

4. The investment objectives, policies and restrictions of the Limited Term Portfolio and the Intermediate Maturity Fund are substantially similar. The Limited Term Portfolio seeks to pay its shareholders as high a level of income exempt from federal taxes and California personal income taxes by investing primarily in obligations issued by the State of California and its political subdivisions, agencies and instrumentalities. The Intermediate Maturity Fund seeks to provide its shareholders with as high a level of income exempt from federal income taxes and California personal income taxes by investing an investment-grade obligations issued by the State of California and its political subdivisions, agencies and public authorities.

5. The Intermediate Maturity Fund proposes to acquire all or substantially all of the assets and certain liabilities of the Limited Term Portfolio in exchange for shares of the Intermediate Maturity Fund pursuant to an agreement and plan of reorganization ("Reorganization Agreement"). Under the Reorganization Agreement, the number of shares of each class of the Intermediate Maturity Fund to be issued to the Limited Term Portfolio will be determined on the basis of the Funds' relative net asset values per their respective classes of shares. The Limited Term Portfolio then will liquidate and distribute such shares of the Intermediate Maturity Fund *pro rata* to its shareholders. Class A, Class C and Class Y shareholders of the Limited Term Portfolio would receive Class A, Class C and Class Y shares, respectively, of the Intermediate Maturity Fund.

6. The proposed reorganization was unanimously approved by the boards of trustees of the Trust and the Income Trust, including a majority of the trustees who are not interested persons, on December 1, 1994 and December 20, 1994, respectively. In approving the proposed reorganization, each board found that participation in the reorganization is in the best interests of the relevant Fund and that the interest of existing Fund shareholders will not be diluted as a result of the reorganization. Each board based its decision to approve the reorganization on a number of factors, including: (a) The terms and conditions of the reorganization; (b) the fact that the reorganization will be effected as a tax-free reorganization; (c) the costs of the reorganization to the Funds; (d) the compatibility of the objectives, policies and restrictions of the two Funds; (e) the savings in expenses borne by shareholders expected to be realized by the reorganization; and (f) the potential

benefits to the Funds' affiliates, including SBMFM, Smith Barney and Holdings.

7. Applicants contemplate that the Reorganization Agreement will be submitted for approval by the shareholders of the Limited Term Portfolio at a meeting scheduled to be held on or about June 23, 1995, and that a prospectus/proxy statement will be sent to shareholders of the Limited Term Portfolio in May 1995. Assuming that the required shareholder vote is obtained at the shareholders' meeting, the closing date is expected to be held shortly thereafter.

8. Smith Barney will bear any expenses incurred in connection with the reorganization, except that each Fund will be liable for any fees and expenses of its own custodian and transfer agent incurred in connection with the reorganization and the Limited Term Portfolio will be liable for all fees and expenses incurred relating to its liquidation and termination.

Applicants' Legal Analysis

1. Section 17(a), in pertinent part, prohibits an affiliated person of a registered investment company, acting as principal, from selling to or purchasing from such registered company, any security or other property. Section 17(b) provides that the SEC may exempt a transaction from section 17(a) if evidence establishes that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of the registered investment company concerned and with the general purposes of the Act.

2. Rule 17a-8 under the Act exempts from section 17(a) mergers, consolidations, or purchases or sales of substantially all the assets involving registered investment companies that may be affiliated persons solely by reason of having a common investment adviser, common directors/trustees and/or common officers provided that certain conditions are satisfied. SBMFM is the investment adviser to both the Intermediate Maturity Fund and the Limited Term Portfolio, and Smith Barney is the distributor to both of the Funds. However, Smith Barney also is an "affiliated person" of the Limited Term Portfolio because it beneficially owns 5% or more of the shares of the Limited Term Portfolio; therefore, applicants may not rely on rule 17a-8.

3. Applicants believe that the terms of the proposed reorganization satisfy the standards set forth in section 17(b). The

boards of the Trust and the Income Trust have reviewed the terms of the reorganization as set forth in the Reorganization Agreement, including the consideration to be paid or received, and have found that participation in the reorganization is in the best interests of each Fund and that the interests of the existing shareholders of each Fund will not be diluted as a result of the reorganization. The investment objectives of the Funds, moreover, are essentially the same. Accordingly, the proposed reorganization will be consistent with the policies of each Fund.

For the Commission, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-10183 Filed 4-25-95; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-21023; 811-3529]

Smith Barney Shearson Municipal Money Market Fund Inc.; Notice of Application

April 20, 1995.

AGENCY: Securities and Exchange Commission ("SEC" or "Commission").

ACTION: Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

APPLICANT: Smith Barney Shearson Municipal Money Market Fund Inc.

RELEVANT ACT SECTION: Section 8(f).

SUMMARY OF APPLICATION: Applicant seeks an order declaring that it has ceased to be an investment company.

FILING DATES: The application was filed on February 22, 1995 and amended on April 5, 1995 and April 20, 1995.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing.

Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on May 15, 1995, and should be accompanied by proof of service on applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, N.W., Washington, D.C. 20549.