

# Notice of Amendment to the Vanguard Brokerage Account Agreement

Effective July 1, 2024

Please read this important information carefully and retain this document for future reference. It contains material updates to the terms and conditions of the Vanguard Brokerage Account Agreement (“Agreement”), which governs your Vanguard Brokerage Account.

We’ve added two new sections to the Agreement, which are presented below. We’ve also included material changes to current sections of the Agreement. To obtain a copy of the updated Agreement, visit [vanguard.com](http://vanguard.com) or contact Us.

Index (new sections noted below)

## 1. About the Vanguard Brokerage Account

- 1(a) Introduction (renumbered)
- 1(b) Digital Interaction Expectations (new)
- 6(q) Fractional Shares (renamed)
- 6(r) Class Action Service (applicable only if You have not opted out) (new)

## 1. About the Vanguard Brokerage Account

### b. Digital Interaction Expectations

VBS proactively evolves Our offerings and technologies to enable Us to better deliver on Our mission to help clients achieve investment success; core to achieving that is using more modern digital platforms. VBS is committed to helping You navigate toward simpler, more effective digital channels and practices that have proven to be quicker, safer, and more cost-effective. We strongly urge all VBS Account holders to web register and use digital channels like [vanguard.com](http://vanguard.com) and Our mobile app to manage Your Account.

To assist with Your understanding of VBS’ digital-first service model, VBS has put together the following list of digital interaction expectations of which, by applying for an Account, You acknowledge Your understanding:

1. VBS expects You primarily use digital channels for interactions and communications regarding Your Account, inclusive of e-delivery. VBS provides You with various options to do so, including but not limited to [vanguard.com](http://vanguard.com), Our mobile app, instant chat, secure message center, and other electronic means to facilitate efficient and convenient interactions.
2. VBS expects You to provide Your mobile phone number and email address so that We can contact You via text messaging and other digital means (e.g., secure messages, e-delivery) to service Your Account.
3. VBS expects that You access and use [vanguard.com](http://vanguard.com), Our mobile app, or Our automated answering system to perform certain tasks, including but not limited to Account management (e.g., checking Account balances), transaction execution (e.g., placing trades), and research (e.g., requesting quotes). On [vanguard.com](http://vanguard.com) VBS provides FAQs, tutorials, and more to assist You in this process.
4. You understand that excessive reliance on Our phone associates for tasks that can be accomplished online may negatively impact Your customer service experience, including but not limited to delayed response times, additional fees, and possible Account termination.
5. As set forth in Section 8(f) of this Agreement, VBS reserves the right to resolve Non-Trade Inquiries exclusively on its website or other available channels as opposed to providing such information by phone. Furthermore, at its discretion, consistent with Section 8(c) of this Agreement, VBS reserves the right to close Your Account, or terminate any feature or service at any time, for any reason, and without prior notice, inclusive of not meeting Our Digital Interaction Expectations.

## 4. Account Protection

### a. SIPC Coverage (update to first paragraph)

Securities held in Your Account are held in custody by VBS, a division of VMC. VMC is a member of the Securities Investor Protection Corporation (SIPC), which protects securities customers of its members up to \$500,000 (including \$250,000 for claims for cash). Securities in Your brokerage account are eligible for SIPC coverage. To obtain information about SIPC, including an explanatory SIPC brochure, please contact SIPC at [sipc.org](http://sipc.org) or 202-371-8300.

## 5. Definitions (revised)

**Other Property:** An investment in Your Account that is not commonly known as a Security.

**Security or Securities:** Any note, stock, bond, option, mutual fund, ETF, unit investment trust (“UIT”) or other instrument of investment commonly known as a security.

## 6. General Terms of the Vanguard Brokerage Account

### j. Corporate actions

#### Interest, Dividend, and Other Payments

If You are entitled to receive dividend, interest, or other payments on the Securities held in Your Account, VBS will allocate distributions to Your Account.

### q. Fractional Shares

As a VBS client, You may acquire a fractional share interest in a single Security (a “Fractional Share”) in several ways. For example, You may receive a Fractional Share: (a) as a result of the reinvestment of a dividend if You participate in VBS’ dividend reinvestment program; (b) as a divided interest in whole shares resulting from a life event, such as divorce or inheritance; (c) as a result of placing a Dollar-Based Trade (as defined in VBS’ Dollar-Based Trading Terms of Use); or (d) as a result of the conversion of conventional mutual fund shares issued by a Vanguard Fund to ETF Shares of equivalent value of the same Vanguard Fund (refer to Vanguard ETF prospectuses for further information regarding the conversion privilege). Fractional Shares present unique risks and have certain limitations and may have different rights from a whole share of the same Security. For information on Dollar-Based Trading, refer to VBS’ Dollar-Based Trading Terms of Use available by logging on to [vanguard.com](http://vanguard.com) and searching **Buy stocks & ETFs online** and selecting **Trade Help** under **Buy & sell stocks & ETFs**. **IMPORTANT: The Fractional Share rights and limitations described below apply to certain Securities, but do not apply to mutual funds. For further information on rights and restrictions related to mutual funds, please consult the mutual fund prospectus and statement of additional information.**

