Vanguard Bank Sweep
Products Terms of Use

Updated April 2023

The following Terms and Conditions ("Terms") govern Your participation in Vanguard’s bank sweep products (the “Bank Sweep”) offered by Vanguard Brokerage Services ("VBS"), a division of Vanguard Marketing Corporation, to the owners of brokerage accounts that meet certain eligibility requirements described below (each an “Account”). The Bank Sweep consists of “Vanguard Cash Deposit” in the Vanguard Brokerage Account and “Vanguard Cash Plus” in the Vanguard Cash Plus Account. The Bank Sweep is designed to “sweep” (that is, to automatically transfer) the Free Credit Balances in Your Account (“Eligible Balances”) into deposit accounts at one or more participating Bank Sweep Program Banks (each a “Program Bank”), where they may be eligible for insurance provided by the Federal Deposit Insurance Company (“FDIC”), as described below.

These Terms provide You with important information about how the Bank Sweep works. Further, while enrolled in the Bank Sweep, these Terms supplement the terms and conditions contained in the Vanguard Brokerage Account Agreement (“Brokerage Agreement”) and related documents. Any capitalized terms used but not defined in these Terms shall have the meaning set forth in Your Brokerage Agreement and related documents.

1. Bank Sweep Eligibility and Enrollment

1.1 Eligible Accounts. Only certain types of Accounts and clients are eligible to participate in the Bank Sweep. For a complete list of Accounts eligible to enroll in the Bank Sweep, visit https://personal.vanguard.com/pdf/111821_Bank_Sweep_Eligibility_Requirements.pdf for Vanguard Cash Deposit or https://investor.vanguard.com/accounts-plans/vanguard-cash-plus-account for Vanguard Cash Plus. VBS reserves the right, in its sole discretion, to modify or delete the types of clients and/or brokerage accounts that are eligible to enroll in the Bank Sweep.

1.2 No Minimum Balance Requirements. There is no minimum Eligible Balance amount required to either enroll in the Bank Sweep or continue to participate in the Bank Sweep. There is also no minimum period that Your funds held in the Bank Sweep must remain on deposit with any Program Bank, and no limitation on the number or amount of withdrawals under the Bank Sweep. There are maximum balance limits depending on Program Bank capacity and other factors.

1.3 For Vanguard Brokerage Accounts. Once You complete Your enrollment into Vanguard Cash Deposit, VBS will sell Your shares of Vanguard’s Federal Money Market Fund (“Money Market Fund”) in Your Account and transfer the sale proceeds, net debits, to the Bank Sweep program, which will become your default investment option for Eligible Balances. If You wish to invest in the Money Market Fund as an investment holding in Your Account, You may do so by buying shares of the fund after You have enrolled in the Bank Sweep. Important: investments in Vanguard’s Money Market Fund are not guaranteed or insured by the FDIC, but are securities eligible for SIPC coverage.

2. Bank Sweep Deposit Accounts.

2.1 Omnibus Accounts. Under the Bank Sweep, Eligible Balances are automatically swept by VBS into interest-bearing deposit accounts (“Deposit Accounts”) at one or more Program Banks. These Deposit Accounts are comprised of an omnibus interest bearing Demand Deposit Account (“Omnibus DDA”), an omnibus Money Market Demand Account (“Omnibus MMDA” or “MMDA”), and/or, for qualifying Brokerage Accounts, an omnibus Negotiable Order of Withdrawal Account (“Omnibus NOW Account” or “NOW”), and are held in each case in the name of VBS (or its authorized representative) as agent for the exclusive benefit of VBS’ customers, acting for themselves and others, or a similar designation (together, the “Omnibus Accounts”). The Omnibus NOW Account and Omnibus DDA function as transaction accounts (“TAs”) for...
2. The Subaccount. You will have an interest in the Omnibus Accounts equal to the aggregate amount of Your Sweep Deposits at each Program Bank, plus the interest that accrues on Your Sweep Deposits. (Your interest in each Omnibus Account is referred to as Your “Subaccount”). The Subaccount will be evidenced by an entry on records maintained by VBS, and not directly on the records of any Program Bank.

