

# Rules and Regulations

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## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. FAA-2012-1327; Directorate Identifier 2012-NE-47-AD; Amendment 39-18793; AD 2017-03-02]

RIN 2120-AA64

#### Airworthiness Directives; Rolls-Royce plc Turbofan Engines

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

**ACTION:** Final rule.

**SUMMARY:** We are superseding airworthiness directive (AD) 2014-16-10 for all Rolls-Royce plc (RR) RB211 Trent 768-60, 772-60, and 772B-60 turbofan engines. AD 2014-16-10 required initial and repetitive ultrasonic inspections (UIs) of the affected low-pressure (LP) compressor blades. This AD requires the UIs in AD 2014-16-10 while reducing the inspection threshold. This AD was prompted by revised service information to reduce the inspection threshold for UI of the LP compressor blades. We are issuing this AD to correct the unsafe condition on these products.

**DATES:** This AD is effective March 22, 2017.

The Director of the Federal Register approved the incorporation by reference of a certain publication listed in this AD as of March 22, 2017.

**ADDRESSES:** For service information identified in this final rule, contact Rolls-Royce plc, Corporate Communications, P.O. Box 31, Derby, England, DE24 8BJ; phone: 011-44-1332-242424; fax: 011-44-1332-245418, or email: [http://www.rolls-royce.com/contact/civil\\_team.jsp](http://www.rolls-royce.com/contact/civil_team.jsp). You may view this service information at the FAA, Engine & Propeller Directorate, 1200 District Avenue, Burlington, MA.

For information on the availability of this material at the FAA, call 781-238-7125. It is also available on the Internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA-2012-1327.

#### 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-2012-1327; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this AD, the mandatory continuing airworthiness information, regulatory evaluation, any comments received, and other information. The address for the Docket Office (phone: 800-647-5527) is Document Management Facility, 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:** Robert Green, Aerospace Engineer, Engine Certification Office, FAA, Engine & Propeller Directorate, 1200 District Avenue, Burlington, MA 01803; phone: 781-238-7754; fax: 781-238-7199; email: [robert.green@faa.gov](mailto:robert.green@faa.gov).

#### SUPPLEMENTARY INFORMATION:

##### Discussion

We issued a notice of proposed rulemaking (NPRM) to amend 14 CFR part 39 to supersede AD 2014-16-10, Amendment 39-17934 (79 FR 48961, August 19, 2014), (“AD 2014-16-10”). AD 2014-16-10 applied to RR RB211 Trent 768-60, 772-60, and 772B-60 turbofan engines. The NPRM published in the **Federal Register** on November 1, 2016 (81 FR 75762). The NPRM proposed to continue to require the UIs in AD 2014-16-10 while applying the revised inspection threshold.

##### Comments

We gave the public the opportunity to participate in developing this AD. We considered the comments received.

#### Request To Change the Costs of Compliance

RR noted the 40 hours in the Costs of Compliance to undertake the inspection in RR Alert Non-Modification Service Bulletin (NMSB) RB.211-72-AH465,

Revision 2, dated May 11, 2016, exceeds the RR guidance provided in the NMSB. The NMSB states that the on-wing inspection takes 16 hours to accomplish if the blades are installed, and total time of 28 hours if the blades are removed.

We disagree. The Costs of Compliance estimate assumed the blades would be removed for inspection, which includes the time required to remove the blades and reinstall them afterward to return the engine to service. We did not change this AD.

#### Request To Add Credit for Previous Actions

RR requested that previous inspection in accordance with RR Alert NMSB RB.211-72-AH465, Revision 1, dated July 10, 2015, or earlier revisions, be considered as credit for previous action, against the inspection requirements of this AD to align with European Aviation Safety Agency, (EASA) AD 2016-0141, dated July 18, 2016 (corrected July 20, 2016).

We agree. The inspections done using RR Alert NMSB RB.211-72-AH465, Revision 1, dated July 10, 2015, or the initial issue, dated July 15, 2013, are acceptable. We added RR Alert NMSB RB.211-72-AH465, Revision 1, dated July 10, 2015, and the initial issue, dated July 15, 2013, to paragraph (f) of this AD.

#### Conclusion

We reviewed the available data, including the comments received, and determined that air safety and the public interest require adopting this AD as proposed.

