fund vehicle will afford Harris Bank a better opportunity to market its investment management services and, assuming those marketing efforts result in greater assets under management, will allow for economies of scale, greater diversification and risk spreading. Also, Plan participants will have the benefit of the heightened disclosure applicable to mutual funds under the federal securities laws and the Plans, as shareholders, of a Fund, will have the opportunity to exercise voting and other shareholder rights. Further, shares of the Funds issued as part of the Proposed Transactions will be issued at prices equal to their net asset values. In addition, the assets of the Affiliated Plans will be valued pursuant to objective standards and are the type that the Portfolios otherwise would purchase through market transactions. Moreover, the Proposed Transactions are subject to independent fiduciary approval. Applicants contend, therefore, that the transfers will afford no opportunity for affiliated persons of the Funds to effect a transaction detrimental to the other shareholders of the Funds.

Applicants' Conditions

Applicants agree that the order granting the requested relief shall be subject to the following conditions:

1. The Proposed Transactions will comply with the terms of rule 17a–7(b)–(f).

2. The Proposed Transactions will not occur unless and until: (a) the boards of directors (trustees) of the Funds (including a majority of their disinterested members) and the Committee and the Affiliated Plans' independent fiduciaries find that the Proposed Transactions are in the best interests of the Funds and the Affiliated Plans, respectively; and (b) the boards of directors (trustees) of the Funds (including a majority of their disinterested members) find that the interests of the existing shareholders of the Funds will not be diluted as a result of the Proposed Transactions. These determinations and the basis upon which they are made will be recorded fully in the records of the Funds and the Plans, respectively.

3. In order to comply with the policies underlying rule 17a–8, any conversion will have to be approved by the Funds' board of directors (trustees) and any Affiliated Plan's independent fiduciaries who would be required to find that the interests of beneficial owners would not be diluted.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–32957 Filed 12–26–96; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Release No. 22410; 811–3663]

PaineWebber/Kidder, Peabody Government Money Fund, Inc.; Notice of Application

December 19, 1996.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of application for deregistration under the Investment Company Act of 1940 (the ''Act'').

APPLICANT: PaineWebber/Kidder, Peabody Government Money Fund, Inc.

RELEVANT ACT SECTION: Section 8(f).

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

FILING DATE: The application was filed on November 6, 1996.

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 January 13, 1997, and should be accompanied by proof of service on the 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 Fifth Street, N.W., Washington, D.C. 20549. Applicant, c/o Dianne E. O'Donnell, Legal Department, Mitchell Hutchins Asset Management Inc., 1285 Avenue of the Americas, 18th Floor, New York, New York 10019.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942–0584, or Mary Kay Frech, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is an open-end, diversified management investment company organized as a corporation under the laws of the State of Maryland. On February 9, 1983, applicant registered under section 8(a) of the Act and filed a registration statement on Form N–1A pursuant to section 8(b) of the Act and the Securities Act of 1933, covering an indefinite number of shares of common stock. The registration statement was declared effective on May 9, 1983, and the initial public offering of common stock commenced thereafter.

2. On July 20, 1995, applicant's Board of Directors approved an Agreement and Plan of Reorganization and Dissolution (''Plan'') between applicant and PaineWebber RMA Money Fund, Inc. on behalf of its series, PaineWebber RMA U.S. Government Portfolio (''PW Fund''), whereby PW Fund was to acquire all the assets of applicant in exchange solely for shares of beneficial interest in PW Fund and the assumption by PW Fund of all of applicant's liabilities. In accordance with rule 17a–8 of the Act, applicant's directors determined that the reorganization was in the best interests of applicant and that the interests of applicant's existing shareholders would not be diluted as a result.[1]

3. According to applicant's proxy statement, the directors considered a number of factors in approving the Plan, including, (a) the similarity of the investment objectives, policies, and restrictions of the funds, (b) the effect of the reorganization on expected investment performance, (c) the effect of the reorganization on the expense ratio of the PW Fund relative to each fund's current expense ratio, and (d) possible alternatives to the reorganization, including continuing to operate on a stand-alone basis or liquidation.

4. Proxy materials relating to the Plan and the transactions contemplated thereby and a combined prospectus relating to the shares of PW Fund to be issued were mailed to applicant's shareholders on or about October 13, 1995. At a special meeting held on November 10, 1995, applicant's shareholders approved the Plan.

5. On November 20, 1995 (the ''Closing Date''), applicant had

[1] Applicant and PW Fund may be deemed to be affiliated persons of each other by reason of having a common investment adviser, common directors, and/or common officers. Although purchases and sales between affiliated persons generally are prohibited by section 17(a) of the Act, rule 17a–8 provides an exemption for certain purchases and sales among investment companies that are affiliated persons of each other solely by reason of having a common investment adviser, common directors, and/or common officers.

