifically refer to this AD.

(4) For service information that contains steps that are labeled as RC, the provisions

of paragraphs (j)(4)(i) and (j)(4)(ii) of this AD apply.

(i) The steps labeled as RC, including substeps under an RC step and any figures identified in an RC step, must be done to comply with the AD. If a step or substep is labeled “RC Exempt,” then the RC requirement is removed from that step or substep. An AMOC is required for any deviations to RC steps, including substeps and identified figures.

(ii) Steps not labeled as RC may be deviated from using accepted methods in accordance with the operator’s maintenance or inspection program without obtaining approval of an AMOC, provided the RC steps, including substeps and identified figures, can still be done as specified, and the airplane can be put back in an airworthy condition.

(k) Related Information

(1) For more information about this AD, contact Kelly McGuckin, Aerospace Engineer, Systems and Equipment Section, FAA, Seattle ACO Branch, 2200 South 216th St., Des Moines, WA 98198; phone and fax: 206–231–3546; email: Kelly.McGuckin@faa.gov.

(2) Service information identified in this AD that is not incorporated by reference is available at the addresses specified in paragraphs (l)(3) and (l)(4) of this AD.

(l) Material Incorporated by Reference

(1) The Director of the Federal Register approved the incorporation by reference (IBR) of the service information listed in this paragraph under 5 U.S.C. 552(a) and 1 CFR part 51.

(2) You must use this service information as applicable to do the actions required by this AD, unless the AD specifies otherwise.

(i) Boeing Alert Service Bulletin B787–81205–SB270039–00, Issue 002, dated March 8, 2018.

(ii) Boeing Alert Service Bulletin B787–81205–SB290032–00, Issue 002, dated February 1, 2019.

(iii) Boeing Alert Service Bulletin B787–81205–SB290033–00, Issue 001, dated November 17, 2017.

(3) For service information identified in this AD, contact Boeing Commercial Airplanes, Attention: Contractual & Data Services (C&DS), 2600 Westminister Blvd., MC 110–SK57, Seal Beach, CA 90740–5600; telephone 562–797–1717; internet <https://www.myboeingfleet.com>.

(4) You may view this service information at the FAA, Transport Standards Branch, 2200 South 216th St., Des Moines, WA. For information on the availability of this material at the FAA, call 206–231–3195.

(5) You may view this service information that is incorporated by reference at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202–741–6030, or go to: <http://www.archives.gov/federal-register/cfr/ibr-locations.html>.

Issued in Des Moines, Washington, on April 17, 2019.

Michael Kaszycki,

Acting Director, System Oversight Division,
Aircraft Certification Service.

[FR Doc. 2019-08916 Filed 5-1-19; 8:45 am]

BILLING CODE 4910-13-P

FEDERAL TRADE COMMISSION

16 CFR Part 433

RIN 3084-AB16

Trade Regulation Rule Concerning Preservation of Consumers' Claims and Defenses

AGENCY: Federal Trade Commission.

ACTION: Confirmation of rule.

SUMMARY: The Federal Trade Commission ("FTC" or "Commission") has completed its regulatory review of the Trade Regulation Rule Concerning Preservation of Consumers' Claims and Defenses ("Holder Rule" or "Rule") as part of the agency's regular review of all its regulations and guides, and has determined to retain the Rule in its present form.

DATES: This action is effective May 2, 2019 and is applicable as of April 23, 2019.

ADDRESSES: Relevant portions of the record of this proceeding, including this document, are available at <https://www.ftc.gov>.

FOR FURTHER INFORMATION CONTACT: Stephanie Rosenthal, (202) 326-3332, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Ave. NW, Washington, DC 20580.

SUPPLEMENTARY INFORMATION:

Introduction

The Federal Trade Commission previously requested comments on the Holder Rule as part of its comprehensive regulatory review program.¹ Specifically, the Commission sought comments on the Holder Rule's costs and benefits, and on whether there is a continuing need for it. Commenters uniformly supported the Rule, and a few suggested restating a previously announced advisory opinion of the Rule, clarifying portions of the Rule, or expanding the reach of the Rule. After considering the comments and evidence, the Commission has

¹ The Commission publishes this schedule annually, with adjustments in response to public input, changes in the marketplace, and resource demands. For more information, see <https://www.ftc.gov/enforcement/rules/retrospective-review-ftc-rules-guides>.

determined to retain the Rule without modification.

