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**Sidney Koch**

*Lead Independent Director/Trustee and Chairman of the Contracts Committee  
ING Series Fund, Inc. and ING VP Money Market Portfolio*

September 5, 2008

*Filed Electronically*

Ms. Florence E. Harmon  
Acting Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

Re: References to Ratings of Nationally Recognized Statistical Rating Organizations, Investment Company Act Release No. 28327, File No. S7-19-08

Dear Ms. Harmon:

The undersigned is the Lead Independent Director/Trustee and Chairperson of the Contracts Committee of the Boards of Directors/Trustees of ING Series Fund, Inc. ("ISFI") and ING VP Money Market Portfolio ("IMMP"), two registered investment companies operating within the ING complex of mutual funds.<sup>1</sup> ISFI and IMMP include three money market funds, each of which determines its net asset value per share in accordance with Rule 2a-7 under the Investment Company Act of 1940, as amended (the "1940 Act"). I am writing on behalf of all of the Independent Directors and Trustees of ISFI and IMMP (collectively, the "Independent Directors") to express our collective views regarding certain aspects of the proposed amendments to Rule 2a-7 (the "Proposed Amendments") set forth in the recent release by the Securities and Exchange Commission (the "Commission") entitled "References to Ratings of Nationally Recognized Statistical Rating Organizations," Investment Company Act Release No. 28327, File No. S7-19-08 (July 1, 2008) (the "Proposing Release").

At the outset, we wish to emphasize that the Independent Directors greatly appreciate the work of the Commission over the years in responding to changes in the securities markets as appropriate to ensure that Rule 2a-7 continues to limit the risk to investors in money market funds of share price volatility. In part because of these efforts, money market funds have become the product of choice for investors in the U.S. seeking protection of principal and daily liquidity in combination with reasonable returns. As such, money market funds are an important symbol of trust for an industry that depends upon public trust for its long-term viability.

Recognizing the importance of this product to the entire mutual fund industry, we wish to voice our objection to the Commission's proposal to eliminate those requirements of the Rule that impose limitations on investments by money market funds based upon credit ratings established by nationally

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<sup>1</sup> The ING complex of mutual funds consists of 214 funds with total assets of approximately \$91.0 billion. The complex includes five money market funds, three of which operate under the purview of the Boards of Directors/Trustees of ISFI and IMMP and two of which operate under the purview of a separate board of trustees within the complex.

recognized statistical rating organizations (“NRSROs”).<sup>2</sup> For the reasons discussed below, we believe that the elimination of the current ratings requirements in Rule 2a-7 will result in some money market funds assuming greater credit risk in their portfolios (intentionally or unintentionally), thereby increasing the likelihood that one or more money market funds will “break the buck,” an event that would have potentially disastrous consequences for the industry.

1. Investors Would Lose the Protection Provided by Objective and Independent Quality Determinations

Currently, Rule 2a-7 requires two separate quality determinations before a money market fund may acquire a security for its portfolio, one of which is primarily subjective and one of which is primarily objective. First, the Rule requires that the fund’s board of directors (or its delegate) makes a determination that the security presents minimal credit risks. Whether a security presents minimal credit risks is a subjective determination ordinarily made by the fund’s investment adviser, as delegate of the board, based on factors pertaining to credit quality, which factors are in addition to any rating assigned to the security by an NRSRO. Second, Rule 2a-7 requires that the security qualifies as an “Eligible Security”, which generally involves an objective determination that, among other things, the security has been rated by the requisite number of NRSROs in one of the two highest short-term rating categories (or if unrated, is of comparable quality as determined by the board or its delegate). Rule 2a-7 also requires that “Eligible Securities” be classified as either “First Tier Securities” or “Second Tier Securities” based upon NRSRO credit ratings (or determinations of comparability for unrated securities) and further limits the extent to which a fund may invest in “Second Tier Securities.”

If adopted, the Proposed Amendments would eliminate the NRSRO ratings requirements from the definitions of “Eligible Security” and “First Tier Security.” Instead, a security would qualify as an “Eligible Security” based upon a subjective determination that the security “presents minimal credit risks (which determination must be based on factors pertaining to credit quality and the issuer’s ability to meet its short-term financial obligations)”, and the security would be classified as a “First Tier Security” based solely on a subjective determination by the board or its delegate that the security “has the highest capacity to meet its short-term financial obligations.” Accordingly, the Proposed Amendments would generally empower the investment adviser of each money market fund (acting as a delegate of the fund’s board) to determine the quality and, therefore, eligibility and classification of each security based solely on its own application of subjective standards.

We believe that the credit ratings offered by NRSROs provide an independent and objective check, or second opinion, on the credit quality evaluation made by the board or its delegate (typically the investment adviser). Moreover, because ratings are determined by independent third parties, the minimum credit ratings requirements of the Rule provide some assurances to investors that quality determinations by the investment adviser have not been influenced by the adviser’s pursuit of attractive investment returns. The Proposed Amendments, if adopted, would deprive investors of the benefits provided by that independent and objective check or second opinion.

