



**U.S. DEPARTMENT OF TRANSPORTATION**  
**FEDERAL AVIATION ADMINISTRATION**  
**Aviation Rulemaking Committee Charter**

Effective Date:  
10/5/2012

**SUBJ:** 14 CFR 21 / Safety Management Systems Aviation Rulemaking Committee

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**1. PURPOSE.** This Charter creates the Aviation Rulemaking Committee (ARC) for Part 21 / Safety Management Systems (SMS) according to the Administrator's authority under Title 49 of the United States Code (49 U.S.C.) 106(p)(5). This charter also outlines the committee's organization, responsibilities, and tasks.

**2. BACKGROUND.**

On May 22, 2012, the Aircraft Certification Process Review and Reform ARC submitted a report to the FAA recommending that we undertake a review to update part 21 certification procedures to reflect a systems safety approach to product certification processes and oversight of design organizations. Design organizations must have full responsibility and accountability through the establishment of regulatory requirements for minimum qualification, performance, and management systems.

Consistent with FAA Order VS 8000.367, and the International Civil Aviation Organization (ICAO) Annex 8, the Aircraft Certification Service (AIR) has been actively developing and implementing an internal and external SMS. The initial focus was primarily on developing an internal set of processes, tools, and methodologies that facilitate the transition into the future state. AIR began that effort in 2005 and has made progress in defining key processes and tools. Later, with support from industry participants, the activities expanded to include development of standards for design and manufacturing organizations. Through implementation of pilot SMS projects with certain companies, the FAA is collecting information that will help define the scope of the SMS for Design Approval Holders (DAHs), validate certain best practices, and expand the knowledge base within the workforce and industry with respect to the essential elements of a robust SMS for manufacturers.

SMS requires a proactive approach to discovering and addressing hazards before they exhibit safety consequences. SMS also includes processes that seek to identify potential organizational breakdowns and necessary process improvements which allow management to address a safety issue before a noncompliant or unsafe condition results. SMS is not a substitute for compliance with FAA regulations or FAA oversight activities.

**3. OBJECTIVES AND TASKS OF THE ARC.** AIR wants to evaluate certain improvements to the effectiveness and efficiency of existing "certification procedures for products and parts," along with incorporating SMS in the design and manufacturing environment. This includes considering the effects of certain changes to the existing regulations, such as applicant qualifications, hazard (or safety) reporting, compliance assurance, and continued operation safety assurance systems for

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all DAHs. The intent is to facilitate shifting towards a systems approach for DAHs that is similar to that used for production approval holder requirements, which involves a clear understanding of roles, responsibilities, and privileges. As part of this evaluation, we want to determine the best way industry and the FAA can effectively fulfill their respective compliance and safety responsibilities.

The ARC will provide a forum for the U.S. aviation community to discuss and provide recommendations to the FAA. The committee is expected to provide general information and guidance regarding proposed changes to part 21 and the AVS SMS program as it relates to design and manufacturing certificate and approval holders.

- a. The ARC will provide the FAA recommendations, which may include proposals for rulemaking, suggested processes, policies and guidance, and any further action it determines the agency should contemplate for part 21 to align with the SMS requirements documented in proposed 14 CFR part 5, which is the central component of the NPRM entitled *Safety Management Systems for Part 121 Certificate Holders* [Docket No. FAA-2009-0671; Notice No. 10-15].
- b. The ARC, serving in an advisory capacity, is expected to present and discuss whatever input, guidance, and recommendations its members consider critical to the FAA's ultimate disposition, development, and implementation of proposed regulatory requirements and related guidance and policy as necessary to the future direction for part 21 to include applicant pre-qualifications, approval holder recognition, and SMS considerations.
- c. The ARC will also consider proposed revisions to clarify and update engineering/design-oriented regulatory requirements to part 21. In support of design certification and continued airworthiness, the evaluation should include improvements in the areas of:
  1. Application process
  2. Applicant qualifications
  3. Standardized certification criteria
  4. Identifying design approval holder responsibilities and privileges
  5. Clarifying continued airworthiness requirements
  6. Clarifying design approvals needing Instructions for Continued Airworthiness
  7. Clarifying TSO design approval processes
  8. Process definition for determining eligibility of U.S. surplus military aircraft in the restricted category