#### Related Service Information Under 1 CFR Part 51

RR has issued Alert NMSB RB.211-72-AH465, Revision 2, dated May 11, 2016. The NMSB describes procedures for performing a UI of the LP compressor blades. 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 56 engines installed on airplanes of U.S. registry.

We estimate the following costs to comply with this AD:

ESTIMATED COSTS

Action	Labor cost	Parts cost	Cost per product	Cost on U.S. operators
Inspection .....	40 work-hours × \$85 per hour = \$3,400 .....	\$0	\$3,400	\$190,400

**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**

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 to the extent that it justifies making a regulatory distinction, 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 part 39 of the Federal

Aviation Regulations (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 removing airworthiness directive (AD) 2014–16–10, Amendment 39–17934 (79 FR 48961, August 19, 2014), and adding the following new AD:

**2017–03–02 Rolls-Royce plc:** Amendment 39–18793; Docket No. FAA–2012–1327; Directorate Identifier 2012–NE–47–AD.

**(a) Effective Date**

This AD is effective March 22, 2017.

**(b) Affected ADs**

This AD supersedes AD 2014–16–10, Amendment 39–17934 (79 FR 48961, August 19, 2014).

**(c) Applicability**

This AD applies to Rolls-Royce plc (RR) RB211 Trent 768–60, 772–60, and 772B–60 turbofan engines, with low-pressure (LP) compressor blade, part number (P/N) FK23411, FK25441, FK25968, FW11901, FW15393, FW23643, FW23741, FW23744, KH23403, or KH23404, installed.

**(d) Unsafe Condition**

This AD was prompted by LP compressor blade partial airfoil release events. We are issuing this AD to prevent LP compressor blade airfoil separations, damage to the engine, and damage to the airplane.

**(e) Compliance**

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

(1) Ultrasonic Inspection (UI) of LP Compressor Blade

(i) After the effective date of this AD, for LP compressor blades that have accumulated less than 1,800 cycles since new (CSN) or cycles since last inspection (CSLI), perform a UI of each LP compressor blade before the blade exceeds 2,400 CSN or CSLI. Repeat the UI of the blade before exceeding 2,400 CSLI.

(ii) For any LP compressor blade that exceeds 1,800 CSN on the effective date of this AD, inspect the blade before exceeding 600 flight cycles after the effective date of this AD or before exceeding 3,600 CSN, whichever occurs first. Thereafter, perform the repetitive inspections before exceeding 2,400 CSLI.

(iii) For any LP compressor blade that exceeds 2,200 CSLI on September 23, 2014 (the effective date of AD 2014–16–10), inspect the blade before exceeding 3,000 CSLI or before further flight, whichever occurs later. Thereafter, perform the repetitive inspections before exceeding 2,400 CSLI.

(iv) Use paragraph 3, excluding subparagraphs 3.C.(2)(b), 3.D.(2), and 3.G, of RR Alert Non-Modification Service Bulletin (NMSB) RB.211–72–AH465, Revision 2, dated May 11, 2016, to perform the inspections required by this AD.

**(2) Use of Replacement Blades**

(i) After the effective date of this AD, LP compressor blade, P/N FK23411, FK25441, FK25968, FW11901, FW15393, FW23643, FW23741, FW23744, KH23403, or KH23404, that has accumulated at least 2,400 CSN or CSLI is eligible for installation if the blade has passed the UI required by this AD.

(ii) Reserved.

**(f) Credit for Previous Actions**

You may take credit for the UI required by paragraph (e) of this AD, if you performed the UI before the effective date of this AD using RR Alert NMSB RB.211–72–AH465, Revision 1, dated July 10, 2015, or the initial issue, dated July 15, 2013; or RR NMSB No. RB.211–72–G702, dated May 23, 2011; or RR NMSB No. RB.211–72–G872, Revision 2, dated March 8, 2013, or earlier revisions; or RR NMSB No. RB.211–72–H311, dated March 8, 2013; or the Engine Manual E-Trent-1RR, Task 72–31–11–200–806.

**(g) Alternative Methods of Compliance (AMOCs)**

The Manager, Engine Certification Office, may approve AMOCs for this AD. Use the procedures found in 14 CFR 39.19 to make your request. You may email your request to: ANE-AD-AMOC@faa.gov.