2.3 Account Transfer Restrictions. There are no legal restrictions on the number of transfers that may be made from an MMDA. In the event of a change in law or regulations that imposes any such restrictions, we may update these Terms to reflect such change in law or regulations.

3. Program Banks and Bank List.

3.1 Program Bank Information. Under the Bank Sweep, Your Eligible Balances will be swept into Deposit Accounts at one or more Program Banks based on the deposit capacity of Program Banks and other factors. VBS maintains a list of participating Program Banks on its website at the following address: https://personal.vanguard.com/pdf/Bank_Sweep_Participating_Banks.pdf. VBS does not guarantee the financial condition of any Program Bank, or the accuracy of any publicly-available information concerning any Program Bank. Your Sweep Deposits are a direct obligation of the Program Bank that holds them and are not, either directly or indirectly, guaranteed by VBS, its parent company, or any of its subsidiaries or affiliates. You can obtain publicly-available financial information about each Program Bank at the FDIC’s website at fdic.gov.

We will provide You written notification of the addition of any Program Banks, or if any Program Bank will no longer participate in the Bank Sweep. Prior written notice of other changes will be provided as soon as practicable, and will be posted on our website (vanguard.com) prior to becoming effective. The Program Bank(s) that hold Your Eligible Balances will also appear on Your periodic statements. It is Your responsibility to review the list of Program Banks periodically, and to inform VBS of any Program Banks that you do not wish to receive Your Eligible Balances. Your Eligible Balances will not be swept in a prioritized or sequential order to a subset of Program Banks participating in VBS’ Bank Sweep. Certain Program Banks limit Your Eligible Balances.

3.2 Opting out of a Program Bank. You may designate a Program Bank as ineligible to receive Your Eligible Balances. In addition, You may at any time instruct us to remove Your funds from a Program Bank, close Your Deposit Accounts with the Program Bank and designate the Program Bank as ineligible to receive future Eligible Balances. Requests received in good order will be processed as soon as practicable, but delays can occur.

You must allow funds to be swept into at least one Program Bank, subject to certain conditions, including but not limited to each Program Bank’s available capacity and FDIC insurance coverage limits. Otherwise, VBS will unenroll Your Account from the Bank Sweep. Refer to Sections 9 and 10 below for more information on Bank Sweep suspensions and terminations and Account closing.

3.3 Excess Banks. VBS will also identify one or more banks that will accept Your funds without limit and without regard to the Standard Maximum Deposit Insurance Amount (SMDIA, currently $250,000) for federal deposit insurance (“Excess Banks”) if all Program Banks, other than those You have designated as ineligible, have received funds up to the Program Bank Deposit Limit. You may not designate all of the Excess Banks as ineligible to receive Your funds. Funds placed with the Excess Banks in excess of the SMDIA will not be eligible for FDIC deposit insurance.

4. Deposit Procedures.

4.1 Daily Sweep. Each Business Day (as defined below), VBS will sweep the Eligible Balances in Your Account to the Program Bank(s). For purposes of these Terms, “Business Day” means any day that is not (a) a Saturday or a Sunday or (b) a bank holiday specified in the banking holiday calendar published by the Federal Reserve Bank of New York. Depending on the time You enroll or VBS receives additional Eligible Balances for Your Account, it may take up to two (2) Business Days for Your Eligible Balances to be deposited at one or more Program Banks. In some instances, delays can occur.

4.2 Program Bank Deposit Limit. VBS will deposit Eligible Balances in Your Account into Deposit Accounts in each Program Bank up to the Program Bank Deposit Limit of $247,500 in order to permit the greatest amount of Your Eligible Balances to be eligible for FDIC insurance coverage. Once $250,000 has been
deposited in each Program Bank, any additional funds will be deposited into a designated “Excess Bank,” without limit and without regard to maximum available FDIC insurance coverage.