This proposal additionally corrects regulatory language, implements editorial changes for clarification, and standardizes regulatory language to reflect the global aviation environment. While this information will be shared with the ARC, responses to "clean-up" proposals are not required as part of the deliverables.

- d. Proposed part 5 and International Civil Aviation Organization (ICAO) Annex 8 and Annex 19 (draft) serve as the foundation for the ARC's consideration regarding how the FAA will address its responsibilities for developing and implementing SMS

requirements and the management and oversight of its regulated product/service providers. The ARC must respect the framework outlined in proposed part 5 and the ICAO Annexes when it provides the FAA recommendations with respect to application of SMS. However, the FAA will consider proposed changes to part 5 as deemed necessary from a design and manufacturing perspective.

**Recommendation Report.** The ARC shall make recommendations and submit a report addressing the following:

- a. Improvements, which may include proposals for rulemaking, processes, policies and guidance for 14 CFR part 21 that reflect a systems approach for safety. This will promote an effective and efficient certification process, which includes considering the effects of certain changes to the existing regulations, such as:
  1. Minimum qualifications and organizational requirements for design approval applicants and holders including responsibilities and privileges
  2. SMS for design approval holders
  3. Compliance assurance
  4. Continued operational safety assurance
  5. Hazard reporting
- b. Cost and benefit and other impact information in support of developing the required Regulatory Evaluation(s) and Regulatory Flexibility economic analysis for applying any proposed changes to 14 CFR part 21 FAA certificate and approval holders. Cost and benefit analysis should include information obtained through the AIR SMS pilot project and should identify the specific areas of impact and present this information in quantitative terms to the extent possible.
- c. Part 21 design and production approval holder organizations to which the proposed SMS requirements should apply, taking into consideration cost and benefit information as well as public comments to the part 5 NPRM and the SMS-ARC *Design and Manufacturing Working Group Report – High-Level Recommendations for SMS Requirements* dated March 12, 2010.
- d. Changes to the FAA oversight methodology based on any recommendations for changes to part 21 that takes into account existing FAA processes and oversight and delegation programs for design and manufacturing related certificates and approvals and authorizations.
- e. Definitions and processes to be included in advisory, policy, and procedures material for addressing safety risk management responsibilities within a design and/or manufacturing organization. These definitions and processes should include:
  1. An operational definition of a “hazard” throughout the life cycle of a product in safety risk management.
  2. Definition of the term “organization” with respect to design and production approval holders to identify the limits of applicability of proposed SMS requirements, in

consideration of the broad range of organizational structures and activities within modern design and/or manufacturing organizations.

3. Hazard identification procedures.
4. Processes for the determination of acceptable safety risk.
5. Procedures to be included in advisory, policy, and procedures material for addressing safety assurance responsibilities within a design and/or manufacturing organization, including specific recommendations regarding “employee reporting systems”.

The Director of Aircraft Certification Service (AIR-1) may propose additional tasks as necessary in support of a potential part 21 rulemaking action. The ARC may also request that AIR-1 add other tasks deemed relevant to the success of this initiative.

#### **4. ARC PROCEDURES**

- a. The ARC advises and provides written recommendations to AIR-1 and acts solely in an advisory capacity. Once the ARC recommendations are delivered to AIR-1, it is within his/her discretion to determine when and how the report of the ARC is released to the public.
- b. The ARC may propose additional tasks as necessary to AIR-1 for approval.
- c. The ARC will submit a report detailing recommendations within 18 months from the effective date of this charter. The chair of the ARC sends the recommendation report to both AIR-1 and the Director of the Office of Rulemaking.
- d. The ARC may reconvene following the submission of its recommendations for the purposes of providing advice and assistance to the FAA, at the discretion of AIR-1, provided the charter is still in effect.

