

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-28466; 812-13585]

Reserve Municipal Money-Market Trust, et al.; Notice of Application and Temporary Order

October 24, 2008

Agency: Securities and Exchange Commission (“Commission”).

Action: Notice of application and a temporary order under Section 22(e)(3) of the Investment Company Act of 1940 (the “Act”).

Summary of Application: Applicants request a temporary order to permit certain of their series to suspend the right of redemption of their outstanding redeemable securities and to postpone payment for shares which have been submitted for redemption for which payment has not been made.

Applicants: Reserve Municipal Money-Market Trust on behalf of two of its series, Arizona Municipal Money-Market Fund and Minnesota Municipal Money-Market Fund; Reserve Municipal Money-Market Trust II, on behalf of nine of its series, Interstate Tax-Exempt Fund, California Municipal Money-Market Fund, Connecticut Municipal Money-Market Fund, Florida Municipal Money-Market Fund, Michigan Municipal Money-Market Fund, New Jersey Municipal Money-Market Fund, Ohio Municipal Money-Market Fund, Pennsylvania Municipal Money-Market Fund and Virginia Municipal Money-Market Fund; Reserve New York Municipal Money-Market Trust on behalf of its single series, New York Municipal Money-Market Fund; and Reserve Short-Term Investment Trust on behalf of one of its series, Reserve Yield Plus Fund (Reserve Municipal Money-Market Trust, Reserve Municipal Money-Market Trust II, Reserve

New York Municipal Money-Market Trust, and Reserve Short-Term Investment Trust, collectively, the “Applicants” or the “Trusts,” and each such series of Reserve Municipal Money-Market Trust, Reserve Municipal Money-Market Trust II and Reserve New York Municipal Money-Market Trust, a “Money Market Fund”).

Filing Date: The application was filed on October 14, 2008 and amended on October 24, 2008.

Hearing or Notification of Hearing: Interested persons may request a hearing by writing to the Commission’s Secretary and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 pm on [insert date 15 days after date of publication in the Federal Register], 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 Commission’s Secretary.

Addresses: Secretary, U.S. Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090. Applicants, 1250 Broadway, New York, NY 10001-3701.

For Further Information, Contact: Brian P. Murphy, Senior Counsel, at (202) 551-6825 (Division of Investment Management, Office of Chief Counsel).

Supplementary Information: The complete application may be obtained for a fee at the Commission’s Public Reference Room, 100 F Street, NE, Washington, DC 20549-1520 (tel. 202-551-5850).

Applicants’ Representations:

1. Each of the Money Market Funds and the Reserve Yield Plus Fund (collectively, the “Funds”) is an open-end management investment company registered with the Commission under the Act. Each Money Market Fund is a money market fund that operates in a manner consistent with Rule 2a-7 under the Act and that seeks a high level of short-term interest income exempt from certain taxes as is consistent with the preservation of capital and liquidity. The Reserve Yield Plus Fund seeks as high a level of current income as is consistent with the preservation of capital and liquidity.

2. The Funds have been subject to a heavy level of redemption requests. For example, from September 12, 2008 to October 8, 2008, the total net assets of some of the Funds have declined as follows: (1) the Interstate Tax-Exempt Fund’s total net assets declined from \$1.78 billion to \$154.6 million; (2) the Michigan Municipal Money-Market Fund’s total net assets declined from \$29.1 million to \$5.3 million; (3) the New Jersey Municipal Money-Market Fund’s total net assets declined from \$72.2 million to \$20.9 million; (4) the Ohio Municipal Money-Market Fund’s total net assets declined from \$30.9 million to \$5.6 million; (5) the Pennsylvania Municipal Money-Market Fund’s total net assets declined from \$74.4 million to \$2.6 million; and (6) the New York Municipal Money-Market Fund’s total net assets declined from \$180.7 million to \$91.8 million. The decline of each Fund’s total net assets was largely caused by heavy redemption requests and not declining values associated with portfolio holdings. There has been no abatement of the redemptions, and there is no reasonable basis for believing that redemptions will abate.

