certain information to the manufacturer, this AD does not include that requirement.

Alternative Methods of Compliance (AMOCs)

(p) (1) The Manager, Seattle ACO, has the authority to approve AMOCs for this AD, if requested in accordance with the procedures found in 14 CFR 39.19.

(2) Before using any AMOC approved in accordance with § 39.19 on any airplane to which the AMOC applies, notify the appropriate principal inspector in the FAA Flight Standards Certificate Holding District Office.

(3) An AMOC that provides an acceptable level of safety may be used for any repair required by this AD, if it is approved by an Authorized Representative for the Boeing Commercial Airplanes Delegation Option Authorization Organization who has been authorized by the Manager, Seattle ACO, to make those findings. For a repair method to be approved, the repair must meet the certification basis of the airplane, and the approval must specifically refer to this AD.

(4) An AMOC approved previously in accordance with AD 86–17–05 R1, is approved as an AMOC with the corresponding requirements and provisions of this AD.

Issued in Renton, Washington, on February 23, 2006.

Michael J. Kaszycki,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. E6–3221 Filed 3–6–06; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. FAA–2006–24075; Directorate Identifier 2005–NM–235–AD]

RIN 2120–AA64

Airworthiness Directives; Saab Model SAAB-Fairchild SF340A (SAAB/SF340A) and SAAB 340B Airplanes

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The FAA proposes to adopt a new airworthiness directive (AD) for certain Saab Model SAAB-Fairchild SF340A (SAAB/SF340A) and SAAB 340B airplanes. This proposed AD would require a one-time inspection to see if a faulty uplock axle for the shock strut of the main landing gear (MLG) is installed, and replacing the uplock axle with a new uplock axle if necessary. This proposed AD results from a report of a cracked uplock axle caused by hydrogen embrittlement during the manufacturing process. We are proposing this AD to prevent failure of the uplock mechanism, which, combined with a loss of hydraulic pressure, could result in an uncommanded extension of the MLG.

DATES: We must receive comments on this proposed AD by April 6, 2006.

ADDRESSES: Use one of the following addresses to submit comments on this proposed AD.

- DOT Docket Web site: Go to *http://dms.dot.gov* and follow the instructions for sending your comments electronically.
- Government-wide rulemaking Web site: Go to *http://www.regulations.gov* and follow the instructions for sending your comments electronically.
- Mail: Docket Management Facility, U.S. Department of Transportation, 400 Seventh Street, SW., Nassif Building, room PL–401, Washington, DC 20590.
- Fax: (202) 493–2251.
- Hand Delivery: Room PL–401 on the plaza level of the Nassif Building, 400 Seventh Street, SW., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

Contact Saab Aircraft AB, SAAB Aircraft Product Support, S–581.88, Linköping, Sweden, for service information identified in this proposed AD.

FOR FURTHER INFORMATION CONTACT: Dan Rodina, Aerospace Engineer, International Branch, ANM–116, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98055–4056; telephone (425) 227–2125; fax (425) 227–1149.

SUPPLEMENTARY INFORMATION:

Comments Invited

We invite you to submit any relevant written data, views, or arguments regarding this proposed AD. Send your comments to an address listed in the **ADDRESSES** section. Include the docket number ''FAA–2006–24075; Directorate Identifier 2005–NM–235–AD'' at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of the proposed AD. We will consider all comments received by the closing date and may amend the proposed AD in light of those comments.

We will post all comments we receive, without change, to *http://dms.dot.gov,* including any personal information you provide. We will also post a report summarizing each substantive verbal contact with FAA personnel concerning this proposed AD. Using the search function of that Web site, anyone can find and read the comments in any of our dockets, including the name of the individual who sent the comment (or signed the comment on behalf of an association, business, labor union, etc.). You may review the DOT's complete Privacy Act Statement in the **Federal Register** published on April 11, 2000 (65 FR 19477–78), or you may visit *http://dms.dot.gov.*

Examining the Docket

You may examine the AD docket on the Internet at *http://dms.dot.gov,* or in person at the Docket Management Facility office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The Docket Management Facility office (telephone (800) 647–5227) is located on the plaza level of the Nassif Building at the DOT street address stated in the **ADDRESSES** section. Comments will be available in the AD docket shortly after the Docket Management System receives them.

