on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A copy of the draft regulatory evaluation prepared for this action is contained in the Rules Docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption **ADDRESSES**.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, safety.

The Proposed Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend 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. Section 39.13 is amended by adding the following new airworthiness directive:

Airbus Industrie: Docket 96–NM–92–AD.

Applicability: Model A319 and A320 series airplanes, certificated in any category; except airplanes on which Airbus Modifications 24850 and 25844 have been installed in production, or on which Airbus Service Bulletin A320–25–1156, Revision 01, dated February 2, 1999, has been accomplished.

Note 1: This AD applies to each airplane identified in the preceding applicability provision, regardless of whether it has been otherwise modified, altered, or repaired in the area subject to the requirements of this AD. For airplanes that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (e) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it.

Compliance: Required as indicated, unless accomplished previously.

To prevent the loss of the escape slides during flight, which could make the emergency exits located over each wing unusable and result in damage to the fuselage, accomplish the following:

Inspections and Corrective Actions

(a) At the latest of the times specified in paragraphs (a)(1), (a)(2), and (a)(3) of this AD, as applicable: Perform a detailed visual inspection to detect cracking and delamination of each off-wing escape slide container, including the container door, in accordance with Airbus Service Bulletin A320–25–1161, Revision 01, dated February 2, 1999. Repeat the inspection thereafter at intervals not to exceed 18 months, until accomplishment of the actions required by paragraph (d) of this AD.

(1) Within 500 flight hours after the effective date of this AD.

(2) Within 18 months after the last inspection in accordance with Airbus All Operator Telex 25–09, dated January 2, 1995, or Revision 1, dated February 16, 1995; or Airbus Service Bulletin A320–25–1161, dated June 21, 1995; if accomplished prior to the effective date of this AD.

(3) Within 18 months after modification of the offwing escape slides in accordance with Airbus Service Bulletin A320–25–1156, dated June 21, 1995; if accomplished prior to the effective date of this AD.

Note 2: For the purposes of this AD, a detailed visual inspection is defined as: ''An intensive visual examination of a specific structural area, system, installation, or assembly to detect damage, failure, or irregularity. Available lighting is normally supplemented with a direct source of good lighting at intensity deemed appropriate by the inspector. Inspection aids such as mirror, magnifying lenses, etc., may be used. Surface cleaning and elaborate access procedures may be required.''

(b) If any crack or delamination is found during any inspection required by paragraph (a) of this AD that does not exceed the limits specified in Airbus Service Bulletin A320–25–1161, Revision 01, dated February 2, 1999: Prior to further flight, repair the crack or delamination in accordance with the service bulletin, and continue inspecting in accordance with paragraph (a) of this AD.

(c) If any crack or delamination is found during any inspection required by paragraph (a) of this AD that exceeds the limits specified in Airbus Service Bulletin A320–25–1161, Revision 01, dated February 2, 1999: Prior to further flight, replace the discrepant container with a serviceable container in accordance with the service bulletin, and continue inspecting in accordance with paragraph (a) of this AD.

Terminating Modification

(d) Within 5 years after the effective date of this AD, modify the offwing escape slides (i.e., modifications, inspection, repair, and repacking) in accordance with Airbus Service Bulletin A320–25–1156, Revision 01, dated February 2, 1999. Modification of the escape slides constitutes terminating action for the repetitive inspections required by paragraph (a) of this AD.

Note 3: Airbus Service Bulletin A320–25–1156, Revision 01, dated February 2, 1999, references Air Cruisers Service Bulletins 004–25–37, Revision 2, dated May 29, 1996, and 004–25–42, dated September 16, 1996, as additional sources of service information for accomplishment of the modification of the offwing escape slides.

Alternative Methods of Compliance

(e) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, International Branch, ANM–116, FAA, Transport Airplane Directorate. Operators shall submit their requests through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, International Branch, ANM–116.

Note 4: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the International Branch, ANM–116.

Special Flight Permits

(f) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the airplane to a location where the requirements of this AD can be accomplished.

Note 5: The subject of this AD is addressed in French airworthiness directive 1999–232–132(B), dated June 2, 1999.

