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March 15, 2013

Submitted electronically

Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

**RE: NYSE Petition for Rulemaking Under Section 13(f)
of the Securities Exchange Act of 1934; File No. 4-659**

Dear Ms. Murphy:

The Vanguard Group, Inc. (“Vanguard”)¹ appreciates the opportunity to express its views to the Commission on the petition for rulemaking under Section 13(f) of the Securities Exchange Act of 1934 (“Exchange Act”) that was submitted on February 1, 2013 by NYSE Euronext (“NYSE”), along with the Society of Corporate Secretaries and Governance Professionals and the National Investor Relations Institute (the “NYSE Petition”). We strongly oppose the NYSE Petition’s proposed shortening of the reporting deadline applicable to institutional investment managers under Exchange Act Rule 13f-1 from 45 calendar days after calendar quarter end to two business days after calendar quarter end. A shorter delay for release of this information could expand the opportunities for predatory trading practices that harm the interests of mutual fund shareholders.

Vanguard’s mutual funds and ETFs invest in thousands of issuers to seek to provide long-term investment returns for fund shareholders. We are concerned that the release of information contained in Form 13F reports on a mere two-day delay provides opportunities for hedge funds, speculators, proprietary trading desks, and certain other professional traders to exploit the information in ways that are harmful to fund shareholders, particularly by “front running” fund trades. If multiple days are required to move a position, a two-day delay could invite speculators to front run a fund’s trades in the middle of a trading strategy. Such predatory practices could erode fund returns at the expense of fund shareholders. A holdings disclosure requirement that enables sophisticated professional traders to profit at the expense of less sophisticated retail fund shareholders is not in the best interests of investors or our capital markets.

¹ Vanguard is an SEC-registered investment adviser with over \$2 trillion in assets under management. Vanguard offers more than 180 mutual funds, including 65 exchange-traded funds (“ETFs”) that are Section 13(f) reportable securities, and 48 ETFs that are listed issuers on NYSE Arca, Inc.

The Commission has long recognized that frequent portfolio holdings disclosure has the potential to harm mutual fund investors. In February 2004, the Commission adopted a requirement that investment companies (mutual funds and ETFs) disclose their full portfolio holdings quarterly with a 60-day delay, stating:

[S]ome commenters, including individual investors and investor advocacy groups, suggested that portfolio disclosure be required even more frequently, such as monthly, or that the proposed delay for filing the quarterly disclosure be shortened to 30 days . . . We have determined to adopt the proposed requirement for quarterly disclosure of portfolio holdings with a 60-day delay. We are not requiring more frequent portfolio disclosure, or a shorter delay, because we take seriously concerns that frequent portfolio holdings disclosure and/or a shorter delay for the release of this information may expand the opportunities for predatory trading practices that harm fund shareholders.²

We submit that the NYSE Petition's proposed two-day reporting period is not in the public interest because it primarily benefits short-term traders at the expense of long-term investors, including mutual fund shareholders. Professional traders consider front running a potentially valuable strategy. We are aware of services that seek to capitalize on holdings information for this purpose, selling stock selections to subscribers based on the service's analysis of what mutual funds and other institutional investors are buying at the moment.

We are primarily concerned about the investment management implications of the NYSE Petition. However, we also believe that a two-day reporting requirement could create undue burdens for fund managers. The Commission has recognized that a reporting system such as the one governed by Section 13(f) can involve significant costs to institutional investors, as well as unforeseen complications.³ Two business days may not allow sufficient time to aggregate, verify, and file the information required by Form 13F. Moreover, the number and frequency of public and regulatory filings requirements on investment companies and their investment managers has increased significantly since the implementation of Rule 13f-1.⁴

The reporting system required by Section 13(f) was "designed to improve the body of factual data available and thus facilitate consideration of the influence and impact of

² *Shareholder Reports and Quarterly Portfolio Disclosure of Registered Management Investment Companies*, Investment Company Act Release No. 26372 (Feb. 27, 2004) (emphasis added).

³ *Filing and Reporting Requirements Relating to Institutional Investment Managers*, Exchange Act Release No. 14852 (June 15, 1978) ("1978 Adopting Release").

⁴ For example, investment companies are required to file annual and semi-annual reports and related information on Form N-CSR and Form N-SAR after their second and fourth fiscal quarters on a 60-day delay and mail annual and semi-annual reports to shareholders; complete portfolio holdings on Form N-Q after their first and third fiscal quarters with a 60-day delay; and file proxy voting results on Form N-PX on an annual basis and post that information on their web sites. Money market funds are required to make all of these filings and also to file Form N-MFP on a monthly basis with a 60-day delay. In addition, large traders, such as registered investment advisers, are required to make certain disclosures on Form 13H on an annual basis with a 45-day delay.

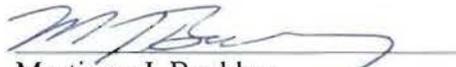
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institutional investment managers on the securities markets and the public policy implications of that influence.”⁵ For the reasons discussed above, we oppose the proposed shortening of the quarterly reporting deadline under Rule 13f-1. However, we would support the Commission undertaking a thoughtful and comprehensive review of the Section 13(f) reporting and filing requirements for mutual funds at the appropriate time.

* * *

We appreciate the opportunity to provide comments on this important issue. If you have any questions or require additional information, please contact me or Natalie Bej, Principal in Vanguard’s Legal Department, at (610) 503-5693.

Sincerely,


Mortimer J. Buckley
Managing Director and Chief Investment Officer

cc: Norm Champ, Director – Division of Investment Management
John Ramsay, Acting Director – Division of Trading and Markets
James R. Burns, Deputy Director – Division of Trading and Markets

⁵ 1978 Adopting Release.