Presented to: EASA Design Organizations
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Part 5 SMS final rule published 26 April 2024 and is effective 28 May 2024

- Extends SMS requirements (currently for air carriers) to commuter and on-demand operators, air tour operators, and certain type certificate (TC) and production certificate (PC) holders

TC and PC applicability aligned with ICAO Annex 19 to require SMS for organizations that design or manufacture products (Aircraft, Engines, or Propellers)
- Holders of TC and PC for the same product
- PC holders that are licensees of a TC for the same product
- TC holders (except for validated TCs) that license their TC for production of a product
  - Includes licensing to obtain a FAA PC, foreign PC, or equivalent foreign production approval
SMS Applicability for Split State of Design / State of Manufacture

• **Foreign State of Design and U.S. State of Manufacture**
  – U.S. PC holder must have an SMS

![Diagram showing SMS applicability for Foreign State of Design and U.S. State of Manufacture]

• **U.S. State of Design and Foreign State of Manufacture**
  – U.S. TC holder must have an SMS

![Diagram showing SMS applicability for U.S. State of Design and Foreign State of Manufacture]
Voluntary SMS Program

• Holders of the following are **not** required to meet part 5, but may participate in the FAA Voluntary SMS (VSMS) program:
  – PC for parts only (not a complete product)
  – TC where there is no associated PC (product that was never, or is no longer, produced)
  – FAA Validated TC that is licensed to another person to obtain a PC
  – Supplemental Type Certificates (STC) and PC for an STC
  – Technical Standard Order Authorizations (TSOA)
  – Parts Manufacturer Approval (PMA)

• **FAA will provide SMS “acceptance” letter upon successful VSMS implementation**
SMS Implementation Timing

• Existing TC and PC Holders:
  – Submit implementation plans by 28 November 2024 (6 months after effective date)
  – Complete SMS implementation by 28 May 2027 (36 months after effective date)

• New PC Applicants:
  – Submit implementation plan during production certification process (making application for PC)
  – Complete SMS implementation within 36 months after submitting implementation plan

• TC Holders entering into new licensing agreement:
  – Submit implementation plan when entering into licensing agreement (to obtain a PC)
  – Complete SMS implementation within 36 months after submitting implementation plan

• VSMS design and production approval holders:
  – Submit implementation plan after entering into voluntary SMS program
  – Approval holder receives SMS acceptance letter following FAA confirmation that SMS meets part 5
SMS Final Rule and Policy Summary

• 14 CFR Part 5: Contains the amended regulatory text for SMS rule
• AC 21-58: Provides acceptable means to comply with part 5
  – Includes Regulatory Text followed by a Discussion (explanation of the process), Implementation Strategy (example of an acceptable means of compliance), and a Scalability Example (recognizing there is a spectrum of complexity within products and organizations)
• Order 8120.24: Process for FAA to approve SMS implementation plans, complete SMS verification and, complete SMS evaluation
  – Work Instructions: Instructions for FAA workforce to complete requirements in Order 8120.24
  – Data Collection Tools: Questions FAA workforce will ask during SMS verification and evaluation compliance
• Order 8120.25: Process for FAA to conduct SMS oversight
  – Currently under development
Part 5 Meets Requirements in ICAO Annex 19

- Original part 5 published in 2015 and applicable to part 121 operators – met ICAO Annex 19 framework.
  - Subpart A: General
  - Subpart B: Safety Policy
  - Subpart C: Safety Risk Management
  - Subpart D: Safety Assurance
  - Subpart E: Safety Promotion
  - Subpart F: SMS Documentation and Recordkeeping

- Original part 5 written generally so it could be applied in the future to other aviation service providers.
Key Part 5 Changes in Final Rule

• **Updated Hazard Definition:**
  – Improved alignment with ICAO Annex 19 definition
  – Hazard defined as “a condition or an object that could foreseeably cause or contribute to an incident or aircraft accident”

• **Implementation Plan Required**
  – Meets statutory requirement for TC & PC holders to “adopt” an SMS
  – Describes means of compliance used to meet part 5
  – *Not required by ICAO Annex 19*
Key Part 5 Changes in Final Rule

- **Safety Policy Includes a Code of Ethics**
  - Meets statutory requirement clarifying that safety is the organization’s highest priority
  - *Not required by ICAO Annex 19*

- **Provide an Organizational System Description**
  - Defines boundaries of where SMS is applied in the organization
  - Summarizes the processes, procedures, activities, personnel, equipment, and facilities that impact the aviation safety of the products and services provided
    - Includes processes and procedures for design and certification, production, and continued operational safety
  - *Not required by ICAO Annex 19*
Key Part 5 Changes in Final Rule

• **Provide and Receive Hazard Notifications:**
  – Provide hazard notifications to interfacing persons who could address the hazard or mitigate the risk
    • Interfacing person must contribute to the safety of the product or service provided
  – Investigate (under safety assurance) hazard notifications received from external sources
  – *Not required by ICAO Annex 19*

• **Provide Confidential Employee Report Summaries**
  – Meets statutory requirement to provide FAA with a summary of the confidential employee reports received every six months
  – *Not required by ICAO Annex 19*
FAA SMS Objectives

• Mutual acceptance of EASA member’s SMS
  – No impact to product validations

• Part 5 SMS requirements only applied to U.S. based design or manufacturing operations

• No expectation that EASA members adopt part 5 SMS requirements that are outside ICAO Annex 19 framework
• FAA webpage: SMS for Design and Manufacturing Organizations  
  o https://www.faa.gov/about/initiatives/sms/specifics_by_aviation_industry_type/design_and_manufacturing_organizations

• Federal Register: Safety Management System Final Rule  
  o Federal Register: Safety Management Systems

Questions?