

UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT COMPANY ACT OF 1940
Release No. 27773 / April 2, 2007

In the Matter of :
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 VANGUARD BOND INDEX FUNDS :
 THE VANGUARD GROUP, INC. :
 VANGUARD MARKETING CORPORATION :
 P.O. Box 2600 :
 Valley Forge, PA 19482 :
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 (812-13336) :
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ORDER UNDER SECTIONS 6(c) AND 17(b) OF THE INVESTMENT COMPANY
ACT OF 1940

Vanguard Bond Index Funds, The Vanguard Group, Inc. and Vanguard Marketing Corporation filed an application on October 25, 2006, and amendments to the application on January 23 and March 23, 2007, requesting an order under section 6(c) of the Investment Company Act of 1940 (“Act”) for an exemption from sections 2(a)(32), 18(f)(1), 18(i), 22(d) and 24(d) of the Act and rule 22c-1 under the Act, and under sections 6(c) and 17(b) for an exemption from sections 17(a)(1) and (2) of the Act.

The order permits the following: (a) an open-end management investment company, the series of which consist of the component securities of certain fixed income securities indices, to issue a class of shares (“ETF Shares”) that can be purchased from the investment company and redeemed only in large aggregations (“Creation Units”); (b) secondary market transactions in ETF Shares to occur at negotiated prices on a national securities exchange, as defined in section 2(a)(26) of the Act; (c) dealers to sell ETF Shares to purchasers in the secondary market unaccompanied by a prospectus when prospectus delivery is not required by the Securities Act of 1933 (“Securities Act”); and (d) certain affiliated persons of the series to deposit securities into, and receive securities from, the series in connection with the purchase and redemption of Creation Units.

On March 9, 2007, a notice of the filing of the application was issued (Investment Company Act Release No. 27750). The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the application would be issued unless a hearing was ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter has been considered and it is found, on the basis of the information set forth in the application, as amended, that granting the requested exemption is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

In addition, it is found that the terms of the proposed transactions, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transactions are consistent with the policy of each registered investment company concerned and with the general purposes of the Act.

Accordingly, in the matter of Vanguard Bond Index Funds, et al. (File No. 812-13336),

IT IS ORDERED, under section 6(c) of the Act, that the requested exemption from sections 2(a)(32), 18(f)(1), 18(i), 22(d) and 24(d) of the Act and rule 22c-1 under the Act is granted, effective immediately, subject to the conditions contained in the application, as amended.

IT IS FURTHER ORDERED, under sections 6(c) and 17(b) of the Act, that the requested exemption from sections 17(a)(1) and (2) of the Act is granted, effective immediately, subject to the conditions contained in the application, as amended.

The exemption from section 24(d) of the Act does not affect a purchaser's rights under civil liability and anti-fraud provisions of the Securities Act. Thus, rights under section 11 and section 12(a)(2) of the Securities Act extend to all purchasers who can trace their securities to a registration statement filed with the Commission, whether or not they were delivered a prospectus in connection with their purchase.

For the Commission, by the Division of Investment Management, under delegated authority.

Florence E. Harmon
Deputy Secretary