Background

On November 14, 1975, the Commission promulgated its Trade Regulation Rule Concerning the Preservation of Consumers' Claims and Defenses. The Holder Rule protects consumers who enter into credit contracts with a seller of goods or services by preserving their right to assert claims and defenses against any holder of the contract, even if the seller subsequently assigns the contract or works with a third-party creditor who finances the sale. It requires sellers that arrange for or offer credit to finance consumers' purchases to include the following Notice in at least ten-point, bold face type in their contracts: "ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED . . . WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER."² A creditor or assignee of the contract is thus subject to any claims or defenses that the consumer could assert against the seller. The Commission adopted the Rule to provide recourse to consumers who otherwise would be legally obligated to make full payment to a creditor or assignee despite breach of warranty, misrepresentation, or even fraud on the part of the seller.³

Regulatory Review Comments and Analysis

The Commission received nineteen comments in response to its **Federal Register** notice.⁴ Three comments were from consumer groups and legal advocacy organizations, three comments were from offices of State Attorneys General, five comments were from industry and trade association groups, four comments were from credit unions and a credit union association, and four comments were from consumers. As discussed below, all commenters who

² 16 CFR 433.2. The Rule does not apply to financing by credit card issuers. 16 CFR 433.1(c).

³ See 40 FR 53506, 53507 (Nov. 18, 1975) ("The rule is directed at what the Commission believes to be an anomaly. . . . The creditor may assert his right to be paid by the consumer despite misrepresentation, breach of warranty or contract, or even fraud on the part of the seller, and despite the fact that the consumer's debt was generated by the sale.")

⁴ A table at the end of this notice lists the organizations that commented. All nineteen comments are available on the Commission's website at <https://www.ftc.gov/policy/public-comments/initiative-631>.

addressed the issue agreed that the Commission should retain the Rule, although some suggested modifying or clarifying the Rule.

The Commission discusses the comments in three sections. In Section A, the Commission discusses the comments that support retaining the Rule. Section B discusses the comments concerning affirmative recoveries and the Commission's 2012 advisory opinion on that topic. In Section C, the Commission analyzes the comments that propose modifications to the Rule.⁵ The Commission has analyzed the proposed benefits to consumers of proposed changes to the Rule's coverage, including any evidence provided of those benefits, and balanced those proposed benefits against the cost of implementing the changes, the need for the change, and alternative means of providing these benefits for consumers, such as consumer education materials.

A. Support for the Rule

All of the commenters who addressed the issue supported maintaining the Rule; none advocated rescinding it. For example, a comment on behalf of consumer groups stated, "The Holder Rule is one of the most important actions the Commission has ever taken in preventing and remedying unfair and deceptive practices in the marketplace."⁶ This comment also noted, "The Holder Rule has resulted in no cost to consumers and only minimal cost to businesses."⁷ Another comment stated that "[c]onsumer advocates have described the Holder Rule as the 'FTC's most effective tool against fraud.'"⁸ NACA stated that the Rule "protects consumers in the marketplace from unscrupulous vendors by providing a valuable avenue for redress when sellers

⁵ A few comments urged clarifications of the Rule or discussed interpretative staff guidance. For example, several comments urged the Commission to confirm or reject 1976 staff guidelines regarding exempt transactions. Bingham (opposing \$25,000 exemption "made in 1976"); NCLC at 6 (commenting that Commission should clarify the Rule's application to large transactions because 1976 staff statement describing such an exemption was misconceived); AFSA at 3, 5 (urging the Commission to confirm 1976 staff guidelines and arguing that transactions that exceed \$50,000 are exempt). The Commission has not formally reviewed or adopted the staff views discussed in these comments. See 41 FR 20022 (1976). Staff will review the 1976 informal guidelines and educational materials in light of these comments. Because these comments do not advocate or provide evidence for modification or rescission of the Rule, they are beyond the scope of this review. See 80 FR 75019 (describing the Commission's Regulatory Review Program).

⁶ National Consumer Law Center ("NCLC").

⁷ *Id.*

⁸ National Association of Consumer Advocates ("NACA").