Issued in Renton, Washington, on October 7, 1999.

D.L. Riggin,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 99–26871 Filed 10–13–99; 8:45 am]

BILLING CODE 4910–13–U

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 97–NM–298–AD]

RIN 2120–AA64

Airworthiness Directives; McDonnell Douglas Model DC–9, DC–9–80, and C–9 (Military) Series Airplanes; Model MD–88 Airplanes; and Model MD–90 Airplanes

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This document proposes the supersedure of an existing airworthiness directive (AD), applicable to certain McDonnell Douglas Model DC–9, DC–9–80, and C–9 (military) series airplanes; Model MD–88 airplanes; and MD–90 airplanes, that currently requires a visual check to determine the part and serial numbers of the upper lock link assembly of the nose landing gear (NLG); repetitive inspections of certain upper lock link assemblies to detect fatigue cracking; and replacement of the upper lock link assembly with an assembly made from aluminum forging material, if necessary. Such replacement would constitute terminating action for the requirements of this AD. The proposed AD would expand the

applicability of the existing AD, reduce the compliance times for the inspections, and add new inspection requirements. This proposal is prompted by a report indicating that an NLG upper lock link fractured prior to landing and jammed against the NLG shock strut, restricting the NLG from fully extending. The actions specified by this proposal are intended to prevent the upper lock link assembly from fracturing due to fatigue cracking, and the NLG consequently failing to extend fully; this condition could result in injury to passengers and flight crew, and damage to the airplane.

DATES: Comments must be received by November 29, 1999.

ADDRESSES: Submit comments in triplicate to the Federal Aviation Administration (FAA), Transport Airplane Directorate, ANM–114, Attention: Rules Docket No. 97–NM–298–AD, 1601 Lind Avenue, SW., Renton, Washington 98055–4056. Comments may be inspected at this location between 9:00 a.m. and 3:00 p.m., Monday through Friday, except Federal holidays.

The service information referenced in the proposed rule may be obtained from Boeing Commercial Aircraft Group, Long Beach Division, 3855 Lakewood Boulevard, Long Beach, California 90846, Attention: Technical Publications Business Administration, Dept. C1–L51 (2–60). This information may be examined at the FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington; or at the FAA, Transport Airplane Directorate, Los Angeles Aircraft Certification Office, 3960 Paramount Boulevard, Lakewood, California.

FOR FURTHER INFORMATION CONTACT: Brent Bandley, Aerospace Engineer, Airframe Branch, ANM–120L, FAA, Transport Airplane Directorate, Los Angeles Aircraft Certification Office, 3960 Paramount Boulevard, Lakewood, California 90712–4137; telephone (562) 627–5237; fax (562) 627–5210.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications shall identify the Rules Docket number and be submitted in triplicate to the address specified above. All communications received on or before the closing date for comments, specified above, will be considered before taking action on the proposed rule. The proposals contained in this notice may be changed in light of the comments received.

Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposed rule. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of this proposal will be filed in the Rules Docket.

Commenters wishing the FAA to acknowledge receipt of their comments submitted in response to this notice must submit a self-addressed, stamped postcard on which the following statement is made: ''Comments to Docket Number 97–NM–298–AD.'' The postcard will be date stamped and returned to the commenter.

Availability of NPRMs

Any person may obtain a copy of this NPRM by submitting a request to the FAA, Transport Airplane Directorate, ANM–114, Attention: Rules Docket No. 97–NM–298–AD, 1601 Lind Avenue, SW., Renton, Washington 98055–4056.

Discussion

On January 14, 1997, the FAA issued AD 97–02–10, amendment 39–9895 (62 FR 3781, January 27, 1997), applicable to certain McDonnell Douglas Model DC–9, DC–9–80, and C–9 (military) series airplanes; Model MD–88 airplanes; and MD–90 airplanes. That AD requires a visual check to determine the part and serial numbers of the upper lock link assembly of the nose landing gear (NLG); repetitive inspections of certain upper lock link assemblies to detect fatigue cracking; and replacement of the upper lock link assembly with an assembly made from aluminum forging material, if necessary. That action was prompted by a report indicating that, due to fatigue cracking, the upper lock link assembly on an airplane fractured, and consequently prevented the NLG from extending fully. The requirements of that AD are intended to prevent this assembly from fracturing due to fatigue cracking, and the NLG consequently failing to extend fully; this condition could result in injury to passengers and flight crew, and damage to the airplane.