Discussion

The Luftfartsstyrelsen (LFS), which is the airworthiness authority for Sweden, notified us that an unsafe condition may exist on certain Saab Model SAAB-Fairchild SF340A (SAAB/SF340A) and SAAB 340B airplanes. The LFS advises that a cracked uplock axle for the shock strut of the main landing gear (MLG) has been found. The crack was caused by hydrogen embrittlement during the manufacturing process. The LFS further advises that all uplock axles produced in the same batch must be removed from service and scrapped. A cracked uplock axle, combined with a loss of hydraulic pressure, if not corrected, could result in an uncommanded extension of the MLG.

Relevant Service Information

Saab has issued Saab Service Bulletin 340–32–132, dated November 3, 2005. The service bulletin describes procedures for inspecting the shock strut of the MLG to see if an uplock axle with an affected serial number is installed, and replacing the uplock axle with a new uplock axle if necessary. Accomplishing the actions specified in the service information is intended to adequately address the unsafe condition. The LFS mandated the service information and issued Swedish airworthiness directive 1–199, dated November 9, 2005, to ensure the continued airworthiness of these airplanes in Sweden.

The Saab service bulletin refers to APPH Service Bulletins AIR83022–32–31, Revision 1; and AIR83064–32–11, Revision 1; both dated October 2005; as additional sources of service

information for identifying uplock axles with affected serial numbers, and replacing the axles if necessary. The APPH service bulletins are attached to the Saab service bulletin.

FAA's Determination and Requirements of the Proposed AD

These airplane models are manufactured in Sweden and are type certificated for operation in the United States under the provisions of section 21.29 of the Federal Aviation Regulations (14 CFR 21.29) and the applicable bilateral airworthiness agreement. Pursuant to this bilateral airworthiness agreement, the LFS has kept the FAA informed of the situation described above. We have examined the LFS's findings, evaluated all pertinent information, and determined that we need to issue an AD for airplanes of this type design that are certificated for operation in the United States.

Therefore, we are proposing this AD, which would require accomplishing the actions specified in the service information described previously.

Costs of Compliance

This proposed AD would affect about 248 airplanes of U.S. registry. The proposed inspection would take about 1 work hour per airplane, at an average labor rate of $65 per work hour. Based on these figures, the estimated cost of the proposed AD for U.S. operators is $16,120, or $65 per airplane.

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 have 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 that the 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. 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.

We prepared a regulatory evaluation of the estimated costs to comply with this proposed AD and placed it in the AD docket. See the **ADDRESSES** section for a location to examine the regulatory evaluation.

List of Subjects in 14 CFR Part 39

Air transportation, Aircraft, Aviation safety, 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 Federal Aviation Administration (FAA) amends § 39.13 by adding the following new airworthiness directive (AD):

Saab Aircraft AB: Docket No. FAA–2006–24075; Directorate Identifier 2005–NM–235–AD.

Comments Due Date

(a) The FAA must receive comments on this AD action by April 6, 2006.

Affected ADs

(b) None.

Applicability

(c) This AD applies to SAAB Model SAAB-Fairchild SF340A (SAAB/SF340A) and SAAB 340B airplanes, certificated in any category; serial numbers SAAB SF340A –004 through –159 inclusive, and SAAB 340B –160 through –459 inclusive.

Unsafe Condition

(d) This AD results from a report of a cracked uplock axle of the main landing gear (MLG) shock strut, caused by hydrogen embrittlement during the manufacturing process. We are proposing this AD to prevent failure of the uplock mechanism, which, combined with a loss of hydraulic pressure, could result in an uncommanded extension of the MLG.