- i. **Eligibility for Dividends and Dividend Reinvestment.** You will receive dividends on Fractional Shares unless Your prorated amount of the dividend is less than one half of one cent (\$0.005). Fractional Shares are eligible for automatic reinvestment of cash dividends received, at Your election, subject to the terms of VBS’ dividend reinvestment program. If You participate in dividend reinvestment and Your dividend for a particular Security would equate to less than .0005 shares, then You will receive Your dividend in cash.
- ii. **Corporate Actions.** The eligibility of Fractional Shares to participate in corporate actions may be different than whole shares. For mandatory reorganizations, such as mergers and acquisitions, stock splits, or spin-offs, typically VBS will distribute Your interest in proportion to Your ownership interest, inclusive of any Fractional Shares. However, only whole shares, and not Fractional Shares, are eligible to participate in voluntary corporate actions, including tender offers and certain rights offerings. If You are to receive Fractional Shares as the result of a stock split or other corporate action for a Security held in Your Account, VBS, in its sole discretion, may either sell the shares on the open market or to the issuer or transfer agent. You are entitled to receive Your pro rata portion of the proceeds of any such sale. If sold on the open market, Fractional Shares may receive a price that differs from that offered to certain registered owners by the issuer or transfer agent.
- iii. **Voting Rights.** VBS works with a vendor that aggregates any proxy votes for Fractional Shares of VBS’ clients with all votes reported to the issuer or issuer’s designated vote tabulator. VBS’ vendor will report such proxy votes on Fractional Shares, but the issuer or tabulator may not fully count such Fractional Share votes.
- iv. **Stock Certificates.** Stock certificates cannot be issued for Fractional Shares.
- v. **Transferability.** Fractional Shares are not currently transferrable to another brokerage firm. If, for example, You own 10.5 shares of an individual stock and You transfer the Securities in Your VBS Account to another firm, 10 shares will be transferred. Your 0.5 Fractional Share will be acquired and liquidated by VBS, and will receive the closing price from the trading day immediately preceding the transfer of Your whole share(s). VBS will distribute these proceeds in Your Account and will provide confirmation of

the Fractional Share liquidation on Your periodic statement. Since Your Fractional Shares cannot be transferred, Your overall SIPC coverage may be affected.

- vi. **Auto-Liquidation of Certain Fractional Shares.** Unless you have established a position in an Eligible Security (as defined in VBS' Dollar-Based Trading Terms of Use) via Dollar-Based Trading, You generally may not hold only a Fractional Share without at least one corresponding whole share. VBS will automatically sell ("Auto-Liquidate") Your Fractional Share under the following two scenarios:
1. "Sell-All" Trades. If You own whole shares and a Fractional Share in a Security, VBS will Auto-Liquidate Your Fractional Share holding when You place a share-based order to sell Your entire whole share position. For example, if You own 10.2 shares in a Security and sold all 10 shares, VBS would Auto-Liquidate the remaining .2 Fractional Share. That Fractional Share will receive the same price as the corresponding whole shares, and will be prorated to reflect Your Fractional Share ownership in that Security. VBS will place the proceeds of that sale into Your Account.
  2. "Orphaned" Fractional Shares. As a result of certain actions, Your Account may own a Fractional Share without a corresponding whole share position in a Security. For example, as described above, Fractional Shares cannot be transferred to another firm. Therefore, if You own whole shares and a corresponding Fractional Share in a Security and transfer those Securities to another firm, VBS will transfer the whole shares, and then Auto-Liquidate any remaining Fractional Share. Under these circumstances, You will receive the previous day's closing price for any "Orphaned" Fractional Share Auto-Liquidated by VBS, prorated to reflect Your Fractional Share interest.
- vii. **Auto-Liquidation and Dollar-Based Trading.** If You establish a new position in an Eligible Security through a Dollar-Based Trade, VBS will turn off the Auto-Liquidate feature for that Eligible Security in the Account in which You placed that trade. Further information on Auto-Liquidation and its impacts on Fractional Shares acquired by Dollar-Based Trades is available in VBS' Dollar-Based Trading Terms of Use.
- viii. **Capacity.** VBS may trade the Fractional Share component of any Security trade You place (or placed on Your behalf) on a principal or agency basis. Refer to Your trade confirmation or periodic statement, as applicable, for the specific capacity.

r. **Class Action Service (applicable only if You have not opted out)**

You understand and agree that eligible Vanguard Brokerage Accounts are automatically enrolled in VBS' Class Action Service (the "Class Action Service"). Closed Account(s) are not included in the Class Action Service. If Your Account(s) is excluded from the Class Action Service, You may still participate in a class action lawsuit by submitting a paper-based claim form directly to the claims administrator.

