



Airline E&M: North America

Regulatory Update: Staying Ahead of the Compliance Challenge

Sarah MacLeod

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ARSA is the only association devoted to the unique needs of the \$58 billion worldwide civil aviation maintenance industry.

ARSA members are located on five continents and in nearly 20 countries and include global corporations as well as small, independent businesses.

ARSA is managed by the law firm of Obadal, Filler, MacLeod & Klein, which provides management, government affairs, and legal services to trade associations and transportation-related companies.

The firm's legislative and regulatory experts create the tools to navigate the maze of government mandates while enhancing efficiency, productivity and safety.

Sarah MacLeod



Sarah MacLeod was instrumental in the formation of ARSA and is currently its executive director. Ms. MacLeod is assistant chair for air carrier and general aviation maintenance of the FAA's Aviation Rulemaking Advisory Committee (ARAC), a post she has held since 1996.

She is a managing member of the law firm of Obadal, Filler, MacLeod & Klein, P.L.C., where she is engaged in the legal representation of foreign and domestic air carriers, aircraft maintenance and alteration facilities, distributors, pilots, and other industry stakeholders.

Staying Ahead of the Compliance Challenge

- What recent regulatory actions impact the MRO industry?
- How can airlines and MROs ensure procedures comply with regulatory changes in a timely fashion?
- Is developing a robust SMS system the best way to manage this process?
- How can we improve the relationship between industry and regulators?

Recent Regulatory Actions Impacting MROs

Air Carrier Contract Maintenance NPRM

- Direct result of the FAA Modernization & Reform Act of 2012 (the latest FAA reauthorization).
- The NPRM misconstrued the plain language of the legislation, went beyond the bounds of the legislative provision and created a confusing proposal that duplicates existing rules.
- ARSA suggested regulatory language that recognizes existing rules, narrowly targets the mandated provisions to avoid confusion, and preserves operational realities for air carriers and repair stations.

Recent Regulatory Actions Impacting MROs SNS NPRMs

Rulemaking Action	Date Issued	Applicable Regulations	Status	Docket ID
SMS ANPRM	6/23/2009	14 CFR parts 21, 119, 121, 125, 135, 141, 142, and 145	Withdrawal of ANPRM published March 17, 2011 (76 FR 14592).	FAA-2009-0671
Certificated Airports NPRM	10/17/2010	14 CFR part 139	Public comment period closed on July 5, 2011.	FAA-2010-0997
Part 121 Certificate Holders NPRM	10/29/2010	14 CFR parts 5 and 119	Public comment period closed on March 7, 2011.	FAA-2009-0671

Recent Regulatory Actions Impacting MROs Part 145 Final Rule

- NPRM provisions not adopted
 - Renumbering of sections
 - Ratings system overhaul
- Final rule provisions not contemplated in the NPRM
 - Addition of the words “or new” to § 145.57(b), which currently requires a new owner to apply for “an amended certificated” when the holder of a repair station certificate sells or transfers its assets.
 - Removal of the word “serious” from § 145.221, which currently requires a repair station to report “any serious failure, malfunction, or defect of an article.”

Recent Regulatory Actions Impacting MROs

Part 145 Final Rule: Bad Actors

- Section 145.12 makes fraudulently or intentionally submitting false entries or omissions in applications, records, or reports a basis for certificate suspension or revocation.
- Section 145.51 allows the FAA to deny a repair station certificate where:
 - The applicant held or holds a repair station certificate that was or is being revoked,
 - The applicant intends to fill a management position with an individual who materially contributed to the revocation of a repair station certificate, and
 - An individual who materially contributed to the revocation of a repair station certificate will have control over or substantial ownership interest in the applicant.
- Part 13 amended to include the opportunity for a person who receives a “bad actor” notice to have due process.

Recent Regulatory Actions Impacting MROs

Part 145 Final Rule: Certificate Surrender

- Section 145.55 now requires the FAA to grant permission to a repair station “surrendering” its certificate.
- This eliminates the opportunity for voluntary surrender, and effectively punishes the majority for the possible actions of a few individuals.

Recent Regulatory Actions Impacting MROs

Repair Station Security Final Rule

- Direct result of congressional requirements
- Substantial reduction from NPRM
- Requires action only from repair stations “on or near an airport”
- Security measures apply only when the repair station has “control” of a transport category aircraft at the fixed location.

Ensuring Timely Regulatory Compliance

- How can airlines and MROs ensure procedures comply with regulatory changes in a timely fashion?
 - Know about the new rule or rule change.
 - Understand how it applies to your operations.
 - Incorporate appropriate changes into procedures, manuals and references.

Ensuring Timely Regulatory Compliance

- How does ARSA lead this work for its members?
 - Monitors the Federal Register and NAA websites.
 - Provides daily, weekly, monthly and annual updates.
 - Provides comments to rulemaking and draft documents.
 - Provides compliance oriented publications (e.g., model repair station and quality, training and forms manuals).

Managing the Process

- Is developing a robust SMS system the best way to manage this process?
 - Intersection of regulatory compliance and business
 - Safety management is risk management
 - Robust BUSINESS system ensures compliance, productivity and profit
 - Knowing the difference between a regulatory compliance issue and a “good business practice” is essential, more so than a “robust” government dictated requirement!

Dealing with the Government

- How can airlines and MROs improve relationships with regulators?
 - Understand that it is a long-term relationship.
 - Introduce yourself and your company.
 - Maintain a positive image and keep interactions professional.
 - Put everything in writing.

Dealing with the Government

- How does ARSA lead this work for our members?
 - Staying on top of long-term, industry-wide issues.
 - Connecting members to FAA for “quick fixes” when possible.
 - *Dealing with the Government* Training Series.
 - Tools and templates:
<http://arsa.org/regulatory/faa/dealingwiththegovernment/>



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