3. The Funds’ have made efforts to raise cash to satisfy redemptions from the Funds through the sale of certain short-term portfolio securities or maturation of other

portfolio securities. The Funds are or soon will be limited in the amount of portfolio securities that can be sold at or above amortized cost or that will mature in seven days or less. The Funds' other portfolio securities can only be sold at below amortized cost (possibly at fire-sale prices) due to the extreme illiquidity and limited bids in the markets. In the view of the boards of trustees of each Trust, including a majority of the trustees who are not interested persons of such Trust within the meaning of Section 2(a)(19) of the Act, (the "Boards"), and the investment adviser (the "Adviser"), such sales would be inconsistent with the Funds' investment objectives of preservation of capital and harmful to non-redeeming shareholders.

4. In response to these developments, on October 8, 2008, the Boards, taking into account the recommendations of the Adviser, determined to liquidate the Funds.

5. On October 8, 2008, the Boards also determined that it would be in the best interest of each Fund's shareholders to suspend the right of redemption and postpone the date of payment or satisfaction upon redemption for more than seven days to allow Applicants the ability to liquidate the portfolio securities of the Funds in an orderly manner and allow the additional securities held by each Fund to mature. In addition, the Boards determined to request an order under Section 22(e)(3) of the Act.

Applicants' Legal Analysis:

1. Section 22(e)(1) of the Act generally provides that a registered investment company may not suspend the right of redemption or postpone the date of payment or satisfaction upon redemption of any redeemable security in accordance with its terms for more than seven days after the tender of such security to the company or its designated agent except for any period during which the New York Stock Exchange ("NYSE") is

closed other than customary week-end and holiday closings, or during which trading on the NYSE is restricted.

2. Section 22(e)(2) of the Act provides that the seven-day redemption period does not apply for any period during which an emergency exists, as determined by Commission rules and regulations, as a result of which the disposal by a registered investment company of portfolio securities is not reasonably practicable or it is not reasonably practicable for the registered investment company fairly to determine the value of its net assets.

3. Section 22(e)(3) of the Act provides that redemptions may be suspended by a registered investment company for such other periods as the Commission may by order permit for the protection of security holders of the registered investment company.

4. Applicants submit that granting the requested relief is for the protection of each Fund's shareholders, as provided in Section 22(e)(3) of the Act. Applicants assert that, in requesting an order by the Commission, the Boards' goal is to ensure that each of the Funds' shareholders will be treated appropriately in view of the otherwise detrimental effect on each Fund of the recent unprecedented illiquidity of the markets and extraordinary levels of redemptions that the Funds have experienced. Current market conditions continue to be extraordinary, and the requested relief is intended to cause an orderly liquidation of each of the Funds' portfolio securities and ensure that all of their respective shareholders are protected in the process.

5. Applicants further submit that the relief is appropriate because: (1) the Boards: (a) taking into account the recommendations of the Adviser, determined on October 8, 2008 to liquidate the Funds, (b) determined, on October 8, 2008, that a

suspension of redemption is in the best interest of each Fund's shareholders, (c) determined, on October 8, 2008, that a postponement of payment for shares which have been submitted for redemption for which payment has not been made is in the best interest of each Fund's shareholders, and (d) promptly will create plans for the orderly liquidation of each Fund's assets and for the appropriate payments to each Fund's shareholders, including those whose redemption orders have been received but not yet paid, which plans will be subject to Commission supervision and which plans will include a planned schedule of possible payments to Fund shareholders that is based on the maturities of the portfolio securities held by each Fund; (2) each Fund has previously suspended sales as of September 18, 2008; (3) each Fund will make and keep appropriate records surrounding these events; and (4) each Fund continuously will provide timely and appropriate information, including initial and ongoing disclosure about the plan and its implementation, to its shareholders, via Web site or otherwise.

Commission Finding:

Based on the representations in the application, including those relating to the current extraordinary market conditions and the Boards' October 8, 2008 determinations, the Commission permits the temporary suspension of the right of redemption and postponement of payment for shares which have been submitted for redemption for which payment has not been made by the Funds for the protection of the Funds' security holders. Under the circumstances described in the application, which require immediate action to protect the Funds' security holders, the Commission concludes that it is not practicable to give notice or an opportunity to request a hearing before issuing the order.

In addition, under the circumstances described in the application, the Commission concludes that the order should be effective as of the date of the actions of the Boards.

IT IS ORDERED, pursuant to Section 22(e)(3) of the Act, that the requested relief from Section 22(e) of the Act is granted with respect to each Fund until that Fund has liquidated, or until the Commission rescinds the order granted herein. This order shall be in effect as of October 8, 2008.

By the Commission.

Florence E. Harmon  
Acting Secretary