NCUA acknowledges both the range of IRR exposures at credit unions, and the diverse means that they may use to accomplish an effective program to manage this risk. NCUA therefore does not stipulate specific quantitative standards or limits for the management of IRR applicable to all credit unions, and does not rely solely on the results of quantitative approaches to evaluate the effectiveness of IRR programs. Assumptions, measures and methods used by a credit union in light of its size, complexity and risk exposure determine the specific appropriate standard. However, NCUA strongly affirms the need for adequate practices for a program to effectively manage IRR. For example, policy limits on IRR exposure are not adequate if they allow a credit union to operate with an exposure that is unsafe or unsound, which means that the credit union may suffer material or significant losses under adverse circumstances as a result of this exposure. Credit unions that do not have a written IRR policy or that do not have an effective IRR program are out of compliance with § 741.3 of NCUA's regulation.

VIII. Additional Guidance for Large Credit Unions with Complex or High Risk Balance Sheets

FICUs with assets of $500 million or greater must obtain an annual audit of their financial statements performed in accordance with generally accepted accounting standards. 12 CFR 715.5, 715.6, 741.202. For purposes of data collection, NCUA also uses $500 million and above as its largest credit union asset range. In order to gather information and to monitor IRR exposure at larger credit unions as it relates to the NCUA insurance fund, NCUA will use this as the criterion for definition of large credit unions for purposes of the guidance. Given the increased exposure to the share insurance fund, NCUA encourages the following standards at large credit unions.

Responsible officials at large credit unions that are complex or high risk should fully understand all aspects of interest rate risk, including but not limited to the credit union's IRR assessment and potential directional changes in IRR exposures. For example, the credit union should consider the following:

- Policy which provides for the use of outside parties to validate the tests and limits commensurate with the risk exposure and complexity of the credit union;
- IRR measurements that provide compliance with policy limits as shown both by risks to earnings and net economic value of equity under a variety of defined and reasonable interest rate scenarios;
- The effect of changes in assumptions on IRR exposure results (*e.g.* the impact of slower or faster prepayments on earnings and economic value); or,
- Enhanced levels of separation between risk taking and risk assessment (*e.g.* assignment of resources to separate the investments function from IRR measurement, and IRR monitoring and oversight).

IX. Definitions

Glossary of terms

Basis risk: The risk to earnings and/or value due to a financial institution's holdings of multiple instruments, based on different indices that are imperfectly correlated.

Interest rate risk: The risk that changes in market rates will adversely affect a credit union's net economic value and/or earnings. Interest rate risk generally arises from a mismatch between the timing of cash flows from fixed rate instruments, and interest rate resets of variable rate instruments, on either side of the balance sheet. Thus, as interest rates change, earnings or net economic value may decline.

Option risk: The risk to earnings and/or value due to the effect on financial instruments of options associated with these instruments. Options are embedded when they are contractual within, or directly associated with, the instrument. An example of a contractual embedded option is a call option on an agency bond. An example of a behavioral embedded option is the right of a residential mortgage holder to vary prepayments on the mortgage through time, either by making additional premium payments, or by paying off the mortgage prior to maturity.

Repricing risk: The repricing of assets or liabilities following market changes can occur in different amounts and/or at different times. This risk can cause returns to vary.

Spread risk: The risk to earnings and/or value resulting from variations through time of the spread between assets or liabilities to an underlying index such as the Treasury curve.

Yield curve risk: The risk to earnings and/or value due to changes in the level or slope of underlying yield curves. Financial instruments can be sensitive to different points on the curve. This can cause returns to vary as yield curves change.