Compliance

(e) You are responsible for having the actions required by this AD performed within the compliance times specified, unless the actions have already been done.

Inspection To Determine Part Number

(f) Within 6 months after the effective date of this AD, inspect the uplock axle of the MLG shock strut to determine whether an affected serial number (S/N) is installed. A review of airplane maintenance records is acceptable in lieu of this inspection if the S/N of the uplock axle can be conclusively determined from that review. Do the inspection in accordance with the Accomplishment Instructions of Saab Service Bulletin 340–32–132, dated November 3, 2005.

Note 1: The Saab service bulletin refers to APPH Service Bulletins AIR83022–32–31, Revision 1; and AIR83064–32–11, Revision 1; both dated October 2005; as additional sources of service information for identifying uplock axles with affected serial numbers, and replacing the axles if necessary. The APPH service bulletins are attached to the Saab service bulletin.

Corrective Action

(g) Before further flight after accomplishing the inspection required by paragraph (f) of this AD: Replace with a new uplock axle any uplock axle with an affected S/N identified by the inspection in paragraph (f) of this AD. Do all actions in accordance with the Accomplishment Instructions of Saab Service Bulletin 340–32–132, dated November 3, 2005.

Parts Installation

(h) As of the effective date of this AD, no person may install an uplock axle on any airplane if it has an affected S/N identified in accordance with paragraph (f) of this AD.

No Reporting Requirement

(i) Although the Accomplishment Instructions of Saab Service Bulletin 340–32–132, dated November 3, 2005, specify to send a report with the serial number of replaced uplock axles to APPH Ltd., this AD does not include that requirement.

Alternative Methods of Compliance (AMOCs)

(j)(1) The Manager, International Branch, ANM–116, Transport Airplane Directorate, FAA, has the authority to approve AMOCs for this AD, if requested in accordance with the procedures found in 14 CFR 39.19.

(2) Before using any AMOC approved in accordance with § 39.19 on any airplane to which the AMOC applies, notify the appropriate principal inspector in the FAA Flight Standards Certificate Holding District Office.

Related Information

(k) Swedish airworthiness directive 1–199, dated November 9, 2005, also addresses the subject of this AD.

Issued in Renton, Washington, on February 22, 2006.

Michael J. Kaszycki,

Acting Manager, Transport Airplane Directorate, Aircraft Certification Service.

[FR Doc. E6–3227 Filed 3–6–06; 8:45 am]

BILLING CODE 4910–13–P

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 270

[Release No. IC–27255; File No. S7–06–06; File No. 4–512]

RIN 3235–AJ51

Mutual Fund Redemption Fees

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: The Securities and Exchange Commission (''Commission'' or ''SEC'') is proposing amendments to the redemption fee rule we recently adopted. The rule, among other things, requires most open-end investment companies (''funds'') to enter into agreements with intermediaries, such as broker-dealers, that hold shares on behalf of other investors in so called ''omnibus accounts.'' These agreements must provide funds access to information about transactions in these accounts to enable the funds to enforce restrictions on market timing and similar abusive transactions. The Commission is proposing to amend the rule to clarify the operation of the rule and reduce the number of intermediaries with which funds must negotiate information-sharing agreements. The amendments are designed to address issues that came to our attention after we had adopted the rule, and are designed to reduce the costs to funds (and fund shareholders) while still achieving the goals of the rulemaking.

DATES: Comments must be received on or before April 10, 2006.

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (*http://www.sec.gov/rules/proposed.shtml*); or
- Send an e-mail to *rule-comments@sec.gov*. Please include File Number S7–06–06 on the subject line; or
- Use the Federal eRulemaking Portal (*http://www.regulations.gov*). Follow the instructions for submitting comments.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–9303.

All submissions should refer to File Number S7–06–06. This file number should be included on the subject line if e-mail is used. To help us process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/rules/proposed.shtml*). Comments are also available for public inspection and copying in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549. All comments received will be posted without change; we do not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

FOR FURTHER INFORMATION CONTACT: Thoreau Bartmann, Staff Attorney, or C. Hunter Jones, Assistant Director, Office of Regulatory Policy, (202) 551–6792, Division of Investment Management, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–5041.