Actions Since Issuance of Previous Rule

Since the issuance of AD 97–02–10, the FAA has received one report of an incident involving a McDonnell Douglas Model DC–9–82 (MD–82) series airplane in which the upper lock link failed and the NLG collapsed on landing. In addition, the FAA has received reports of three lock link failures and four cracked lock links.

In the preamble to AD 97–02–10, the FAA specified that the actions required by that AD were considered ''interim action'' and that the manufacturer was developing a modification to positively address the unsafe condition. The FAA indicated that it may consider further rulemaking action once the modification was developed, approved, and available. The manufacturer now has developed a method that can be used by the operators to identify the type of material used for the upper lock link (overcenter link) of the NLG, and the FAA has determined that further rulemaking action is indeed necessary. This proposed AD follows from that determination.

Additional Relevant Service Information

The FAA has reviewed and approved the following McDonnell Douglas Service Bulletins, both dated March 11, 1999:

- MD90–32–033 (for Model MD–90 airplanes).
- DC9–32–315 [for Model DC–9, DC–9–80, and C–9 (military) series airplanes; and Model MD–88 airplanes].

Those service bulletins specify procedures for removing and retaining certain upper lock links and attaching parts for the NLG, and a visual inspection of the NLG upper lock link assembly to determine whether the assembly is from the affected lot specified in the applicable service bulletin. Procedures also include the following on-condition actions:

- If the link is from the affected lot, replace the link with either a new upper lock link or a lock link assembly made from aluminum forging material.
- If the upper lock link is not from the affected lot, etch inspect to determine the type of material used for the lock link (Condition 2 or 3). If an NLG upper lock link is made from aluminum forging material (Condition 2), reidentify the lock link by adding an ''F'' to the P/N. If an NLG upper lock link is made from plate or bar material (Condition 3), accomplish either of two options. Option 1 specifies permanently removing any discrepant lock link and replacing it with a new upper lock link or a lock link assembly made from aluminum forging. Option 2 specifies restoring the link finish; reidentifying the lock link by adding a paint stripe next to the part number, which indicates the part is not made from aluminum forging material; and eventually replacing the upper lock link assembly with a link made from aluminum forging material.

The FAA also has reviewed and approved the following McDonnell Douglas Alert Service Bulletins, both dated October 29, 1997.

- MD90–32A019, Revision 02 (for Model MD–90 airplanes).
- DC9–32A298, Revision 02 [for Model DC–9, DC–9–80, and C–9 (military) series airplanes; and Model MD–88 airplanes].

Those alert service bulletins are essentially the same as the earlier versions of the service bulletins, which include procedures for a high frequency eddy current inspection and Type I fluorescent penetrant inspection of the upper lock link to detect cracking of the lock link. However, Revision 02 adds airplanes to the effectivity and reduces the compliance times for the inspections.

Accomplishment of the actions specified in the applicable service bulletin referenced above is intended to adequately address the identified unsafe condition.

Explanation of Requirements of Proposed Rule

Since an unsafe condition has been identified that is likely to exist or develop on other products of this same type design, the proposed AD would supersede AD 97–02–10 to continue to require an inspection to determine the part and serial numbers of the upper lock link assembly of the NLG. This proposed AD would expand the applicability of the existing AD, reduce the compliance times for the inspections, and add new inspection requirements. The proposed AD also requires replacement of the NLG upper lock link, if necessary. Such replacement would constitute terminating action for the requirements of this AD.

The actions would be required to be accomplished in accordance with the previously referenced service information.

Explanation of Proposed Compliance Times

Based on further investigation, the FAA finds that the current inspection thresholds and intervals for the repetitive inspections specified by AD 97–02–10 are inadequate to detect cracking in a timely manner. Consequently, it is necessary to lower the threshold for the one-time inspections of the upper lock link assembly of the NLG, and to require replacement actions in lieu of repetitive inspections.