5. Withdrawal Procedures.

5.1 Withdrawal Consent. When You enroll in the Bank Sweep, You consent to have Your Sweep Deposits automatically withdrawn from one or more Program Bank(s) in the event of a net debit position in Your Account, including as a result of the settlement of purchase transactions or other charges posted to Your Account (e.g., wire transfers). Checks, ACH payments, wire transfers, and other transactions and items for Your Account are processed through Your VBS Account rather than directly with any Program Bank under the Bank Sweep. VBS will withdraw Your Sweep Deposits with the Program Banks to satisfy any net debit position in your Account on the Business Day following the debit’s posting.

5.2 Withdrawal Sequence. VBS will process all withdrawals from Your TA at the Program Banks; You cannot directly add cash to or directly withdraw from a Program Bank account. If funds in the TA at a Program Bank from which funds are being withdrawn are insufficient to satisfy a debit, funds in the related MMDA at that Bank will be transferred to the TA to satisfy the debit, plus funds to maintain any TA threshold amount We or the Program Bank establish from time to time. We are permitted to withdraw funds from Your Deposit Accounts in any order. If there are insufficient funds in Your Deposit Accounts to satisfy the debit, VBS will withdraw funds from other available sources as described in Your Brokerage Agreement.

5.3 Accessibility of Eligible Balances. Pursuant to federal banking regulations, the Program Banks must reserve the right to require seven days’ prior written notice before funds are withdrawn or transferred from a NOW account or an MMDA. DDAs are not subject to this restriction. In addition, in the event of a failure of a Program Bank, access to Your Sweep Deposits at that Program Bank may be restricted.

5.4 Maintaining Threshold Balances. VBS will deposit Eligible Balances from Your Account into the MMDA at each Program Bank as set forth above. As necessary to satisfy withdrawals, funds will be transferred from Your MMDA to the related TA at each Program Bank and withdrawals will be made from the TA. The Program Bank and VBS in their discretion may determine a minimum, or “threshold”, amount to be maintained in Your TA to satisfy debits in Your Account.


6.1 Access via Your Brokerage Account. Although Your Sweep Deposits are a direct obligation of the respective Program Bank, You will receive no separate evidence of ownership from any Program Bank, and you will only have access to Your funds deposited in Program Banks through the Sweep transaction process. Your Bank Sweep account records and information will be evidenced by an entry on records maintained by VBS, as the custodian of Your Account assets. If You have any questions or comments related to the Bank Sweep, including questions related to any Program Bank, You should contact VBS, and not the Program Bank directly.

6.2 Account Statements. Your periodic VBS Account statement will summarize account activity related to the Bank Sweep, including Your ending balance, as well as deposit, withdrawal, and interest information related to Your Eligible Balances at Program Banks for the period covered. You will not receive a separate statement from any Program Bank. Please retain Your Account statements for Your records.

6.3 Directly Held Accounts at a Program Bank. You have the right to establish a direct deposit relationship with any Program Bank, subject to the rules of such Program Bank for establishing and maintaining such a direct deposit relationship.

7. Yield on Your Eligible Balances.

7.1 Yield. You will earn yield that will accrue daily based on the Sweep Deposits at each Program Bank. At this time, VBS will pass along the same yield on Sweep Deposits, regardless of which Program Bank holds the assets. However, that could change in the future. The amount of the annual percentage yield (“APY”) earned on Your Sweep Deposits will be stated on Your VBS Account statement and accessed under Current APY Information below. The yield will be credited and paid by the Program Bank: (a) at the end of each month, (b) on the date Your Account closes, or (c) when You withdraw all of Your Sweep Deposits.

