



Money market reform changes client eligibility

We wanted to remind you about Securities and Exchange Commission (SEC) regulations regarding money market funds that go into effect October 14, 2016, and provide an update on how the new rules will affect certain institutional investors.

After October 14, 2016, only those investors who fit the SEC's definition of a retail investor (i.e., "natural persons") will be permitted to invest in retail-designated money market funds. All Vanguard money market funds—with the exception of Vanguard Federal Money Market Fund, Vanguard Treasury Money Market Fund, and Vanguard Variable Insurance Fund Money Market Portfolio—are retail funds.

As an intermediary who may work with endowments, foundations, defined benefit plans, corporate cash managers, or other investors who will be deemed "institutional" investors under the new rules, you will need to review your client base to ensure that only retail assets are invested in Vanguard Prime Money Market Fund or any of our tax-exempt money market funds.

Please refer to the [Investment Company Institute Social Code Categorization Matrix](#) to see specifically what accounts are classified as "institutional".

In order to comply with these new rules, we will have to liquidate ineligible holdings from our money market funds in advance of the October 14, 2016, deadline. As such, institutional investors should strongly consider transitioning out of our retail money market funds by early August to avoid having their accounts liquidated. For affected clients, their stable net asset value (NAV) Vanguard options will be limited to government money market funds, such as Vanguard Federal Money Market Fund. Please note that the cutoff time for same-day wire purchases and redemptions is 10:45 a.m., Eastern time for our government money market funds.

If you have institutional clients affected by these new requirements, please let us know your plans for complying so that we can assist you during the transition. We will no longer accept new purchases, exchanges, or transfers for any account with an institutional social code into our retail money market funds beginning in May of 2016. Any such transactions will be rejected and the funds automatically returned.

Please contact your Vanguard Relationship Management Team at **800-232-6171** or by [email](#) with any questions you have about this announcement.

Legal notices

For more information about Vanguard funds, visit advisors.vanguard.com or call 800-997-2798 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

All investing is subject to risk, including the possible loss of the money you invest.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in such a fund.

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