The FAA has determined the compliance times for the one-time inspections for the proposed rule based on calculations of the fatigue life of the lock link made from plate or bar material and crack growth analysis, and has taken into account the detectability of the non-destructive inspection methods used. The shorter compliance times were determined because of findings of higher stress levels in the NLG upper lock link than previously indicated due to increased crack growth rate beyond the initial inspection threshold.

AD 97–02–10 requires that the initial inspection of the upper lock link assembly of the NLG be accomplished ''prior to the accumulation of 10,000 total cycles of the NLG, or within 90 days after the effective date of this AD, whichever occurs later.'' However, paragraphs (a) and (b) of this proposed rule would require a one-time detailed visual inspection of the NLG upper lock link assembly to be accomplished ''within 2,500 landings on the NLG after the effective date of this AD, or 5,000 landings since the last inspection accomplished in accordance with paragraph (a) of AD 97–02–10, whichever occurs first.''

Clarification of Requirements

The FAA has determined that it is necessary to clarify certain terminology used in AD 97–02–10. In light of this, the term ''visual check'' has been changed to ''detailed visual inspection'' in this AD. The FAA considers that this type of inspection is necessary to ensure the continued operational safety of the fleet.

Differences Between Proposed Rule and Service Information

Operators should note that, although the previously referenced service bulletins specify repetitive inspections of the upper lock link for cracks, this proposed AD does not require repetitive inspections.

The FAA has determined that long term continued operational safety will be better assured by modifications or design changes to remove the source of the problem, rather than by repetitive inspections. Long term inspections may not be providing the degree of safety assurance necessary for the transport airplane fleet. This, coupled with a better understanding of the human factors associated with numerous repetitive inspections, has led the FAA to consider placing less emphasis on special procedures and more emphasis on design improvements. The proposed replacement requirement is in consonance with these considerations.

Operators also should note that Boeing Alert Service Bulletins MD90–32A019 and DC9–32A298, both Revision 02, specify procedures for ''exempt and non-exempt'' lock link assemblies. However, in this proposed AD there are no lock link assemblies specified as ''exempt or non-exempt.'' Instead, a one-time detailed visual inspection is required to determine whether the upper lock link assembly is from an ''affected lot,'' as specified in Boeing Service Bulletin MD90–32–033 or DC9–32–315.

Cost Impact

There are approximately 2,100 airplanes of the affected design in the worldwide fleet. The FAA estimates that 1,400 airplanes of U.S. registry would be affected by this proposed AD.

It would take approximately 1 work hour per airplane to accomplish the proposed detailed visual and etch inspections of the NLG upper lock link, at an average labor rate of $60 per work hour. Based on these figures, the cost impact of the proposed AD on U.S. operators is estimated to be $84,000, or $60 per airplane.

It would take approximately 2 work hours per airplane to accomplish each proposed replacement of the NLG upper lock link, at an average labor rate of $60 per work hour. Required parts would cost approximately $5,803 per airplane. Based on these figures, the cost impact of the proposed AD on U.S. operators is estimated to be $8,292,200, or $5,923 per airplane.

The cost impact figures discussed above are based on assumptions that no operator has yet accomplished any of the current or proposed requirements of this AD action, and that no operator would accomplish those actions in the future if this AD were not adopted.

Regulatory Impact

The regulations proposed herein would not have substantial direct effects 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. Therefore, in accordance with Executive Order 12612, it is determined that this proposal would not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

For the reasons discussed above, I certify that this 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) if promulgated, 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. A copy of the draft regulatory evaluation prepared for this action is contained in the Rules Docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption **ADDRESSES**.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, Safety.

The Proposed Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration proposes to amend 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. Section 39.13 is amended by removing amendment 39–9895 (62 FR 3781, January 27, 1997), and by adding a new airworthiness directive (AD), to read as follows:

McDonnell Douglas: Docket 97–NM–298–AD. Supersedes AD 97–02–10, Amendment 39–9895.

