waive or reduce the amount of a CDSL not yet paid.

#### E. Other Changes

The text of the rule as adopted also departs from the originally proposed text in two other respects. First, because the adoption of the rule is limited to CDSLs, the adopted rule text omits provisions relating to installment loads or other forms of back-end loads. 14 Second, paragraph (a) of the rule as adopted omits an exemption from section 22(c) of the Investment Company Act [15 U.S.C. § 80a–22(c)], because section 22(c) is solely a grant of rulemaking authority to the Commission and no exemption from that section is required.

### F. Form N-1A

The Commission is not adopting the amendments to Form N–1A that were proposed in 1988. Because the Commission is not adopting the provisions of rule 6c-10 for installment loads, no adjustments to the fee table are necessary now.

#### III. Cost/Benefit Analysis

Rule 6c–10 as adopted does not impose any significant burdens on mutual funds. Rather, the rule should benefit the funds by making it possible to impose CDSLs without having to file exemptive applications with the Commission. The adoption of the rule would give investors an additional option for a means of paying sales charges.

# IV. Summary of Regulatory Flexibility Analysis

A summary of the Initial Regulatory Flexibility Analysis, which was prepared in accordance with 5 U.S.C. 603, was published in Investment Company Act Release No. 16619. No comments were received on this analysis. The Commission has prepared a Final Regulatory Flexibility Analysis in accordance with 5 U.S.C. 604. The Analysis explains that the new rule allows mutual funds to impose CDSLs without having to file exemptive applications with the Commission. A

copy of the Final Regulatory Flexibility Analysis may be obtained by contacting Nadya B. Roytblat, Esq., Mail Stop 10– 6, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

#### V. Statutory Authority

The Commission is adopting rule 6c–10 under sections 6(c) and 38(a) of the Investment Company Act [15 U.S.C. 80a–6(c), and –37(a)].

#### List of Subjects in 17 CFR Part 270

Investment Companies, Reporting and recordkeeping requirements, Securities.

#### **Text of Adopted Rule**

For the reasons set out in the preamble, Title 17, Chapter II of the Code of Federal Regulations is amended as follows:

## PART 270—RULES AND REGULATIONS, INVESTMENT COMPANY ACT OF 1940

1. The authority citation for Part 270 is amended by adding the following citation:

**Authority:** 15 U.S.C. 80a-1 *et seq.*, 80a-37, 80a-39 unless otherwise noted;

Section 270.6c–10 is also issued under sec. 6(c) [15 U.S.C. 80a-6(c)];

2. Section 270.6c–10 is added to read as follows:

# § 270.6c-10 Exemption for certain openend management investment companies to impose contingent deferred sales loads.

- (a) A company and any exempted person shall be exempt from the provisions of Sections 2(a)(32), 2(a)(35), and 22(d) of the Act [15 U.S.C. 80a–2(a)(32), 80a–2(a)(35), and 80a–22(d), respectively] and § 270.22c–1 to the extent necessary to permit a contingent deferred sales load to be imposed on shares issued by the company, *Provided*, that:
- (1) The amount of a contingent deferred sales load is calculated as being the lesser of the amount that represents a specified percentage of the net asset value of the shares at the time of purchase, or the amount that represents the same or a lower percentage of the

net asset value of the shares at the time of redemption;

(2) No contingent deferred sales load is imposed on shares, or amounts representing shares, that are purchased through the reinvestment of dividends or capital gains distributions;

- (3) The contingent deferred sales load is calculated as if shares or amounts representing shares not subject to a load are redeemed first, and other shares or amounts representing shares are then redeemed in the order purchased, *Provided*, however, that another order of redemption may be used if such order would result in the redeeming shareholder paying a lower contingent deferred sales load; and
- (4) The same contingent deferred sales load is imposed on all shareholders, except that scheduled variations in or elimination of a contingent deferred sales load may be offered to particular classes of shareholders or in connection with particular classes of transactions, *Provided*, that the conditions in § 270.22d–1 are satisfied. Nothing in this paragraph (a) shall prevent a company from offering to existing shareholders a new scheduled variation that would waive or reduce the amount of a contingent deferred sales load that has not yet been paid.
  - (b) For purposes of this section:
- (1) Company means a registered openend management investment company, other than a registered separate account, and includes a separate series of such company;
- (2) Exempted person means any principal underwriter of, dealer in, and any other person authorized to consummate transactions in, securities issued by such company; and
- (3) Contingent deferred sales load means any amount properly chargeable to sales or promotional expenses that is paid by a shareholder, if at all, at the time of redemption, the amount of which would decrease to zero if the shares were held for a reasonable period of time specified by the company.

Dated: February 23, 1995. By the Commission.

#### Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95–4996 Filed 3–1–95; 8:45 am]

<sup>&</sup>lt;sup>14</sup> E.g., paragraph (a)(1)(ii) and pertinent provisions of other paragraphs such as paragraph (c)(3) in the original proposal.