**(h) Related Information**

(1) For more information about this AD, contact Robert Green, Aerospace Engineer, Engine Certification Office, FAA, Engine & Propeller Directorate, 1200 District Avenue, Burlington, MA 01803; phone: 781–238–7754; fax: 781–238–7199; email: robert.green@faa.gov.

(2) Refer to MCAI European Aviation Safety Agency, (EASA) AD 2016–0141, dated July 18, 2016 (corrected July 20, 2016), for more information. You may examine the MCAI in the AD docket on the Internet at <http://www.regulations.gov> by searching for and locating it in Docket No. FAA–2012–1327.

**(i) 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) Rolls-Royce plc Alert Non-Modification Service Bulletin RB.211-72-AH465, Revision 2, dated May 11, 2016.

(ii) Reserved.

(3) For Rolls-Royce plc service information identified in this AD, contact Rolls-Royce plc, Corporate Communications, P.O. Box 31, Derby, England, DE24 8BJ; phone: 011-44-1332-242424; fax: 011-44-1332-245418, or email: [http://www.rolls-royce.com/contact/civil\\_team.jsp](http://www.rolls-royce.com/contact/civil_team.jsp).

(4) You may view this service information at FAA, Engine & Propeller Directorate, 1200 District Avenue, Burlington, MA. For information on the availability of this material at the FAA, call 781-238-7125.

(5) You may view this service information 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 Burlington, Massachusetts, on January 27, 2017.

**Colleen M. D'Alessandro,**

*Manager, Engine & Propeller Directorate, Aircraft Certification Service.*

[FR Doc. 2017-02921 Filed 2-14-17; 8:45 am]

**BILLING CODE 4910-13-P**

## SECURITIES AND EXCHANGE COMMISSION

### 17 CFR Parts 230, 240, and 260

[Release Nos. 33-10305; 34-80023; 39-2515; File No. S7-26-11]

RIN 3235-AL17

### Exemptions for Security-Based Swaps

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Interim final rule.

**SUMMARY:** We are adopting amendments to the expiration dates in our interim final rules that provide exemptions under the Securities Act of 1933, the Securities Exchange Act of 1934, and the Trust Indenture Act of 1939 for those security-based swaps that prior to July 16, 2011 were security-based swap agreements and are defined as “securities” under the Securities Act and the Exchange Act as of July 16, 2011 due solely to the provisions of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Under the amendments, the expiration dates in the interim final rules will be February 11, 2018.

**DATES:** The amendments are effective February 15, 2017. See Section I of the

**SUPPLEMENTARY INFORMATION** concerning amendment of expiration dates in the interim final rules.

**FOR FURTHER INFORMATION CONTACT:** Andrew Schoeffler, Special Counsel, Office of Capital Markets Trends, Division of Corporation Finance, at (202) 551-3860, U.S. Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-3628.

**SUPPLEMENTARY INFORMATION:** We are adopting amendments to the following rules: Interim final Rule 240 under the Securities Act of 1933 (“Securities Act”),<sup>1</sup> interim final Rules 12a-11 and 12h-1(i) under the Securities Exchange Act of 1934 (“Exchange Act”),<sup>2</sup> and interim final Rule 4d-12 under the Trust Indenture Act of 1939 (“Trust Indenture Act”).<sup>3</sup>

### I. Amendment of Expiration Dates in the Interim Final Rules

#### A. Background Regarding the Interim Final Rules

In July 2011, we adopted interim final Rule 240 under the Securities Act, interim final Rules 12a-11 and 12h-1(i) under the Exchange Act, and interim final Rule 4d-12 under the Trust Indenture Act (collectively, the “interim final rules”).<sup>4</sup> The interim final rules provide exemptions under the Securities Act, the Exchange Act, and the Trust Indenture Act for those security-based swaps that prior to July 16, 2011 (“Title VII effective date”) were “security-based swap agreements” and are defined as “securities” under the Securities Act and the Exchange Act as of the Title VII effective date due solely to the provisions of Title VII of the Dodd-Frank Act.<sup>5</sup> The interim final rules exempt offers and sales of security-based swap agreements that became security-based swaps on the Title VII effective date from all provisions of the Securities Act, other than the Section 17(a) anti-fraud provisions, as well as from the Exchange Act registration requirements and from the provisions of the Trust Indenture