[FR Doc. 2011–6752 Filed 3–23–11; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2011–0258; Directorate Identifier 2010–NM–191–AD]

RIN 2120–AA64

Airworthiness Directives; The Boeing Company Model 737–600, –700, –700C, –800, –900, and –900ER Series Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: We propose to adopt a new airworthiness directive (AD) for the products listed above. This proposed AD would require installing two warning level indicator lights on each of the P1–3 and P3–1 instrument panels in the flight compartment. This proposed AD would also require revising the airplane flight manual to remove certain requirements of previous AD actions, and to advise the flightcrew of the following changes: Revised non-normal procedures to use when a cabin altitude warning or rapid depressurization occurs, and revised cabin pressurization procedures for normal operations. This proposed AD was prompted by a design change in the cabin altitude warning system that would address the identified unsafe condition. We are proposing this AD to prevent failure of the flightcrew to recognize and react to a valid cabin altitude warning horn, which could result in incapacitation of the flightcrew due to hypoxia (lack of oxygen in the body), and consequent loss of control of the airplane.

DATES: We must receive comments on this proposed AD by May 9, 2011.

ADDRESSES: You may send comments by any of the following methods:

- *Federal eRulemaking Portal: Go to http://www.regulations.gov.* Follow the instructions for submitting comments.
- *Fax:* 202–493–2251.
- *Mail:* U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue, SE., Washington, DC 20590.
- *Hand Delivery:* Deliver to Mail address above between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

For service information identified in this proposed AD, contact Boeing Commercial Airplanes, *Attention:* Data & Services Management, P.O. Box 3707, MC 2H–65, Seattle, Washington 98124–2207; telephone 206–544–5000, extension 1, fax 206–766–5680; e-mail *me.boecom@boeing.com*; Internet *https://www.myboeingfleet.com.* You may review copies of the referenced service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington. For information on the availability of this material at the FAA, call 425–227–1221.

Examining the AD Docket

You may examine the AD docket on the Internet at *http://www.regulations.gov;* 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 proposed AD, the regulatory evaluation, any comments received, and other information. The street address for the Docket Office

(*phone:* 800–647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

FOR FURTHER INFORMATION CONTACT: Jeffrey W. Palmer, Aerospace Engineer, Systems and Equipment Branch, ANM–130S, FAA, Seattle Aircraft Certification Office, 1601 Lind Avenue, SW., Renton, Washington 98057–3356; *phone:* (425) 917–6472; *fax:* (425) 917–6590; *e-mail: jeffrey.w.palmer@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposal. Send your comments to an address listed under the **ADDRESSES** section. Include "Docket No. FAA–2011–0258; Directorate Identifier 2010–NM–191–AD" at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this proposed AD. We will consider all comments received by the closing date and may amend this proposed AD because of those comments.

We will post all comments we receive, without change, to *http://www.regulations.gov*, including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this proposed AD.

Discussion

The Model 737 airplanes cabin altitude warning is an intermittent horn that sounds when cabin altitude exceeds 10,000 feet. The same intermittent warning horn sound is used by the takeoff configuration warning system (TCWS) to warn of an unsafe airplane configuration for takeoff. The TCWS warning functionality is inhibited by air/ground logic when the airplane is in flight. However, the Model 737 airplane's cabin altitude warning system design does not currently incorporate a dedicated means of positively identifying the warning horn as a cabin altitude warning or a takeoff configuration warning. There are approximately 25 known instances where flightcrews misinterpreted a valid cabin altitude warning as a takeoff configuration warning.

Failure of the flightcrew to recognize and react to a valid cabin altitude warning horn could result in incapacitation of the flightcrew due to hypoxia (lack of oxygen in the body), and consequent loss of control of the airplane. To address this unsafe condition, we issued the following ADs.

On July 7, 2003, we issued related AD 2003–14–08, Amendment 39–13227 (68 FR 41519, July 14, 2003). That AD applies to all Boeing Model 737–600, 737–700, 737–700C, 737–800, 737–900, 757, and 767 series airplanes. That AD requires revising the airplane flight manual (AFM) to advise the flightcrew to don oxygen masks as a first and immediate step when a cabin altitude warning occurs.