7.2 Accrual. Yield will begin to accrue on the day Your Sweep Deposits are credited to the Program Bank and will accrue up to—but not including—the day on which Your Sweep Deposits are withdrawn from any Program Bank.
7.3 Determination of APY. Yield on Your Sweep Deposits will be paid by the Program Bank(s). The yield You will earn on Sweep Deposits varies over time. It may be tiered based on the balance of Your Sweep Deposits that have been placed with Program Banks, plus the value of any additional Accounts or assets held at VBS that in the future may be added for purposes of qualifying for a particular yield tier, as well as other criteria that can be established by VBS and disclosed to you from time to time (“Eligible Assets”). The yield for each tier may be based on a number of factors, including general economic and business conditions. VBS can offer different products or services that offer different yields. Customers with higher amounts of Eligible Assets generally will receive higher interest rates on their Bank Sweep Deposits than customers with lower amounts of Eligible Assets.


8. Conflicts of Interest.

8.1 VBS/VMC. Program Banks pay a fee to VBS for Sweep Deposits that is retained by VBS as revenue. The fee that VBS receives: (i) is set by VBS, (ii) may vary from Program Bank to Program Bank, (iii) may be changed by VBS at any time, and (iv) will affect the yield clients receive from the Bank Sweep. Clients that enroll in the Bank Sweep receive a lower yield on deposits under the Bank Sweep than if Vanguard had not earned this fee because Program Banks reduce the amount of interest they are willing to pay depositors by the amount of the fee they pay to VBS. Clients that enroll in the Bank Sweep typically receive a lower yield than the Program Banks pay to some other customers who make deposits directly at the Program Banks. Based on the fee set by VBS, the return You receive on Eligible Balances under the Bank Sweep can be higher or lower than that offered under VBS’ alternative Sweep Program for the Vanguard Brokerage Account: the Vanguard Federal Money Market Fund. Money market mutual funds have a fiduciary duty to seek to maximize the return paid to clients, subject to the fundamental investment policies of the money market mutual funds. By contrast, a bank is not required to seek to maximize the interest rate paid on client deposits.

Transfers Between VBS Accounts. If You own more than one VBS Account and You transfer funds from a VBS Account using the Money Market Fund Sweep to an Account using the Bank Sweep, VBS will liquidate your Money Market Fund investments on the day of transfer, and then deposit these funds in the Bank Sweep the next day. You will not receive a dividend or interest on the day Your money market funds are liquidated.

8.2 Program Banks. The Program Banks will use Your Sweep Deposits in the Omnibus Accounts to support their investment lending and other activities. The profitability of each Program Bank is determined in part by the difference between the interest it pays on the Omnibus Accounts (and other costs incurred), and the interest or other income it earns on loans, investments and other assets. Program Banks will receive substantial deposits from the Bank Sweep at a price that may be less than alternative funding sources. Sweep Deposits in the Omnibus Accounts held at a Program Bank provide a stable source of funds for such bank. None of the Program Banks are affiliated with Vanguard.

9. Suspension/Termination of Bank Sweep by VBS.

9.1 Suspension of Bank Sweep. In its sole discretion, VBS can determine that it is necessary or advisable to suspend Your participation in the Bank Sweep, or to suspend making the Bank Sweep program generally available to any group of or all of its clients. If Your Account is subject to a suspension of Bank Sweep, then VBS will notify You in advance (if practicable). During any suspension, You authorize VBS to sweep any Eligible Balances that would otherwise be subject to the Bank Sweep into an alternative Sweep Program, or to maintain it as a Free Credit Balance. The Eligible Balances held through an alternative Sweep Program may not be FDIC-insured. Once the suspension is concluded, VBS will then seek to re-deposit such Eligible Balances. During any such suspension, You will earn any interest or yield on the alternative sweep vehicle selected by VBS, and VBS will not compensate you for any difference between what You may have earned in the Bank Sweep absent such temporary suspension. A temporary suspension will also not revoke Your enrollment in the Bank Sweep.

9.2 Termination of Bank Sweep Enrollment by VBS. VBS reserves the right to terminate Your participation in Bank Sweep. In such event, it will notify You in advance if practicable, and then transfer Your Sweep Deposits to an alternative Sweep Program or maintain Your Eligible Balances as a Free Credit Balance. The Eligible Balances held through an alternative Sweep Program may not be FDIC-insured.