Act,<sup>6</sup> provided certain conditions are met.<sup>7</sup> We have adopted amendments to the interim final rules to extend the expiration dates in the interim final rules, first from February 11, 2013 to February 11, 2014,<sup>8</sup> and then from February 11, 2014 to February 11, 2017.<sup>9</sup>

Title VII amended the Securities Act and the Exchange Act to include “security-based swaps” in the definition of “security” for purposes of those statutes.<sup>10</sup> As a result, “security-based swaps” became subject to the provisions of the Securities Act and the Exchange Act and the rules and regulations thereunder applicable to “securities.”<sup>11</sup>

<sup>6</sup> The category of security-based swaps covered by the interim final rules involves those that would have been defined as “security-based swap agreements” prior to the enactment of Title VII. That definition of “security-based swap agreement” does not include security-based swaps that are based on or reference only loans and indexes only of loans. The Division of Corporation Finance issued a no-action letter that addressed the availability of the interim final rules to offers and sales of security-based swaps that are based on or reference only loans or indexes only of loans. See Cleary Gottlieb Steen & Hamilton LLP (Jul. 15, 2011). The Cleary Gottlieb No-Action Letter will remain in effect for so long as the interim final rules remain in effect.

<sup>7</sup> The security-based swap that is exempt must be a security-based swap agreement (as defined prior to the Title VII effective date) and entered into between eligible contract participants (as defined prior to the Title VII effective date). See Rule 240 under the Securities Act [17 CFR 230.240]. See also Interim Final Rules Adopting Release.

<sup>8</sup> See *Extension of Exemptions for Security-Based Swaps*, Release No. 33-9383 (Jan. 29, 2013), 78 FR 7654 (Feb. 4, 2013).

<sup>9</sup> See *Extension of Exemptions for Security-Based Swaps*, Release No. 33-9545 (Feb. 5, 2014), 79 FR 7570 (Feb. 10, 2014) (“Extension Adopting Release”).

<sup>10</sup> See Sections 761(a)(2) and 768(a)(1) of the Dodd-Frank Act (amending Section 3(a)(10) of the Exchange Act [15 U.S.C. 78c(a)(10)] and Section 2(a)(1) of the Securities Act [15 U.S.C. 77b(a)(1)], respectively).

<sup>11</sup> The Securities Act requires that any offer and sale of a security must be either registered under the Securities Act or made pursuant to an exemption from registration. See Section 5 of the Securities Act [15 U.S.C. 77e]. In addition, certain provisions of the Exchange Act relating to the registration of classes of securities and the indenture qualification provisions of the Trust Indenture Act of 1939 (“Trust Indenture Act”) [15 U.S.C. 77aaa *et seq.*] also potentially could apply to security-based swaps. The provisions of Section 12 of the Exchange Act could, without an exemption, require that security-based swaps be registered before a transaction could be effected on a national securities exchange. See Section 12(a) of the Exchange Act [15 U.S.C. 78l(a)]. In addition, registration of a class of security-based swaps under Section 12(g) of the Exchange Act could be required if the security-based swap is considered an equity security and held or record by either 2000 persons or 500 persons who are not accredited investors at the end of a fiscal year. See Section 12(g)(1)(A) of the Exchange Act [15 U.S.C. 78l(g)(1)(A)]. Further, without an exemption, the Trust Indenture Act could require qualification of an indenture for security-based swaps considered to be debt. See 15 U.S.C. 77aaa *et seq.*

<sup>1</sup> 15 U.S.C. 77a *et seq.*

<sup>2</sup> 15 U.S.C. 78a *et seq.*

<sup>3</sup> 15 U.S.C. 77aaa *et seq.*

<sup>4</sup> See 17 CFR 230.240, 17 CFR 240.12a-11, 17 CFR 240.12h-1, and 17 CFR 260.4d-12. See also *Exemptions for Security-Based Swaps*, Release No. 33-9231 (Jul. 1, 2011), 76 FR 40605 (Jul. 11, 2011) (“Interim Final Rules Adopting Release”).

<sup>5</sup> The Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, 124 Stat. 1376 (2010). The provisions of Title VII generally were effective on July 16, 2011 (360 days after enactment of the Dodd-Frank Act), unless a provision requires a rulemaking. If a Title VII provision requires a rulemaking, it will go into effect “not less than” 60 days after publication of the related final rule or on July 16, 2011, whichever is later. See Section 774 of the Dodd-Frank Act.