* * *

the best interests of each class individually and the company as a whole; initial board approval of a plan under this paragraph (d) is not required, however, if the plan does not make any change in the arrangements and expense allocations previously approved by the board under an existing order of exemption. Before any vote on the plan, the directors shall request and evaluate, and any agreement relating to a class arrangement shall require the parties thereto to furnish, such information as may be reasonably necessary to evaluate the plan.

(e) Nothing in this section prohibits a company from offering any class with:

(1) An exchange privilege providing that securities of the class may be exchanged for certain securities of another company; or

(2) A conversion feature providing that shares of one class of the company (the "purchase class") will be exchanged automatically for shares of another class of the company (the "target class") after a specified period of time, *provided that*:

(i) The conversion is effected on the basis of the relative net asset values of the two classes without the imposition of any sales load, fee, or other charge;

(ii) The expenses, including payments authorized under a plan adopted pursuant to § 270.12b–1 ("rule 12b–1 plan"), for the target class are not higher than the expenses, including payments authorized under a rule 12b–1 plan, for the purchase class; and

(iii) If the amount of expenses, including payments authorized under a rule 12b–1 plan, for the target class is increased materially without approval of the shareholders of the purchase class, the fund will establish a new target class for the purchase class on the same terms as applied to the target class before that increase.

(3) A conversion feature providing that shares of a class in which an investor is no longer eligible to participate may be converted to shares of a class in which that investor is eligible to participate, *provided that*:

(i) The investor is given prior notice of the proposed conversion; and

(ii) The conversion is effected on the basis of the relative net asset values of the two classes without the imposition of any sales load, fee, or other charge.

PART 239—FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933

PART 274—FORMS PRESCRIBED UNDER THE INVESTMENT COMPANY ACT OF 1940

4. The authority citation of Part 239 continues to read, in part, as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 77sss, 78c, 78*l*, 78m, 78n, 78o(d), 78w(a), 78*ll*(d), 79e, 79f, 79g, 79j, 79*l*, 79m, 79n, 79q, 79t, 80a–8, 80a–29, 80a–30 and 80a–37, unless otherwise noted.

5. The authority citation for Part 274 continues to read as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s, 78c(b), 78J, 78m, 78n, 78o(d), 80a–8, 80a–24, and 80a–29, unless otherwise noted.

Note: Form N–1A does not, and the amendments to Form N–1A will not, appear in the Code of Federal Regulations.

6. By adding new General Instruction I to Form N–1A [referenced in \S 239.15A and 274.11A] to read as follows:

Form N-1A

* * * * *

General Instructions

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I. Multiple Class and Master-Feeder Funds

Registrants issuing multiple classes of shares that provide for conversions of exchanges of shares from one class to another class of the same fund should disclose the information required by Form N-1A about all other classes into which the shares may be converted or exchanged. This information should be presented in a format designed to facilitate comprehension by investors, and when appropriate, should use tables, side-byside comparisons, or other presentations to assist an investor's understanding of the other class or classes. A "multiple class fund" is an open-end management investment company that issues more than one class of shares, each of which represents interests in the same portfolio of securities, and either meets the requirements of rule 18f-3 under the Act [17 CFR 270.18f-3] or operates pursuant to an exemptive order. A "feeder fund" is an open-end management investment company, except a company that issues periodic payment plan certificates, that holds shares of a single open-end management investment company (the "master fund") as its only investment securities.

7. By amending Form N–1A [referenced in §§ 239.15A and 274.11A] by adding Instruction 4A to Item 2(a)(i), to read as follows:

Form N-1A

* * * * *

Item 2. Synopsis

(a)(i) * * *

- Instructions:
- * *

4A. If the prospectus offers shares of a feeder fund, reflect the expenses of both the feeder fund and the master fund in which the feeder fund invests in a single fee table using the captions provided. In the brief narrative following the fee table, state that the fee table reflects the expenses of both Registrants.

* * * * *

8. By amending Form N–1A [referenced in §§ 239.15A and 274.11A] by adding Item 6(h) to read as follows:

Form N-1A

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Item 6. Capital Stock and Other Securities

(h) Registrants that offer multiple classes of shares or that are feeder funds should briefly describe the salient features of the multiple class or master-feeder structure. In the case of a feeder fund, explain the circumstances under which the feeder fund could no longer invest in the master fund (e.g., if the master fund changed its investment objectives to be inconsistent with those of the feeder fund), and the consequences to shareholders of such an event. If the Registrant has publicly offered any class of shares of the same series not offered through the prospectus, or if any publicly offered feeder fund not offered through the prospectus invests in the same master fund as the Registrant, include the following disclosure: (i) that the Registrant issues other classes or that other funds invest in the same master fund (using the same terminology for classes or master and feeder funds as elsewhere in the prospectus), (ii) that those other classes or feeder funds may have different sales charges and other expenses, which may affect performance, (iii) a telephone number investors may call to obtain more information concerning the other classes or feeder funds available to them through their sales representative, and (iv) that investors may obtain information concerning those classes or feeder funds from (as applicable) their sales representative, or any person, such as the principal underwriter, a broker-dealer or bank, which is offering or making available to them the securities offered in the prospectus.

9. By amending Form N–1A [referenced in §§ 239.15A and 274.11A] by adding paragraph (b)(18) to Item 24 before the Instructions to read as follows:

Form N-1A

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Item 24. Financial Statements and Exhibits

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- (b) * * *

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(18) copies of any plan entered into by Registrant pursuant to Rule 18f–3 under the 1940 Act, any agreement with any person relating to the implementation of a plan, any amendment to a plan or agreement, and a copy of the portion of the minutes of a meeting of the Registrant's directors describing any action taken to revoke a plan.

* * * *

10. By adding Guide 34 to the Guidelines for Form N–1A [referenced in \S 239.15A and 274.11A] to read as follows:

Guidelines for Form N-1A

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