10.1 Termination by You. You may terminate Your participation in the Bank Sweep at any time. If you unenroll in Bank Sweep, VBS will sweep Your Deposits at each Program Bank to an alternate Sweep Program option, or hold all or a portion of them as Free Credit Balance. The Eligible Balances held through an alternate Sweep Program may not be FDIC-insured. For Vanguard Cash Deposit within Vanguard Brokerage Accounts, if You do not want any Program Banks to receive Your Eligible Balances, You should not enroll in the Bank Sweep or unenroll from the Bank Sweep by selecting the alternative Sweep Program at vanguard.com. For Vanguard Cash Plus within Vanguard Cash Plus Accounts, if you do not want any Program Banks to receive Your Eligible Balances, you should close Your Account.

10.2 Closing Your Account. If You close Your Account by transferring or redeeming all of the assets, Your Sweep Deposits from each Program Bank will be swept and the balance, net debits, will be paid out as You instruct. Vanguard Brokerage Accounts and Vanguard Cash Plus Accounts must have a zero dollar balance to be closed.

11. Limitations of “Beta” Program.

By enrolling, You are agreeing to participate in a “pilot” or “beta version” of the Bank Sweep that is still under development, and has not been released for sale, distribution or use by the general public. As a result, the Bank Sweep available in “beta version” is not the final Bank Sweep product or offer, and it is likely that certain additional Bank Sweep capabilities that will be available in the future are not available in the “beta version” made available to You at this time.

12. Electronic Notice and Delivery of Bank Sweep Disclosures.

VBS anticipates that several documents related to the Bank Sweep may change frequently, particularly any amendments to these Terms and changes to the Program Bank List (collectively, “Bank Sweep Disclosures”). VBS will provide You with prior written notice of changes to the Bank Sweep Disclosures by sending You an electronic message, including via email or Vanguard’s Secure Message Center, available on Vanguard’s website when you log in. The notice will also provide You with electronic delivery of the Bank Sweep Disclosures and any changes to them by providing links to updated documents in portable document format (“PDF”) on Vanguard’s website.

By enrolling, You agree to receive notice and electronic delivery of the Bank Sweep Disclosures as described above. You also agree that You have access to the hardware and software required to access the electronic notification and any related links on Vanguard’s website, and to download or print the Bank Sweep Disclosures. This provision relates solely to notice and electronic delivery of the Bank Sweep Disclosures: VBS will continue to follow Your mail preferences (that is, e-delivery or U.S. mail) for all other records related to Your Account. You may request paper copies of current Bank Sweep Disclosures by contacting VBS.


Neither VBS nor any of its agents or service providers have any obligation to monitor Your Eligible Balance, including monitoring for FDIC insurance limits at Program Banks, Your decision whether to participate in the Bank Sweep, or Your decision whether to opt out of one or more Program Banks holding Your assets. As Your personal financial circumstances and other factors change, it may be in Your interest to change Your Sweep Program options or to invest cash from Your Brokerage Account in other investment vehicles. You can review Your investment options and other investments, as well as the current rates and returns of each by visiting vanguard.com.


14.1 Securities Investor Protection Corporation (“SIPC”). When assets are swept into one or more Program Banks under the Bank Sweep, they are not covered by SIPC; instead, when they are received by the Program Banks, they are eligible for FDIC insurance, discussed below. Assets held at a Program Bank are not securities. Refer to the Brokerage Agreement for additional information about SIPC and how it applies to Your Account.

