

## SECURITIES AND EXCHANGE COMMISSION

### Proposed Collection; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549

#### Extension:

Rule 17a-19 and Form X-17A-19, SEC File No. 270-148, OMB Control No. 3235-0133

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) the Securities and Exchange Commission ("Commission") is soliciting comments on the collections of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 17a-19 requires National Securities Exchanges and Registered National Securities Associations to file a Form X-17A-19 with the Commission within 5 days of the initiation, suspension or termination of a member in order to notify the Commission that a change in designated examining authority may be necessary.

It is anticipated that approximately eight National Securities Exchanges and Registered National Securities Associations collectively will make 3,000 total annual filings pursuant to Rule 17a-19 and that each filing will take approximately 15 minutes. The total burden is estimated to be approximately 750 total annual hours.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: June 16, 1999.

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 99-15910 Filed 6-22-99; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23873; 812-11520]

### Salomon Brothers Series Funds Inc., et al.; Notice of Application

June 17, 1999.

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

**ACTION:** Notice of an application under section 17(b) of the Investment Company Act of 1940 (the "Act") for an exemption from section 17(a) of the Act.

#### SUMMARY OF THE APPLICATION:

Applicants request an order to permit Salomon Brothers Small Cap Growth Fund, series of Salomon Brothers Series Funds Inc., to acquire all of the assets and liabilities of the Smith Barney Special Equities Fund, a series of Smith Barney Investment Funds Inc. Because of certain affiliations, applicants may not rely on rule 17a-8 under the Act.

**Applicants:** Salomon Brothers Series Funds Inc. ("Salomon Brothers Fund"), Smith Barney Investment Funds Inc. ("Smith Barney Fund"), Salomon Brothers Asset Management Inc. ("SBAM"), and SSBC Fund Management Inc. ("SSBC," together with SBAM, the "Advisers").

**FILING DATES:** The application was filed on February 16, 1999. Applicants have agreed to file an amendment to the application during the notice period, the substance of which is reflected in this notice.

**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 applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on July 8, 1999, and should be accompanied by proof of service on applicants 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 who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549-

0609. Applicants, 7 World Trade Center, 38th Floor, New York, New York 10048.

#### FOR FURTHER INFORMATION CONTACT:

Bruce R. MacNeil, Staff Attorney, (202) 942-0634, or Michael W. Mundt, 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, 450 Fifth Street, NW, Washington DC 20549-0102 (telephone (202) 942-8090).

#### Applicant's Representations

1. Salomon Brothers Fund, a Maryland corporation, is registered under the Act as an open-end management investment company and is currently comprised of multiple series, including Salomon Brothers Small Cap Growth Fund (the "Acquiring Fund"). Smith Barney Fund, a Maryland corporation, is registered under the Act as an open-end management investment company. Smith Barney Special Equities Fund (the "Acquired Fund," together with the Acquiring Fund, the "Funds") is a series of the Smith Barney Fund.

2. SBAM is registered under the Investment Advisers Act of 1940 ("Advisers Act") and is the investment adviser to the Acquiring Fund. SBAM is wholly-owned by Salomon Brothers Holding Company ("SBHC"), which is wholly-owned by Salomon Smith Barney Holdings Inc. ("Holdings"). As of April 23, 1999, SBHC owned approximately 31.6% of the outstanding shares of the Acquiring Fund. SSBC is registered under the Advisers Act and is the investment adviser to the Acquired Fund. SSBC is wholly-owned by Holdings.

3. On January 7, 1999, and January 11, 1999, the boards of directors of Salomon Brothers Fund and Smith Barney Fund ("Boards"), including a majority of the directors who are not "interested persons," as defined in section 2(a)(19) of the Act ("Independent Directors"), respectively, approved a Plan of Reorganization ("Plan"). Under the Plan, on the closing date as defined in the Plan ("Closing Date"), the Acquiring Fund will acquire all of the assets and liabilities of the acquired Fund in exchange for shares in the Acquiring Fund ("the Reorganization"). Following the Reorganization, each Acquired Fund shareholder will receive shares of a corresponding class of the Acquiring Fund that have an aggregate net asset value ("NAV") equal to the aggregate

NAV of the Acquired Fund's shares held by that shareholder on the Closing Date. Applicants anticipate that the Closing Date will be on or around July 9, 1999.