You understand and agree that the enrollment of Your Account(s) in the Class Action Service authorizes VBS to automatically file a claim on Your behalf if We receive notice of a potential class action lawsuit that impacts Securities purchased in Your Account(s) ("Impacted Security"). You may cancel Your enrollment in the Class Action Service at any time by notifying Us. If You cancel Your enrollment in the Class Action Service and wish to reenroll, You will be required to agree to the terms and conditions for the Class Action Service in effect at the time of reenrollment. Canceling Your enrollment in the Class Action Service or closing Your Account(s) after a claim has been filed on Your behalf will not remove You from participation in that particular class action lawsuit. VBS reserves the right to terminate the Class Action Service at any time with notice to You.

If You are entitled to any class action settlement, You will receive a credit to the Account(s) in which the purchase of the Impacted Security took place if the Account(s) remains open or, if a settlement is received after You close the Account(s) in which the purchase of the Impacted Security took place, a check will be mailed to the most recent address that We have on file for Your closed Account(s) irrespective of whether You still have other open Accounts enrolled in the Class Action Service.

**VBS uses a vendor to facilitate the Class Action Service. In exchange for administering the Class Action Service, a fee will be deducted from any class action settlement payment received on Your behalf as part of the Class Action Service prior to deposit of proceeds into Your Account. Refer to the Vanguard Brokerage Services commission and fee schedules for details regarding the fee.**

You agree that You cannot separately bring a lawsuit on Your own behalf, either contemporaneously or in the future against any named defendant in connection with such particular class action lawsuit. You further understand and agree that once the Class Action Service files a class action claim on Your behalf, You will not assert: (a) any dissenters' or similar rights under any applicable law, rule, or regulation; (b) any right to require partition or appraisal of any company that is the subject of a potential class action lawsuit or of any of said company's assets or to cause the sale of such company's property; or (c) any right to maintain any action for partition or to compel any sale with respect to shares held by other shareholders or with respect to any of said company's property.

Enrollment of Your Account(s) in the Class Action Service does not guarantee that You will receive a settlement payment for any given class action lawsuit. Neither VBS nor Our affiliates take any responsibility for the outcome of any given class action lawsuit, and You agree to indemnify and hold VBS and Our affiliates harmless for all actions taken in connection with the Class Action Service. You further understand that the greater the number of clients enrolled in the Class Action Service, the smaller any potential settlement payment received by each client will be in the event of any class action settlement recovery.

7. **Your Role**

g. **Understanding Terms of Securities and Other Property, and for Trading Decisions (update to second paragraph)**

However, VBS may, at its discretion, and absent instructions from You, take action for You if Your Security or Other Property is about to expire worthless or be redeemed, exchanged, converted, tendered, or exercised in such a way that You would be left with significantly less value than if You had given VBS instructions to take action. VBS may charge You a brokerage commission and/or fee for any such action it takes on Your behalf, and You are responsible for paying the commission and/or fee.

8. **VBS' Role**

c. **Satisfying Legal Obligations by Releasing Account Information or Liquidating Securities and Other Property, Account Restrictions and Closing an Account (update to last paragraph)**

VBS reserves the right to close Your Account, or terminate any Account feature or service, at any time, for any reason, and without prior notice. Reasons for Account closure may include, but are not limited to, a zero or low balance Account with no Account activity; use of inappropriate or abusive statements or actions; not meeting Our Digital Interaction Expectations as stated in this Agreement; and use of algorithmic or software programs to facilitate Account opening or trading. Such closure or termination may include order rejections and liquidation of Your Account. Any action that VBS takes may affect any or all Account Owners even if not all Account Owners are aware of, or involved with, the activity that prompts VBS to take action. If VBS closes Your Account or terminates any Account feature or service, You agree that VBS is authorized to liquidate Securities and Other Property in Your Account and provide You with the proceeds of such transactions, net of any outstanding debits or obligations. VBS is not responsible for any losses or lost profits resulting from such liquidation. You remain responsible for any outstanding charges, debits, or other transactions pending or settling in Your Account. We may delay a final disbursement, if any, until all obligations You owe Us are satisfied.