14.2 FDIC-insured Accounts. The Bank Sweep seeks to provide You with the security of FDIC insurance for Your Eligible Balances held on deposit at Program Banks (“Sweep Deposits”). FDIC insurance provides protection against the loss of Your Sweep Deposits, up to allowable limits, in the event the Program Bank fails. FDIC deposit insurance is backed by the full faith and credit of the United States. Specifically, as noted in Section 4b of the Brokerage Agreement, FDIC deposit insurance coverage is available for Your Sweep Deposits up to the FDIC standard limit.
maximum deposit insurance amount (“SMDIA”), which is currently $250,000 per insurable category of account ownership at that Program Bank, when aggregated with all other deposits held by You at such bank and in the same insurable category of account ownership. Special FDIC rules apply to insurance of trust accounts as well as certain other types of accounts. VBS will aggregate and allocate Bank Sweep deposits for trust accounts at the account level and not at the beneficiary level. Your Eligible Balances will be eligible for FDIC insurance once they are transferred to and are held at the Program Banks as Sweep Deposits. If the total amount of deposits that You hold at a Program Bank in the same insurable category of account ownership (including deposits made through the Bank Sweep at an Excess Bank (defined below), deposits You hold outside of the Bank Sweep product and other Accounts that enroll in the Bank Sweep) exceeds applicable FDIC insurance limits, the excess amount will not be eligible for FDIC insurance and You will be exposed to the credit risk of the Bank with respect to the amount of the excess.

14.3 Your Responsibility to Monitor FDIC Insurance Limits. The Bank Sweep program establishes a maximum amount of Your Eligible Balances that may be placed for deposit through the Bank Sweep at all Program Banks (the “Maximum Eligible Deposit Balance Amount”), as well as a maximum amount of Your Eligible Balances that may be placed at any one Program Bank through the Bank Sweep (the “Program Bank Deposit Limit”). Eligible Balances in Your Account up to the Program Bank Deposit Limit then in effect may be deposited through the Bank Sweep program with a Program Bank even if the amount of Your Sweep Deposits with the Program Bank, when aggregated with other funds that You maintain in the same insurable category of ownership with the Program Bank, exceeds the SMDIA. You are solely responsible for monitoring the aggregate amount that You have on deposit with each Program Bank in connection with FDIC insurance limits, including through other accounts with VBS. As described in Section 3 above, You have the right to designate Program Banks as ineligible to receive Your Eligible Balances. (As described in Section 3 above, we will notify you of the addition of any Program Banks participating in the Bank Sweep.) If You have other funds on deposit at a Program Bank (outside of the Bank Sweep), You should consider designating that Program Bank as ineligible to receive Your Eligible Balances. VBS does not monitor or take any responsibility for any funds or deposits You may have at any Program Bank outside the Bank Sweep for the specific VBS Account. Money You hold on deposit with any Program Bank that is separate from Your Sweep Deposit, including any other deposit product offered through VBS or its affiliates that qualifies for FDIC insurance (e.g., certificates of deposit), will not be taken into account in determining whether to sweep Your Eligible Deposit Balances to the Bank through the Bank Sweep product.

In addition, if You have more than one Account with the same category of account ownership, the Sweep Deposits in all such Accounts that enroll in the Bank Sweep will be aggregated in order to determine the amount covered by FDIC insurance. For example, if the SMDIA is $250,000 and You have $30,000 in Sweep Deposits in Account 1 and $30,000 in Sweep Deposits in Account 2 at a particular Program Bank, as well as $200,000 on deposit with that Program Bank outside of Your Accounts, only $250,000 of Your $260,000 will be eligible to be insured by the FDIC. If You have questions about basic FDIC insurance coverage, You may wish to seek advice from Your own attorney, including concerning FDIC insurance coverage of deposits held in more than one insurable capacity. You may also obtain information by contacting the FDIC, Deposit Insurance Outreach, Division of Depositor and Consumer Protection, by letter (550 17th Street, N.W., Washington, D.C. 20429), by phone (877-275-3342 or 800-925-4618 (TDD), by visiting the FDIC Website at www.fdic.gov/deposit/index.html, or by e-mail using the FDIC’s On-line Customer Assistance Form available on its website. Disclosures regarding FDIC insurance coverage in these Terms are summary only, do not state all of the requirements and conditions of FDIC insurance, and are subject to, and qualified in their entirety by, regulations and guidance of the FDIC.