Applicability: Model DC–9, DC–9–80, and C–9 (military) series airplanes; Model MD–88 airplanes; and Model MD–90 airplanes; as listed in McDonnell Douglas Alert Service Bulletins DC9–32A298, and MD90–32A019, both Revision 02, dated October 29, 1997; certificated in any category:

Note 1: This AD applies to each airplane identified in the preceding applicability provision, regardless of whether it has been modified, altered, or repaired in the area subject to the requirements of this AD. For airplanes that have been modified, altered, or repaired so that the performance of the requirements of this AD is affected, the owner/operator must request approval for an alternative method of compliance in accordance with paragraph (d)(1) of this AD. The request should include an assessment of the effect of the modification, alteration, or repair on the unsafe condition addressed by this AD; and, if the unsafe condition has not been eliminated, the request should include specific proposed actions to address it.

Compliance: Required as indicated, unless accomplished previously. To prevent the upper lock link assembly of the nose landing gear (NLG) from fracturing due to fatigue cracking, and the NLG consequently failing to extend fully, which could result in injury to passengers and flight crew, and damage to the airplane, accomplish the following:

Removing and Retaining Upper Lock Link

(a) Within 2,500 landings on the NLG after the effective date of this AD, or 5,000 landings since the last inspection accomplished in accordance with paragraph (a) of AD 97–02–10, whichever occurs first, remove and retain the upper lock link, part number (P/N) 3914464, and attaching parts; and accomplish the inspections required by paragraphs (b) and (c) of this AD, in accordance with McDonnell Douglas Service Bulletin DC9–32–315 [for Model DC–9, DC–9–80, and C–9 (military) series airplanes; and Model MD–88 airplanes], or McDonnell Douglas Service Bulletin MD90–32–033 (for Model MD–90 airplanes), both dated March 11, 1999; as applicable.

Detailed Visual Inspection

(b) Perform a one-time detailed visual inspection of the NLG upper lock link assembly to determine whether the serial number of the lock link is identified in the affected lot specified in Condition 1 of the Accomplishment Instructions of the applicable service bulletin, in accordance with McDonnell Douglas Service Bulletin DC9–32–315 [for Model DC–9, DC–9–80, and C–9 (military) series airplanes; and Model MD–88 airplanes], or McDonnell Douglas Service Bulletin MD90–32–033 (for Model MD–90 airplanes), both dated March 11, 1999; as applicable.

Identifying Upper Lock Links From Affected Lot and Corrective Actions:

Condition 1 (Hand Forging Serial Number)

(1) If the serial number of the upper lock link is not from the affected lot specified in the applicable service bulletin (Condition 1), prior to further flight, accomplish the etch inspection required by paragraph (c) of this AD, in accordance with the applicable service bulletin.

(2) If the serial number of the upper lock link is from the affected lot specified in the applicable service bulletin (Condition 1), prior to further flight, replace the lock link with a new upper lock link, P/N 3914464–507; a reidentified upper lock link, P/N 3914464; or a new upper lock link assembly, P/N 5965065–507; all made from aluminum forging material; in accordance with the applicable service bulletin. Accomplishment of the replacement action constitutes terminating action for the requirements of this AD.

Note 2: For the purposes of this AD, a detailed visual inspection is defined as: ''An intensive visual examination of a specific structural area, system, installation, or assembly to detect damage, failure, or irregularity. Available lighting is normally supplemented with a direct source of good lighting at an intensity deemed appropriate by the inspector. Inspection aids such as mirrors, magnifying lenses, etc. may be used. Surface cleaning and elaborate access procedures may be required.''

Etch Inspection

(c) Perform a one-time etch inspection of the NLG upper lock link to determine whether the lock link is made from aluminum forging material (Condition 2), or from plate or bar material (Condition 3), in accordance with McDonnell Douglas Service Bulletin DC9–32–315 [for Model DC–9, DC–9–80, and C–9 (military) series airplanes; and Model MD–88 airplanes], or McDonnell Douglas Service Bulletin MD90–32–033 (for Model MD–90 airplanes), both dated March 11, 1999; as applicable.

Corrective Actions

Condition 2 (Aluminum Forging Material)

(1) If the upper lock link is made from aluminum forging material, prior to further flight, restore the finish and reidentify the lock link, P/N 3914464, by adding an ''F'' to the part number, using an electro etch method, in accordance with the applicable service bulletin. Following accomplishment of the identification of the lock link as being made from aluminum forging material, no further action is required by this AD.