4. Applicants state that the investment objectives and policies of the Acquiring and Acquired Funds are generally similar. In addition, applicants state that the characteristics of these respective classes of the Acquiring Fund are substantially the same as those of the corresponding classes of the Acquired Fund. The Acquiring Fund offers Class A shares, Class B shares, Class 2 shares, and Class O shares. The Acquired Fund offers Class A shares, Class B shares, Class L shares, and Class Y shares. The Acquired Fund currently has no Class Y shareholders. Class A, Class B, and Class L shareholders of the Acquired Fund will receive Class A, Class B, and Class 2 shares, respectively, of the Acquiring Fund. Class A shares of the Acquiring and Acquired Fund are generally subject to a maximum front-end sales charge of 5.75% and 5.00%, respectively. Class B shares of the Acquiring Fund are subject to a maximum contingent deferred sales charge ("CDSC") of 5.00%, declining to zero seven years after purchase. Class B shares of the Acquired Fund are subject to a maximum DCSC of 5.00%, declining to zero five years after purchase. Class B shares of the Acquiring Fund received in exchange for Class B shares of the Acquired Fund as a result of the Reorganization will continue to be subject to the DCSC schedule in effect for the Acquired Fund at the time of purchase. Class 2 shares of the Acquiring Fund and Class L shares of the Acquired Fund are sold with a front-end sales charge of 1.00% and are subject to a CDSC if redeemed within one year of purchase. For purposes of calculating the CDSC, shareholders of the Acquired Fund will be deemed to have held shares of the corresponding class of the Acquiring Fund since the date the shareholders initially purchased the shares of the Acquired Fund. No sales charge will be imposed in connection with the Reorganization.

5. The Boards, including all of the independent Directors, determined, after considering relevant factors, that the Reorganization is in the best interests of the Acquired Fund's and Acquiring Fund's shareholders, and that the interests of the existing shareholders would not be diluted by the Reorganization. In approving the Plan, the Boards considered factors including (a) the benefits of managing the Funds as a single Fund; (b) the tax free-nature of the Reorganization; (c) increased

operational efficiencies; (d) shareholder expenses after the Reorganization; and (e) the potential benefits to Fund affiliates, including SSBC and SBAM. SBAM will be responsible for expenses incurred in connection with the Reorganization.

6. The Reorganization is subject to a number of conditions precedent, including that: (a) The Acquiring and Acquired Funds receive opinions of counsel that the Reorganization will be tax-free for each Fund and its shareholders; (b) the Acquired Fund's shareholders approve the Plan; and (c) applicants receive from the SEC an exemption from section 17(a) of the Act for the Reorganization. The Plan may be terminated by mutual agreement of the parties at any time prior to the Closing Date. In addition, either party may terminate the Plan if (a) the other party materially breaches a representation, warranty, or agreement contained in the Plan or (b) a condition precedent to the terminating party's obligations cannot be met.

7. Definitive proxy solicitation materials have been filed with the SEC and were mailed to the Acquired Fund's shareholders on April 12, 1999. A special meeting of the Acquired Fund's shareholders was held on May 28, 1999, and the Plan was approved.

#### **Applicants' Legal Analysis**

1. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company, or an affiliated person of such a person, acting as principal, from selling any security to, or purchasing any security from, the company. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include (a) any person directly or indirectly owning, controlling, or holding with power to vote 5% or more of the outstanding voting securities of the other person; (b) any person 5% or more of whose securities are directly or indirectly owned, controlled, or held with power to vote by the other person; (c) any person directly or indirectly controlling, controlled by or under common control with the other person; and (d) if the other person is an investment company, any investment adviser of that company.

2. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons, or affiliated persons of an affiliated person, solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain

conditions set forth in the rule are satisfied.

3. Applicants believe that they may not rely on rule 17a-8 in connection with the Reorganization because the Funds may be deemed to be affiliated by reasons other than having a common investment adviser, common directors, and/or common officers. Applicants state that the Acquiring Fund may be deemed to be an affiliated person of SBHC because SBHC owns more than 25% of the outstanding voting securities of the Acquiring Fund. Additionally, SBAM and SBHC are under the common ownership and control of Holdings. Because of this ownership, the Acquiring Fund may be deemed an "affiliated person of an affiliated person" of the Acquired Fund.

4. Section 17(b) of the Act provides that the SEC may exempt a transaction from the provisions of section 17(a) if the 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 each registered investment company concerned and with the general purposes of the Act.

5. Applicants request an order under section 17(b) of the Act exempting them from section 17(a) to the extent necessary to consummate the Reorganization. Applicants believe that the terms of the Reorganization are fair and reasonable and do not involve overreaching. Applicants state that the Reorganization will be based on the relative NAVs of the Acquiring and Acquired Funds' shares. Further, applicants state that the Funds have similar investment objectives and policies. Finally, applicants state that the Boards, including all of the Independent Directors, determined that the Reorganization is in the best interests of each Fund and that the interests of the shareholders of the Funds will not be diluted.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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