On June 15, 2006, we issued related AD 2006–13–13, Amendment 39–14666 (71 FR 35781, June 22, 2006). (A correction of that AD was published in the **Federal Register** on July 3, 2006 (71 FR 37980).) That AD applies to all Model 737 airplanes. That AD requires revising the AFM to advise the flightcrew of improved procedures for pre-flight setup of the cabin pressurization system, as well as improved procedures for interpreting and responding to the cabin altitude/configuration warning horn. That AD resulted from reports that airplanes had failed to pressurize, and that the flightcrews failed to react properly to the cabin altitude warning horn.

On October 24, 2008, we issued related AD 2008–23–07, Amendment 39–15728 (73 FR 66512, November 10, 2008), for all Model 737 airplanes. That AD requires revising the AFM to include a new flightcrew briefing that must be done before the first flight of the day and following any change in flightcrew members, and to advise the flightcrew of this additional briefing. That AD resulted from continuing reports that flightcrews have failed to recognize and react properly to the cabin altitude warning horn.

The preambles to AD 2006–13–13 and AD 2008–23–07 explain that the revisions to the AFM required by those ADs are considered to be interim action. The manufacturer had advised us that it was developing a design change in the cabin altitude warning system that would address the identified unsafe condition(s), and that once this design change was developed, approved, and available, the FAA might consider additional rulemaking. The manufacturer now has developed such a modification, and we have determined that further rulemaking is necessary; this proposed AD follows from that determination. We can better ensure long-term continued operational safety by modifications or design changes to remove the source of the problem, rather than by AFM revisions alone.

Relevant Service Information

We reviewed Boeing Alert Service Bulletin 737–31A1332, Revision 1, dated June 24, 2010. The service information describes procedures for installing two warning level indicator lights on each of the P1–3 and P3–1 instrument panels in the flight compartment. The installation includes installing a new circuit breaker and changing certain wire bundles.

FAA's Determination

We are proposing this AD because we evaluated all the relevant information and determined the unsafe condition described previously is likely to exist or develop in other products of the same type design.

Proposed AD Requirements

This proposed AD would require accomplishing the actions specified in the service information described previously, except as discussed under "Difference Between the Proposed AD and the Service Information." The proposed AD would also require revising the Limitations Section of the AFM to remove certain requirements of previous AD actions, and to advise the flightcrew of the following changes: Revised non-normal procedures to use when a cabin altitude warning or rapid depressurization occurs, and revised cabin pressurization procedures for normal operations.

Difference Between the Proposed AD and the Service Information

The effectivity in Boeing Alert Service Bulletin 737–31A1332, Revision 1, dated June 24, 2010, identifies Model 737–600, –700, –700C, –800, –900, and –900ER series airplanes; however, it does not include all applicable serial numbers for airplanes that are subject to the identified unsafe condition. The actions for Group 1 airplanes, as specified in this service bulletin, must be done on additional airplanes, as identified in the applicability of this proposed AD.

Groups 8 through 21 airplanes are also included in the effectivity of the service bulletin; however, the actions required by this proposed AD would affect only Groups 1 through 7 airplanes. Therefore, concurrent actions, which specify installing a new P5–16 cabin altitude and rate of climb panel and cabin altitude and differential pressure indicator, would not be required by this proposed AD.

Costs of Compliance

We estimate that this proposed AD would affect 650 airplanes of U.S. registry. The following table provides the estimated costs for U.S. operators to comply with this proposed AD.

TABLE—ESTIMATED COSTS

Action	Work hours	Average labor rate per hour	Parts	Cost per product	Number of U.S.-registered airplanes	Fleet cost
Installation of warning indicator lights.	Between 31 and 64.	$85	Between $2,132 and $3,192.	Between $4,767 and $8,632.	650	Between $3,098,550 and $5,610,800.
AFM revision	2	85	$0	$170	650	$110,500.

Authority for This Rulemaking

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

We are issuing this rulemaking under the authority described in Subtitle VII, Part A, Subpart III, Section 44701: "General requirements." Under that section, Congress charges the FAA with promoting safe flight of civil aircraft in air commerce by prescribing regulations for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. This regulation is within the scope of that authority because it addresses an unsafe condition that is likely to exist or develop on products identified in this rulemaking action.