Condition 3 (Plate or Bar Material)

(2) If the NLG upper lock link is made from plate or bar material, prior to further flight, accomplish either Option 1, as specified by paragraph (c)(2)(i) of this AD, or Option 2, as specified by paragraphs (c)(2)(ii) and (c)(2)(iii) of this AD.

Option 1

(i) Permanently remove any discrepant upper lock link and replace with a new upper lock link, P/N 3914464–507; a reidentified upper lock link, P/N 3914464; or a new upper lock link assembly, P/N 5965065–507; all made from aluminum forging material; in accordance with the applicable service bulletin. Accomplishment of the replacement action constitutes terminating action for the requirements of this AD.

Option 2

(ii) Restore the link finish and reidentify the upper lock link by adding a paint stripe adjacent to the part number, indicating that the part is not made from aluminum forging material; in accordance with the applicable service bulletin.

(iii) Perform a high frequency eddy current inspection (HFEC) and Type I fluorescent penetrant inspection of the upper lock link assembly, P/N 3914464–(any configuration), to detect cracking of the assembly, in accordance with McDonnell Douglas Alert Service Bulletin DC9–32A298, Revision 02 [for Model DC–9, DC–9–80, and C–9 (military) series airplanes; and Model MD–88 airplanes], or Alert Service Bulletin MD90–32A019, Revision 02 (for Model MD–90 airplanes), both dated October 29, 1997; as applicable.

Note 3: Accomplishment of the inspections of the upper lock link assembly of the NLG, as specified by paragraph (c)(2)(iii) of this AD, prior to the effective date of this AD, in accordance with McDonnell Douglas Alert Service Bulletins DC9–32A298, dated December 19, 1996, or Revision 01, dated June 16, 1997; or MD90–32A019, dated December 19, 1996, or Revision 01, dated June 16, 1997; as applicable; is considered acceptable for compliance with the inspection requirements of paragraph (c)(2)(iii) of this AD.

Replacement

(A) If no crack is detected during the inspections required by paragraph (c)(2)(iii)

of this AD, within 2,500 landings on the NLG since accomplishment of the inspection performed in accordance with paragraph (c)(2)(iii) of this AD, replace the upper lock link with a new upper lock link, P/N 3914464–507; a reidentified upper lock link, P/N 3914464; or a new upper lock link assembly, P/N 5965065–507; all made from aluminum forging material; in accordance with McDonnell Douglas Service Bulletin DC9–32–315 [for Model DC–9, DC–9–80, and C–9 (military) series airplanes; and Model MD–88 airplanes], or McDonnell Douglas Service Bulletin MD90–32–033 (for Model MD–90 airplanes), both dated March 11, 1999; as applicable. Accomplishment of the replacement action constitutes terminating action for the requirements of this AD.

(B) If any crack is detected during the inspections required by paragraph (c)(2)(iii) of this AD, prior to further flight, replace the discrepant NLG upper lock link with a new upper lock link, P/N 3914464–507; a reidentified upper lock link, P/N 3914464; or a new upper lock link assembly, P/N 5965065–507; all made from aluminum forging material; in accordance with the applicable service bulletin. Accomplishment of the replacement action constitutes terminating action for the requirements of this AD.

Alternative Methods of Compliance

(d)(1) An alternative method of compliance or adjustment of the compliance time that provides an acceptable level of safety may be used if approved by the Manager, Los Angeles Aircraft Certification Office (ACO), FAA, Transport Airplane Directorate. Operators shall submit their requests through an appropriate FAA Principal Maintenance Inspector, who may add comments and then send it to the Manager, Los Angeles ACO.

(d)(2) Alternative methods of compliance, approved previously in accordance with AD 97–02–10, amendment 39–9895, are approved as alternative methods of compliance with paragraph (d)(1) of this AD.

Note 4: Information concerning the existence of approved alternative methods of compliance with this AD, if any, may be obtained from the Los Angeles ACO.

Special Flight Permits

(e) Special flight permits may be issued in accordance with sections 21.197 and 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199) to operate the airplane to a location where the requirements of this AD can be accomplished.