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<sup>2</sup> Although not addressed directly in this comment letter, we support the efforts of the Commission to improve the integrity of the credit rating procedures and methodologies of NRSROs, as well as disclosure of certain conflicts of interest that occur from time to time in the credit rating process.

2. Investors Would Be Deprived of a Baseline for Measuring Portfolio Quality

In addition to serving as an independent and objective check, or second opinion, on the subjective determination of a security's credit quality, the minimum credit ratings requirements also serve as a baseline to measure the credit quality of the portfolios of all money market funds on a consistent basis throughout the industry. A uniform baseline for measuring quality permits investors to evaluate the relative risk profiles of different money market funds, without regard to the subjective determinations of credit quality provided by each fund's board or its delegate, which determinations are non-transparent and inherently different from board to board and delegate to delegate. Without a uniform measure of quality, there is a substantial risk that investors will be confused when seeking to compare the credit quality of the portfolios of competing money market funds.

3. Minimum Credit Ratings Create a Reasonably Level Playing Field Among All Money Market Funds

The minimum credit ratings requirements contained in the definitions of "Eligible Security" and "First Tier Security" in Rule 2a-7 have the practical effect of creating a reasonably level playing field among all money market funds with respect to minimum acceptable quality standards to be maintained within a portfolio. For most money market funds, at least 95% of the fund's assets ordinarily must consist of (i) securities that have been rated by NRSROs in the highest short-term ratings categories, (ii) U.S. government securities (which, although usually unrated, are considered to have credit risk profiles comparable to securities rated in the NRSROs' highest short-term ratings categories), and (iii) unrated securities of comparable quality. The minimum credit ratings requirements, therefore, effectively limit the ability of investment advisers to enhance yields by allowing their funds to assume materially greater credit risk. In addition, these requirements ensure that, regardless of the skill of the board or delegate or the quality of the board's or delegate's credit evaluation process, each money market fund's exposure to credit risk (and accordingly the risk of price volatility) will be limited substantially to the same extent.

Eliminating the minimum credit ratings requirements in Rule 2a-7 and only requiring subjective credit quality determinations, as contemplated by the Proposing Release, can be expected to result in some money market funds pushing for higher yields by aggressively applying loose credit quality standards, thereby increasing the risk that one or more money market funds will eventually "break the buck." A fund with more credit risk, and thus, more volatility, will also have greater difficulty in minimizing deviations between its stabilized share price and the market value of its portfolio, which is potentially dilutive to shareholders and inconsistent with the spirit of the Rule. Moreover, those money market funds that operate with tight credit quality standards generally will be placed at a competitive disadvantage relative to those funds that aggressively apply looser credit quality standards.

4. Fund Boards Would Assume Additional Responsibility for Determining Whether a Security is a "First Tier Security" or "Second Tier Security"

The Proposed Amendments would require boards to establish standards for determining whether a security qualifies as a "First Tier Security" or "Second Tier Security" based on whether the security "has the highest capacity to meet its short-term financial obligations." We do not believe that the boards of directors of most money market funds are well-suited for making these quality determinations. Few directors have the background to evaluate the credit worthiness of a security or develop sophisticated processes for evaluating credit quality similar to the processes of the NRSROs, or even of a money market fund's investment adviser. Moreover, we believe that the role of a board with respect to investment management decisions should be limited to the exercise of responsible oversight of the fund

and its investment adviser's operations, and that the board should not be involved in the day-to-day investment decision-making process of the fund, as would potentially be needed to develop credit standards and monitor the manner in which such standards are being applied. We believe that the allocation of such responsibilities to boards of directors of mutual funds is inconsistent with the spirit and intent of the 1940 Act and with principles of good governance applicable generally to all public companies. The allocation of such duties to boards of directors will impose significant burdens on directors and may impair the overall effectiveness of boards in exercising responsible oversight of management and discharging their other important statutory and regulatory obligations to funds and shareholders.

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Rule 2a-7 has functioned effectively for more than 25 years and credit ratings requirements, in one form or another, have been important elements of the Rule at all times since its adoption. To our knowledge, since the Rule's adoption in 1983, only one money market fund has "broken a buck", which we believe is evidence of the effectiveness of the various components of the Rule, including the credit ratings requirements. For all of the reasons identified above, the Independent Directors strongly recommend that the Commission not adopt those aspects of the Proposed Amendments that would eliminate, in whole or in part, the credit ratings requirements of the Rule.

We greatly appreciate the opportunity to comment on the Proposing Release. If you have any questions concerning these comments, please do not hesitate to contact the undersigned at the number provided above.

Sincerely,



Sidney Koch

cc: Honorable Christopher Cox, Chairman  
Honorale Kathleen L. Casey, Commissioner  
Honorale Elisse B. Walter, Commissioner  
Honorale Luis A. Aguilar, Commissioner  
Honorale Troy A. Paredes, Commissioner  
Andrew J. Donohue, Director, Division of Investment Management  
Robert E. Plaze, Associate Director, Division of Investment Management  
Erik R. Sirri, Director, Division of Market Regulation  
Dr. Albert E. DePrince, Jr., Independent Director  
Russell H. Jones, Independent Director  
Dr. Corine T. Norgaard, Independent Director  
Joseph E. Obermeyer, Independent Director