Regulatory Findings

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

For the reasons discussed above, I certify 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),

(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.

The Proposed Amendment

Accordingly, under the authority delegated to me by the Administrator, the FAA proposes to amend 14 CFR part 39 as follows:

PART 39—AIRWORTHINESS DIRECTIVES

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

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

§ 39.13 [Amended]

2. The FAA amends § 39.13 by adding the following new airworthiness directive (AD): Docket No. FAA–2011–0258; Directorate Identifier 2010–NM–191–AD.

Comments Due Date

(a) We must receive comments by May 9, 2011.

Affected ADs

(b) This AD affects the ADs identified in paragraphs (b)(1), (b)(2), and (b)(3) of this AD. This AD does not supersede the requirements of these ADs.

(1) AD 2003–14–08, Amendment 39–13227.

(2) AD 2006–13–13, Amendment 39–14666.

(3) AD 2008–23–07, Amendment 39–15728.

Applicability

(c) This AD applies to The Boeing Company Model 737–600, –700, –700C, –800, –900, and –900ER series airplanes, Groups 1 through 7 airplanes, certificated in any category; identified in Boeing Alert Service Bulletin 737–31A1332, Revision 1, dated June 24, 2010; or having any serial number identified in table 1 of this AD.

TABLE 1—SERIAL NUMBERS

Serial Numbers
22940.
33546 through 33582 inclusive.
33717 through 33719 inclusive.
33758 through 33759 inclusive.
33794 through 33797 inclusive.
33804 through 33822 inclusive.

Subject

(d) Air Transport Association (ATA) of America Code 31, Instruments.

Unsafe Condition

(e) This AD was prompted by a design change in the cabin altitude warning system that would address the identified unsafe condition. The Federal Aviation Administration is issuing this AD to prevent failure of the flightcrew to recognize and react to a valid cabin altitude warning horn, which could result in incapacitation of the flightcrew due to hypoxia (lack of oxygen in the body) and consequent loss of control of the airplane.

Compliance

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

Installation

(g) For Groups 1 through 7 airplanes, as identified in Boeing Alert Service Bulletin 737–31A1332, Revision 1, dated June 24, 2010; and airplanes having any serial number identified in table 1 of this AD: Within 36 months after the effective date of this AD, install two warning level indicator lights on each of the P1–3 and P3–1 instrument panels in the flight compartment, in accordance with the Accomplishment Instructions of Boeing Alert Service Bulletin 737–31A1332, Revision 1, dated June 24, 2010. The actions required for Group 1 airplanes also apply to the airplanes identified in table 1 of this AD.

Airplane Flight Manual (AFM) Revisions

(h) Before further flight after doing the installation required by paragraph (g) of this AD, do the actions specified in paragraphs (h)(1), (h)(2), and (h)(3) of this AD.

(1) Revise the Limitations Section of the applicable Boeing 737 AFM by doing the following action: Delete the "CABIN ALTITUDE WARNING TAKEOFF BRIEFING" added by AD 2008–23–07, Amendment 39–15728.

(2) Revise the Non-Normal Procedures Section of the applicable Boeing 737

AFM by doing the actions specified in paragraphs (h)(2)(i), (h)(2)(ii), (h)(2)(iii), and (h)(2)(iv) of this AD.

(i) Delete the procedure "WARNING HORN—CABIN ALTITUDE OR CONFIGURATION" added by AD 2006–13–13, Amendment 39–14666. If the title of this procedure has been changed according to FAA alternative method of compliance (AMOC) letter 130S–09–134a, dated April 28, 2009, delete the procedure that was approved according to this AMOC letter.

(ii) Delete the procedure entitled "CABIN ALTITUDE WARNING OR RAPID DEPRESSURIZATION" added by AD 2003–14–08, Amendment 39–13227.

(iii) If the procedure entitled "CABIN ALTITUDE (Airplanes with the CABIN ALTITUDE lights installed)" is currently contained in the applicable Boeing 737 AFM, delete the procedure entitled "CABIN ALTITUDE (Airplanes with the CABIN ALTITUDE lights installed)."

