



Vanguard Fires ETF Pricing Shot Across the Bow

May 4th at 8:53am by Tom Lydon



Vanguard, already the exchange traded fund (ETF) industry's low-price leader, is now waging a pricing war on another front now: its brokerage platform.

Vanguard has slashed costs for its brokerage clients by offering them commission-free transactions on its already dirt-cheap line of ETFs and lowered commissions on trades of non-Vanguard ETFs. From now on:

- There are no trading commissions on Vanguard's lineup of 46 ETFs
- Commissions to trade all other ETFs and stocks on Vanguard's platform will range between \$2 and \$7

Vanguard has always been a competitive player in the ETF space, with competitive pricing, an excellent brokerage platform and solid indexing that has long set it apart. With an average expense ratio of 0.18%, those low prices have been paying off handsomely for the provider in recent months. Since March 2009, Vanguard's assets under management have swelled from \$43.3 billion to \$103.7 billion, making it the third-largest ETF provider in the world. The average ETF expense ratio is 0.52%. [\[How Low Can ETF Fees Go?\]](#)

This move follows quickly on the heels of other price-slashing moves made by other ETF providers and brokerages in recent months. When **Charles Schwab** unveiled its new ETFs, the brokerage also announced that the funds would trade commission-free on the Schwab platform while all other ETFs trade for \$8.95. **Fidelity** followed up by announcing \$7.95 commissions and free trading of 25 **iShares** ETFs on its platform. [\[Schwab Hits An Asset Milestone.\]](#)

Other brokerages also offer appealing pricing to their customers: **TD Ameritrade** charges \$9.99 a trade; **E*Trade** charges \$12.99 for customers with less than \$5,000 in assets under management; **Scottrade** charges \$7 a trade.

Now that ETFs account for 50% of all trading on exchanges, the game is on. Vanguard's lowered brokerage commissions represent an all-out fight for self-directed ETF investor assets – not just people who use Vanguard ETFs. [\[The ETF Price Wars.\]](#)

This battle is going to do nothing but intensify, and the winner could very well be you.

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