Issued in Renton, Washington, on October 7, 1999.

D. L. Riggin,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 99–26872 Filed 10–13–99; 8:45 am]

BILLING CODE 4910–13–U

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 210, 228, 229, and 240

[Release No. 34–41987; File No. S7–22–99]

RIN 3235–AH83

Audit Committee Disclosure

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: The Securities and Exchange Commission is proposing new rules and amendments to its current rules to improve disclosure related to the functioning of corporate audit committees and to enhance the reliability and credibility of financial statements of public companies.

DATES: Public comments are due on or before November 29, 1999.

ADDRESSES: Please send three copies of your comment letter to Jonathan G. Katz, Secretary, U.S. Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549–0609. Comment letters can be sent electronically to the following e-mail address: rule-comments@sec.gov. Your comment letter should refer to File No. S7–22–99; if e-mail is used, please include the file number in the subject line. Anyone can inspect and copy the comment letters in the Commission's Public Reference Room, 450 Fifth Street, NW., Washington, DC 20549. Electronically submitted comment letters will be posted on the Commission's internet web site (http://www.sec.gov).

FOR FURTHER INFORMATION CONTACT: Mark Borges, Attorney-Adviser, Division of Corporation Finance (202–942–2900), Meridith Mitchell, Senior Counselor, Office of the General Counsel (202–942–0900), or W. Scott Bayless, Associate Chief Accountant, or Robert E. Burns, Chief Counsel, Office of the Chief Accountant (202–942–4400).

SUPPLEMENTARY INFORMATION: The Commission is proposing amendments to Rule 10–01 of Regulation S–X,[1] Rule 310 of Regulation S–B,[2] and Item 7 of Schedule 14A[3] under the Securities Exchange Act of 1934 (the ''Exchange Act'').[4] Additionally, the Commission is proposing new Item 306 of Regulation S–K[5] and Item 306 of Regulation S–B.[6]

[1] 17 CFR 210.10–01.

[2] 17 CFR 228.310.

[3] 17 CFR 240.14a–101.

[4] 15 U.S.C. 78a *et seq.*

[5] 17 CFR 229.306.

[6] 17 CFR 228.306.

I. Executive Summary

We are proposing new rules and amendments to current rules to improve disclosure relating to the functioning of corporate audit committees and to enhance the reliability and credibility of financial statements of public companies. The proposals are based in large measure on recommendations recently made by the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees (the ''Blue Ribbon Committee'').[7]

The Blue Ribbon Committee's work was designed to promote quality financial reporting. Underpinning the Blue Ribbon Committee's work ''is the recognition that quality financial accounting and reporting can only result from effective interrelationships among'' corporate boards, audit committees, senior and financial management, the internal auditor and the outside auditors.[8] Among these corporate participants, the Blue Ribbon Committee's focus was on improving the effectiveness of corporate audit committees. As the Blue Ribbon Committee said, the audit committee is ''first among equals'' in the financial reporting process[9] because it is an extension of the full board, which is the ultimate monitor of the process.

Audit committees play a critical role in the financial reporting system by overseeing and monitoring management's and the independent auditors' participation in the financial reporting process. An audit committee can facilitate communications between a company's board of directors, its management, and its internal and independent auditors. A properly functioning audit committee helps to enhance the reliability and credibility of financial disclosures.

We have seen a number of significant changes in our markets, such as technological developments and increasing pressure on companies to meet earnings expectations,[10] that make it ever more important for the financial reporting process to remain disciplined

[7] *See* Report and Recommendations of the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees (1999) (the ''Blue Ribbon Report''). The Blue Ribbon Report is available on the internet at http://www.nasd.com and http://www.nyse.com.

[8] Letter from the Chairmen of the Blue Ribbon Committee to Messrs. Grasso and Zarb, Blue Ribbon Report, at 3.

[9] Blue Ribbon Report, *supra* note 7, at 7.

[10] *See, e.g.,* Jack Ciesielski, Editorial, *More Second-Guessing: Markets Need Better Disclosure of Earnings Management,* Barrons, Aug. 24, 1998, at 47.