SUPPLEMENTARY INFORMATION: The Commission today is proposing amendments to rule 22c–2 [1] under the Investment Company Act of 1940 [2] (the ''Investment Company Act'' or the ''Act'').[3]

Table of Contents

I. Background
II. Discussion
A. Small Intermediaries
B. Intermediary Chains
C. Effect of Lacking an Agreement
III. Compliance Date
IV. Current Industry Efforts Regarding Shareholder Information
V. Ongoing Monitoring of Implementation
VI. Cost-Benefit Analysis
VII. Consideration of Promotion of Efficiency, Competition, and Capital Formation
VIII. Paperwork Reduction Act
IX. Initial Regulatory Flexibility Analysis
X. Statutory Authority
Text of Rule

I. Background

On March 11, 2005, the Commission adopted rule 22c–2 under the Investment Company Act.[4] We adopted the rule to help address abuses associated with short-term trading of fund shares. Rule 22c–2 provides that if a fund redeems its shares within seven days,[5] its board must consider whether to impose a fee of up to two percent of the value of shares redeemed shortly after their purchase (''redemption fee'').[6] The rule also requires such a fund to enter into agreements with its intermediaries that provide fund management the ability to identify investors whose trading violates fund restrictions on short-term trading.[7]

When we adopted rule 22c–2 last March, we asked for additional comment on (i) whether the rule should include uniform standards for redemption fees,[8] and (ii) any problems with the rule that might arise during the course of implementation.[9] We received over 100 comment letters in response to the request for comment.[10] Commenters expressed various views on the need for uniform standards, but a number of commenters also raised concerns with the basic requirements of the rule.

In their letters in response to the rule's adoption, commenters representing fund managers and other

[1] 17 CFR 270.22c–2.

[2] 15 U.S.C. 80a.

[3] Unless otherwise noted, all references to statutory sections are to the Investment Company Act, and all references to ''rule 22c–2'' or any paragraph of the rule will be to 17 CFR 270.22c–2.

[4] *See* Mutual Fund Redemption Fees, Investment Company Act Release No. 26782 (Mar. 11, 2005) [70 FR 13328 (Mar. 18, 2005)] (''Adopting Release'').

[5] Because the large majority of funds redeem shares within seven days of purchase, the practical effect of rule 22c–2, and these proposed amendments, would be to require most funds to comply with the rule's requirements. Therefore, throughout this Release we may describe funds as being ''required to comply'' with a provision of the rule, when the actual requirement only applies if a fund redeems its shares within seven days. A fund that does not redeem its shares within seven days would not be required to comply with those provisions of rule 22c–2.

[6] Rule 22c–2(a)(1). Under the rule, the board of directors must either (i) approve a fee of up to 2% of the value of shares redeemed, or (ii) determine that the imposition of a fee is not necessary or appropriate. *Id.*

[7] Under the rule, the fund (or its principal underwriter) must enter into a written agreement with each of its financial intermediaries under which the intermediary agrees to (i) provide, at the fund's request, identity and transaction information about shareholders who hold their shares through an account with the intermediary, and (ii) execute instructions from the fund to restrict or prohibit future purchases or exchanges. The fund must keep a copy of each written agreement for six years. Rule 22c–2(a)(2),(3).

[8] *See* Adopting Release, *supra* note 4, at Section II.C. As we noted when we adopted the rule, ''[a]lthough we received comment on these [uniform standards] issues during the initial comment period, those comments were offered in the context of a mandatory redemption fee'' rather than in the context of the voluntary approach that we adopted. *See id.*

[9] *See id.*

[10] Comment letters on the 2004 proposal and the 2005 adoption are available in File No. S7–11–04, which is accessible at *http://www.sec.gov/rules/proposed/s71104.shtml.* References to comment letters are to letters in that file.