- 5. ARC ORGANIZATION, MEMBERSHIP, AND ADMINISTRATION.** The FAA will establish a committee of members of the aviation community. Members will be selected based on their familiarity with 14 CFR part 21, Safety Management Systems analysis, and regulatory compliance. Membership will be balanced in viewpoints, interests, and knowledge of the committee’s objectives and scope. ARC membership is limited to promote discussion. Active participation and commitment by members will be essential for achieving the ARC’s objectives. Attendance is essential for continued membership on the committee. When necessary, the ARC may set up specialized work groups that include at least one ARC member and invited subject matter experts from industry and government.

This ARC will consist of members from U.S. and foreign industry including representatives from designers and manufacturers holding part 21 certificates and approvals and other private sector aviation industry associations and advocacy groups. Invited foreign authorities and International Civil Aviation Organization (ICAO) representatives provide a valuable perspective from the global aviation community. These representatives are encouraged to fully participate in committee discussions; however, their participation does not include voting privileges on committee issues. The FAA’s participation and support for the ARC will come from all affected lines-of-business.

- a. The ARC sponsor is AIR-1 who:
  1. Appoints members or organizations to the ARC, at the Director’s sole discretion;

2. Selects the industry chair(s) from the ARC membership;
  3. Selects the FAA's designated federal official for the ARC;
  4. Receives all ARC recommendations and reports; and
  5. Provides administrative support for the ARC through the Safety Management Design and Analysis Branch (AIR-150).
- b. Once appointed, the industry chair(s) will:
1. Coordinate required committee and subcommittee (if any) meetings in order to meet the ARC's objectives and timelines;
  2. Provide notification to all ARC members of the time and place for each meeting;
  3. Ensure meeting agendas are established and provided to the committee members in a timely manner;
  4. Keep meeting minutes;
  5. Perform other responsibilities as required to ensure the ARC's objectives are met; and
  6. Provide status updates in writing to AIR-1 at 6 months and 12 months from the effective date of this charter.
6. **COST AND COMPENSATION.** The estimated operating cost (including *pro rata* share of salaries of FAA employees) to the Federal Government for this ARC is approximately \$400,000 annually. All travel costs for government employees will be the responsibility of the government employee's organization. Non-government representatives serve without government compensation and bear all costs related to their participation on the committee.
7. **PUBLIC PARTICIPATION.** ARC meetings are not open to the public. Persons or organizations outside of the ARC who wish to attend a meeting must get approval in advance of the meeting from a committee co-chairperson or designated federal official.
8. **AVAILABILITY OF RECORDS.** Consistent with the Freedom of Information Act, Title 5, U.S.C., section 522, records, reports, agendas, working papers, and other documents that are made available to or prepared for or by the committee will be available for public inspection and copying at the FAA's Office of the Director, Aircraft Certification Service (AIR-1), 800 Independence Avenue SW, Washington, DC 20591. Fees will be charged for information furnished to the public according to the fee schedule published in Title 49 of the Code of Federal Regulations, part 7.

You can find this charter on the FAA Web Site at:

<http://www.faa.gov/about/committees/rulemaking/>.

9. **DISTRIBUTION.** This order is distributed to director-level management in the Office of the Associate Administrator for Aviation Safety, the Office of Aviation Policy and Plans, the Office of Rulemaking, and the director- and division-level management in the Aircraft Certification Service.
10. **EFFECTIVE DATE AND DURATION.** This committee is effective upon issuance of this charter. The committee shall remain in existence for 2 years, unless sooner terminated or

extended by the Administrator.

The effective date of this charter is October 5, 2012.



Michael P. Huerra  
Acting Administrator