236,411,46.15 shares of common stock outstanding, having an aggregate net asset value of $236,258,547.89 and a per share net asset value of $1.00. There were no other classes of securities of applicant outstanding. Pursuant to the Plan, applicant transferred to PW Fund all rights, title, and interest in and to applicant's assets. In exchange therefor, PW Fund assumed all liabilities, debts, obligations, and duties of applicant, and issued to applicant the number of shares of PW Fund determined by dividing the net asset value of a share of applicant by the net asset value of a share of PW Fund, in each case as of the close of regular trading on the New York Stock Exchange, Inc. on the Closing Date.

6. On the Closing Date, applicant liquidated and distributed *pro rata* to its shareholders of record, determined as of the close of business on the Closing Date, the shares of PW Fund received by applicant in the reorganization, in exchange for such shareholders' shares of applicant.

7. The expenses incurred in connection with the reorganization consisted primarily of legal expenses, expenses of printing and mailing communications to shareholders, registration fees, and miscellaneous accounting and administrative expenses. These expenses totalled approximately $225,000 and were borne by applicant and PW Fund in proportion to their respective net assets.

8. As of the date of the application, applicant has no assets, debts or liabilities, and has no securityholders. Applicant is not a party to any litigation or administrative proceedings. Applicant is not now engaged, and does not propose to engage, in any business activities other than those necessary for winding-up of its affairs.

9. On November 20, 1995, applicant filed Articles of Transfer with the Maryland State Department of Assessments and Taxation. Applicant intends to file Articles of Dissolution with the State of Maryland.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–32958 Filed 12–26–96; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Release No. 22409; 811–5168]

PaineWebber/Kidder, Peabody California Tax Exempt Money Fund; Notice of Application

December 19, 1996.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of application for deregistration under the Investment Company Act of 1940 (the ''Act'').

APPLICANT: PaineWebber/Kidder, Peabody California Tax Exempt Money Fund.

RELEVANT ACT SECTION: Section 8(f).

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

FILING DATE: The application was filed on November 6, 1996.

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 January 13, 1997, and should be accompanied by proof of service on the 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 Fifth Street, N.W., Washington, D.C. 20549. Applicant, c/o Dianne E. O'Donnell, Legal Department, Mitchell Hutchins Asset Management Inc., 1285 Avenue of the Americas, 18th Floor, New York, New York 10019.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942–0584, or Mary Kay Frech, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is an open-end, non-diversified management investment company organized as a business trust under the laws of the Commonwealth of Massachusetts. On May 18, 1987, applicant registered under section 8(a) of the Act and filed a registration statement on Form N–1A pursuant to section 8(b) of the Act and the Securities Act of 1933, covering an indefinite number of shares of beneficial interest. The registration statement was declared effective on August 4, 1987, and the initial public offering of shares commenced thereafter.

2. On July 20, 1995, applicant's Board of Trustees approved an Agreement and Plan of Reorganization and Termination (''Plan'') between applicant and PaineWebber Managed Municipal Trust on behalf of its series, PaineWebber RMA California Municipal Money Fund (''PW Fund''), whereby PW Fund was to acquire all the assets of applicant in exchange solely for shares of beneficial interest in PW Fund and the assumption by PW Fund of all of applicant's liabilities. In accordance with rule 17a–8 of the Act, applicant's directors determined that the reorganization was in the best interests of applicant and that the interests of applicant's existing shareholders would not be diluted as a result.[1]

3. According to applicant's proxy statement, the trustees considered a number of factors in approving the Plan, including, (a) the compatibility of the investment objectives, policies, and restrictions of the funds, (b) the investment performance of the funds, (c) the effect of the reorganization on expected investment performance, (d) the effect of the reorganization on the expense ratio of the PW Fund relative to each fund's current expense ratio, and (e) possible alternatives to the reorganization, including continuing to operate on a stand-alone basis on liquidation.

4. Proxy materials relating to the Plan and the transactions contemplated thereby and a combined prospectus relating to the shares of PW Fund to be issued were mailed to applicant's shareholders on or about November 2, 1995. At a special meeting held on December 4, 1995, applicant's shareholders approved the Plan.

5. On December 11, 1995 (the ''Closing Date''), applicant had 120,122,110.24 shares of beneficial interest, par value $.001 per share of applicant outstanding, having an

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[1] Applicant and PW Fund may be deemed to be affiliated persons of each other by reason of having a common investment adviser, common directors, and/or common officers. Although purchases and sales between affiliated persons generally are prohibited by section 17(a) of the Act, rule 17a–8 provides an exemption for certain purchases and sales among investment companies that are affiliated persons of each other solely by reason of having a common investment adviser, common directors, and/or common officers.