

January 7, 2005

Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

**Re: Proposed FSP EITF 85-24-a—Application of EITF Issue No. 85-24,
"Distribution Fees by Distributors of Mutual Funds That Do Not
Have a Front-End Sales Charge," When Cash for the Right to
Future Distribution Fees for Shares Previously Sold Is Received
from Third Parties**

Dear Sir or Madam:

The purpose of this letter is to comment on the proposed FSP referenced above. Thank you for the opportunity for ING Funds to give input on this very important industry issue.

ING strongly supports the direction taken by FASB in the FSP and agrees with the premise that revenue recognition is appropriate when the distributor has received payment from a third party purchaser and has effectively transferred the risks associated with any gains or losses to the purchaser, without continuing involvement or recourse (beyond the scope permitted in paragraph 9) being retained by the distributor.

We believe that our program satisfies the basic criteria described in the FSP, but would appreciate clarification of some of the language in the FSP to make it more consistent with the position outlined in FSP paragraphs 8 to 11. Some of the issues are as follows (references to B share financing transactions relate to ING Funds' transactions and related documents):

Paragraph 9(c)- In our transactions, there are some levels of restrictions on the "consolidated group's" ability to effect changes in the service providers to the funds. These restrictions are meant to maintain the integrity of the cash flow collections and to keep the characteristics of the portfolio assets generating the cash flows consistent with the characteristics of the portfolio assets at the time of the original transaction.

The purchaser does not want the seller to take actions that would impede its ability to collect the fees it has paid for. However, the Board of Directors of the funds can make such changes to the service providers as they see fit, and the transaction documents allow for that.

Accordingly, we believe that paragraph 9(c) should be modified to remove the reference to the consolidated group.

Paragraph 22- Consistent with the foregoing comment on paragraph 9(c), only limitations on the Board of Directors should preclude revenue recognition, not limitations on the consolidated group.

Paragraph 25- This paragraph should be expanded to permit, as consistent with revenue recognition, indemnifications that (a) are intended to protect the purchaser's rights in the cash flows, or (b) do not (i) guaranty rates of returns or (ii) result in the distributor retaining any disproportionate risk or reward interest relative to the rights that are sold. The paragraph should also state that these indemnities are not considered recourse, in addition to not being considered continuing involvement.

In paragraph 6, you acknowledge that 12b-1 sale transactions may include indemnities that protect third party purchasers in certain events. There are standard indemnities in these deals that generally go to protecting the purchaser's rights to the 12b-1 and CDSC payments. They are usually considered either remote or de minimis, and they don't represent a disproportionate risk or reward relative to the rights that were sold. Furthermore, they don't protect or guarantee a rate of return to the purchaser, or protect against market fluctuations.

Many of the types of indemnities in B Share transactions are present in other sale transactions as well, including, for example, indemnities protecting the purchaser against the seller's breach of representations or warranties and covenants, or against litigation asserted against the purchaser in connection with the sale program. In our case, such indemnifications do not take away the transference to the purchaser of the market risk or risk of fluctuations in the net asset value of the assets. Nor do they remove the purchaser's risk of regulatory changes with respect to receivables that have been sold. The indemnities generally are designed to protect the purchaser's rights in the cash flows, including limiting our deliberate actions that would impair the cash flows.

Subsequent to entering into a B Share sale/purchase transaction, if there were an event where indemnification became likely, the appropriate response would be for the distributor or other entity in the consolidated group to analyze any potential liabilities in accordance with FAS 5, and record a liability on its books and financial statements as appropriate.

We believe that the nature of these transactions as structured appropriately gives rise to revenue recognition at the time of the transactions. The program documents transfer the risks and rewards to the purchaser and there is no recourse or continuing involvement to the distributor.

Again, ING Funds appreciates the attention the Board is giving to this issue and for the opportunity to provide our input.

Thank you.

Sincerely,

Michael J. Roland, CPA CFA
Executive Vice President
Chief Financial Officer
ING Funds