Guide 34. Multiple Class and Master-Feeder Structures

In response to Item 6, if a single prospectus is used to offer more than one class of a multiple class fund or more than one feeder fund that invests in the same master fund, the prospectus should provide a separate response to Item 2(a)(i) (the fee table requirement) for each class or feeder fund and should clearly explain the differences between the expense and/or sales load arrangements of the classes or feeder funds. The fee table information should be arranged to facilitate a comparison by shareholders of the different fee structures.

11. By amending Form N-14[referenced in § 239.23] by revising Item 16(10) to read as follows:

Note: Form N–14 does not, and the amendment to Form N–14 will not, appear in the Code of Federal Regulations.

Form N-14

* * * *

Item 16. Exhibits

(10) copies of any plan entered into by registrant pursuant to rule 12b–1 under the 1940 Act [17 CFR 270.12b–1] and any agreements with any person relating to implementation of the plan, and copies of any plan entered into by Registrant pursuant to Rule 18f–3 under the 1940 Act [17 CFR 270.18f–3], any agreement with any person relating to implementation of the plan, any amendment to the plan, and a copy of the portion of a meeting of the minutes of the Registrant's directors describing any action taken to revoke the plan;

* * * * * * Dated: February 23, 1995.

By the Commission.

Margaret H. McFarland,

Deputy Secretary. [FR Doc. 95–4997 Filed 3–1–95; 8:45 am] BILLING CODE 8010–01–P

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 270

[Release No. IC-20916; File No. S7-24-88]

RIN 3235-AD18

Exemption for Certain Open-End Management Investment Companies To Impose Contingent Deferred Sales Loads

AGENCY: Securities and Exchange Commission. ACTION: Final rule.

SUMMARY: The Commission is adopting a new rule under the Investment Company Act of 1940 to permit certain registered open-end management investment companies ("mutual funds") to impose contingent deferred sales loads ("CDSLs"). A CDSL is a sales charge that is paid at redemption; its amount declines over several years until it reaches zero. The adoption of the rule is intended to allow mutual funds to offer investors the choice of an additional form of sales load without applying to the Commission for exemptive relief.

EFFECTIVE DATE: The new rule will become effective April 3, 1995.

FOR FURTHER INFORMATION CONTACT: Nadya B. Roytblat, Staff Attorney, (202) 942–0693, or Robert G. Bagnall, Assistant Chief, (202) 942–0686, Office of Regulatory Policy, Division of Investment Management, Securities and Exchange Commission, 450 Fifth Street, N.W., Mail Stop 10–6, Washington, D.C. 20549.

Requests for formal interpretive advice should be directed to the Office of Chief Counsel at (202) 942–0659, Division of Investment Management, Securities and Exchange Commission, 450 Fifth Street, N.W., Mail Stop 10–6, Washington, D.C. 20549.

SUPPLEMENTARY INFORMATION: The Commission is adopting rule 6c-10 [17 CFR 270.6c-10] under the Investment Company Act of 1940 [15 U.S.C. § 80a] (the "Investment Company Act" or the 'Act''). The Commission is not adopting the amendments that were proposed to Form N-1A [17 CFR 239.15A, 274.11A]. In a companion release, the Commission is proposing amendments to rule 6c-10 that would permit mutual funds to impose deferred sales loads generally, including loads payable in installments ("installment loads"); the amendments also would modify most of the substantive requirements of rule 6c-10 as adopted here.1

A condition in many CDSL exemptive orders granted to date requires applicants to comply with rule 6c–10 as originally proposed or as it may be reproposed, adopted, or amended. Rule 6c–10 as adopted here constitutes the rule as adopted within the meaning of that condition; the amendments that the Commission is proposing in the companion release do not constitute the rule as reproposed or amended within the meaning of that condition and may not be relied upon by those applicants.

I. Introduction and Background

The Commission proposed rule 6c–10 in 1988 to allow mutual funds to impose deferred sales loads generally, including CDSLs, as well as other loads paid at redemption and sales loads payable in installments.² The Commission received 33 comment letters.³ Although the commenters generally supported the proposal to allow CDSLs, some commenters questioned the need for certain substantive requirements in the rule. Commenters had mixed reactions to the proposed provisions for installment loads.

Since the proposal of rule 6c–10, the Commission (or the Division of Investment Management exercising delegated authority) has issued almost 200 exemptive orders permitting funds to impose CDSLs and continues to receive such applications. Also since the original proposal, the National Association of Securities Dealers, Inc. ("NASD") has amended the provisions of its Rules of Fair Practice that govern mutual fund sales charges ("NASD Sales Charge Rule''). The amendments address certain deferred sales charges, including CDSLs, and distribution charges paid by funds in accordance with rule 12b-1 under the Investment Company Act.⁴

The Commission has considered the comments on the proposal and the implications of the amendments to the NASD Sales Charge Rule and has concluded that it may be appropriate to modify the rule to eliminate most of the substantive requirements in the original proposal and rely upon the roles of disclosure and the overall limits in the NASD Sales Charge Rule. Instead of adopting rule 6c–10 with these changes, the Commission is proposing modifications to rule 6c-10 to obtain the benefit of public comment on this approach and on issues raised by deferred loads other than CDSLs.

In light of the Commission's extensive experience under the CDSL exemptive

³The commenters included the American Bar Association Subcommittee on Investment Companies and Investment Advisers (the "ABA Subcommittee"); the American Council of Life Insurance; Deutsche Bank AG New York Branch ("Deutsche Bank") (commenting outside the comment period); Fidelity Management and Research Company; Gaston & Snow; IDS Financial Services, Inc. ("IDS Financial"); IDS Mutual Fund Group; the Investment Company Institute (the "ICI") (commenting both within and outside the comment period); the Keystone Group, Inc.; the National Association of Securities Dealers, Inc. NASL Financial Services, Inc. (commenting outside the comment period); NYLIFE Securities, Inc. Simpson, Thacher & Bartlett ("Simpson Thacher") (commenting outside the comment period); Templeton Funds Management, Inc.; and 19 individual investors. The comment letters are available for public inspection and copying at the Commission's public reference room in File No. S7-24 - 88

⁴17 CFR 270.12b-1.

¹Exemption for Certain Open-End Management Investment Companies to Impose Deferred Sales Loads, Investment Company Act Release No. 20917 (Feb. 23, 1995).

²Exemptions for Certain Registered Open-End Management Investment Companies To Impose Deferred Sales Loads, Investment Company Act Release No. 16619 (Nov. 2, 1988), 53 FR 45275 [hereinafter Proposing Release].