(iv) Add the following statement. This may be done by inserting a copy of this AD into the applicable AFM.

"CABIN ALTITUDE WARNING OR RAPID DEPRESSURIZATION

Condition: The CABIN ALTITUDE warning light illuminates or the intermittent warning horn sounds in flight above 10,000 ft MSL.

RECALL	
Oxygen Masks and Regulators	ON, 100%.
Crew Communications	ESTABLISH.
REFERENCE	
Pressurization Mode Selector	MANUAL.
Outflow Valve Switch	CLOSE.
If Cabin Altitude is uncontrollable:	
Emergency Descent (If Required)	INITIATE.
Passenger Oxygen Switch	ON.
Thrust Levers	CLOSE.
Speed Brakes	FLIGHT DETENT.
Target Speed	VMO/MMO."

(3) Revise the Normal Procedures Section of the applicable Boeing 737 AFM by doing the actions specified in paragraphs (h)(3)(i) and (h)(3)(ii) of this AD.

(i) Delete the "CABIN ALTITUDE WARNING TAKEOFF BRIEFING" procedure added by AD 2008–23–07.

(ii) Add the following statement. This may be done by inserting a copy of this AD into the applicable AFM.

"For normal operations, the pressurization mode selector should be in AUTO prior to takeoff.

Note 1: When statements identical to those specified in paragraphs (h)(2)(iv) and (h)(3)(ii) of this AD have been included in the general revisions of the AFM, the general revisions may be inserted into the AFM, and the copies of this AD may be removed from the AFM.

Terminating Action for Affected ADs

(i) Accomplishment of the requirements of this AD terminates the requirements of the ADs identified in paragraphs (i)(1), (i)(2), and (i)(3) of this AD for only the airplanes identified in paragraph (c) of this AD.

(1) AD 2003–14–08: The requirements specified in Table 1 and Figure 1 of that AD.

(2) AD 2008–23–07: All requirements of that AD.

(3) AD 2006–13–13: All requirements of that AD.

Special Flight Permit

(j) Special flight permits, as described in Section 21.197 and Section 21.199 of the Federal Aviation Regulations (14 CFR 21.197 and 21.199), are not allowed.

Alternative Methods of Compliance (AMOCs)

(k)(1) The Manager, Seattle ACO, 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 ACO, send it to the attention of the person identified in the Related Information section of this AD. Information may be e-mailed 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.

Related Information

(l) For more information about this AD, contact Jeffrey W. Palmer, Aerospace Engineer, Systems and Equipment Branch, ANM–130S, FAA, Seattle Aircraft Certification Office, 1601 Lind Avenue, SW., Renton, Washington 98057–3356; *phone:* (425) 917–6472; *fax:* (425) 917–6590; *e-mail: jeffrey.w.palmer@faa.gov.*

(m) For service information identified in this AD, contact Boeing Commercial Airplanes, Attention: Data & Services Management, P.O. Box 3707, MC 2H–65, Seattle, Washington 98124–2207; telephone 206–544–5000, extension 1, fax 206–766–5680; e-mail *me.boecom@boeing.com;* Internet *https://www.myboeingfleet.com.* You may review copies of the referenced service information at the FAA, Transport Airplane Directorate, the FAA, 1601 Lind Avenue, SW., Renton, Washington. For information on the availability of this material at the FAA, call 425–227–1221.

Issued in Renton, Washington, on March 14, 2011.

Ali Bahrami,

Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. 2011–6931 Filed 3–23–11; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2011–0257; Directorate Identifier 2010–NM–122–AD]

RIN 2120–AA64

Airworthiness Directives; Airbus Model A318, A319, A320, and A321 Series Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: We propose to adopt a new airworthiness directive (AD) for the products listed above that would supersede an existing AD. This proposed AD results from mandatory continuing airworthiness information (MCAI) originated by an aviation authority of another country to identify and correct an unsafe condition on an