

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 104993 / March 13, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22435

In the Matter of	:	SECOND EXTENSION ORDER
	:	
Vanguard Group, Inc.,	:	
	:	
Respondent.	:	
	:	

The Division of Enforcement (“Division”) has requested an extension of time until July 31, 2026 to submit a Proposed Plan of Distribution under Rule 1101(a) of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1101(a).

On January 17, 2025, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, and Section 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”)¹ against Vanguard Group, Inc. (the “Respondent”). In the Order, the Commission found that Vanguard made misleading statements concerning potential tax consequences to investors in the Vanguard Investor Target Retirement Funds (“Investor TRFs”) in taxable accounts. In November 2020, Vanguard made a recommendation to lower the minimum initial investment amount for a separate series of Vanguard target date retirement

¹ Securities Act Rel. No. 11359 (Jan. 17, 2025)

funds designed for institutional investors (“Institutional TRFs”) that resulted in historically larger capital gains distributions and tax consequences for certain retail investors in the Investor TRFs who held them in taxable accounts. According to the Order, Vanguard distributed misleading statements in prospectuses for Investor TRFs, that failed to disclose the potential for increased capital gains distributions for certain investors resulting from the redemptions of fund shares by newly eligible investors switching from the Investor TRFs to the Institutional TRFs. The Commission further found that Vanguard failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and rules thereunder with respect to the accuracy of the funds’ disclosures.

The Commission ordered the Respondent to pay \$14.7 million in disgorgement and \$3.5 million in prejudgment interest, which would be deemed satisfied by Vanguard’s payments totaling \$92.91 million to settle related actions with state regulators. The Commission also ordered the Respondent to pay a \$13.5 million civil money penalty to the Commission, and created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002 (“SOX”), so the penalty collected can be distributed to harmed investors (the “Fair Fund”). The Order further specified that the \$92.91 million in settlement proceeds paid by Vanguard would be received and accepted by the Commission and added to the Fair Fund pursuant to Section 308(b) of SOX.

In addition, Vanguard’s settlement agreements with state regulators included an offset in the amount of \$40 million for Vanguard’s settlement of a class action pending against it in the Eastern District of Pennsylvania (“Class Action Settlement”).² The Order specified that if the Court rejected the Class Action Settlement, Vanguard would be obligated to pay the \$40 million

² *In re Vanguard Chester Funds Lit.*, Case No. 2:22-cv-955-JFM (E.D. Pa.).

offset into the Fair Fund pursuant to Section 308(b). Because the Court in the class action rejected the Class Action Settlement, an additional \$40 million was added to the Fair Fund.

The Fair Fund consists of the \$146,410,000.00 collected from the Respondent. The Fair Fund has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any accrued interest will be added to the Fair Fund.

On March 4, 2025, the Division, pursuant to delegated authority, issued an Extension Order,³ extending the time to submit a proposed plan of distribution to March 24, 2026 because the staff needed more time to complete the fund administrator solicitation and appointment process, develop the distribution methodology, and prepare the proposed plan of distribution.

Since the first extension, the staff has appointed a tax administrator, appointed a fund administrator, received an additional \$10 million, and requested information from Vanguard and others necessary to develop the methodology. The staff now believes additional time is needed to develop the complicated methodology and account for the limitations of the information provided and to draft a plan to likewise account for any missing information. Therefore, staff requests that the time to submit a proposed plan of distribution be extended to July 31, 2026.

³ Extension Order, Exchange Act Rel. No. 34-102528 (Mar. 5, 2025)

Accordingly, for good cause shown, IT IS HEREBY ORDERED that the Division's request for an extension of time until July 31, 2026 to submit a Proposed Plan of Distribution is granted.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.⁴

Vanessa A. Countryman
Secretary

⁴ 17 C.F.R. § 200.30-4(a)(21)(i).