



| EDGA & EDGX STOCK EXCHANGES | | | |
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| Regulatory Information Circular | | | |
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Subject: Vanguard Dividend Appreciation Index Fund

Background Information on the Security

As more fully explained in the Registration Statement (No. 811-03916) for Vanguard Specialized Funds, the Fund is an “index fund” and is an open-end management investment company registered under the Investment Company Act of 1940, as amended (“1940 Act”). The Fund also issues a conventional class of mutual fund shares called “Investor Shares” which are not exchange-traded. Investor Shares (excluding shares held through a 401(k) plan or other employer-sponsored retirement or benefit plan) may be converted into VIPER Shares of equivalent value. VIPER Shares, however, may not be converted into or exchanged for Investor Shares. The prospectus for the VIPER Shares (“Prospectus”) contains additional information on the conversion privilege, including applicable fees.

The investment objective of the Fund is to track the performance of a benchmark index called the Dividend Achievers Select Index (“Index”).

The Fund will invest in all, or substantially all, of the stocks comprising the Index in the same proportion as the weighting of the stocks in the Index. However, under various circumstances, it may not be possible or practical to purchase all of the stocks in such proportion and the Fund may instead purchase a sample of the stocks in the Index.

The Vanguard Group, Inc. (“Vanguard”) serves as investment advisor to the Fund. Vanguard Marketing Corporation, a wholly owned subsidiary of Vanguard and a registered broker-dealer, is the distributor for the Fund (“Distributor”).

As described more fully in the Prospectus and the Statement of Additional Information for Vanguard Specialized Funds (“SAI”), the Fund offers and issues the VIPER Shares at their net asset value (“NAV”) only in large blocks of 100,000 VIPER Shares (each block of 100,000 VIPER Shares called a “Creation Unit”), generally in exchange for a basket of equity securities included in the Index, together with the deposit of a specified cash payment. The VIPER Shares described in this bulletin have been approved for trading on EDGA and EDGX Exchanges (the “Exchanges”). The VIPER Shares will trade on the Exchanges at market prices that may differ from the shares NAV. The VIPER Shares are redeemable only in Creation Unit aggregations, and, generally, in exchange for portfolio securities and a specified cash payment. Except when aggregated in Creation Units, the VIPER Shares may not be redeemed with the Fund.

The Fund pays out dividends from net investment income, if any, to shareholders quarterly in March, June, September and December. The Fund distributes its net capital gains, if any, to

shareholders in December. The Fund may occasionally be required to make supplemental distributions at some other time during the year.

The Depository Trust Company ("DTC") serves as securities depository for the VIPER Shares, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding VIPER Shares.

The NAV for the Funds will be calculated and disseminated daily after 4:00 pm ET each trading day. The NAV is available from Vanguard (www.vanguard.com) and is available to National Securities Clearing Corporation ("NSCC") participants through data made available from NSCC. Vanguard's website will also disclose the closing market price for the VIPER Shares.

The values of the index underlying the Fund are disseminated to data vendors every 15 seconds. The trading increment for the VIPER Shares is \$0.01.

Trading Hours

Trading in the shares on the Exchanges is on a UTP basis and is subject to the Exchanges' equity trading rules. The shares will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Members trading the shares during the Extended Market Sessions (Pre-opening and Post-closing sessions) are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

Trading Halts

The Exchanges will halt trading in the Shares of a Trust in accordance with Exchange Rules 14.1(c)(4). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the Shares and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, the Exchanges will stop trading the Shares of a Trust if the primary market de-lists the Shares.

Delivery of a Prospectus

Pursuant to federal securities laws, investors purchasing Shares must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Shares directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus.

Prospectuses may be obtained through the Distributor or on the Fund's website. The Prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to the Trust's registration statement.

Continuous Offering

The method by which Creation Units of shares are created and traded may raise certain issues under applicable securities laws. Because new Creation Units of shares may be issued and sold by the Fund on an ongoing basis, at any point a “distribution,” as such term is used in the Securities Act of 1933, as amended (the “Securities Act”), may occur. Broker-dealers and other persons are cautioned that some activities on their part may, depending on the circumstances, result in their being deemed participants in a distribution in a manner which could render them statutory underwriters and subject them to the prospectus delivery requirement and liability provisions of the Securities Act.

For example, a broker-dealer firm or its client may be deemed a statutory underwriter if it takes Creation Units after placing an order with the Distributor, breaks them down into constituent Shares, and sells such Shares directly to customers, or if it chooses to couple the creation of a supply of new Shares with an active selling effort involving solicitation of secondary market demand for Shares. A determination of whether one is an underwriter for purposes of the Securities Act must take into account all the facts and circumstances pertaining to the activities of the broker-dealer or its client in the particular case, and the examples mentioned above should not be considered a complete description of all the activities that could lead to a categorization as an underwriter.

Purchases and Redemptions in Creation Unit Size

Exchange members and member organizations are hereby informed that procedures for purchases and redemptions of Shares in Creation Unit Size are described in the Funds’ prospectus and Statement of Additional Information, and that Shares are not individually redeemable but are redeemable only in Creation Unit Size aggregations or multiples thereof.

Principal Risks

Members are referred to the prospectus for a description of risks associated with an investment in VIPER Shares. These risks include tracking error risk that may result from factors such as the fees and expenses of the VIPER Shares, imperfect correlation between the VIPER Shares and the relevant index, rounding of share prices and changes to the relevant index and regulatory policies, which may affect the ability to achieve close correlation with the indices. The returns for a VIPER Shares therefore may deviate from those of the relevant index. In addition, as noted in the prospectus, the VIPER Shares may trade below, at or above NAV. The NAV of the VIPER Shares will fluctuate with changes in the market value of the Funds’ holdings. The market prices of the VIPER Shares will fluctuate in accordance with the changes in the Fund’s NAV as well as the supply and demand for the VIPER Shares.

Exchange Rules Applicable to Trading in the Shares

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchange’s existing rules governing the trading of equity securities.

Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations

The Commission, by letters dated August 17, 2001 and January 3, 2005, has granted exemptive, interpretive and noaction relief from certain rules promulgated under the Securities

Exchange Act of 1934, as amended, in connection with secondary market transactions in the shares of certain exchange traded funds and the creation and redemption of creation units of such funds. The relief is subject to the condition that such transactions in fund shares, any component security, or any related securities are not made for the purpose of creating actual, or apparent, active trading in or raising or otherwise affecting the price of such securities. The Fund qualifies for the relief granted in the letters, which is provided in detail below. Members may refer to the full text of the letters for additional information.

Issuer Notice of Certain Actions

The issuer of the Shares is not required to give notice of certain specified actions (e.g., dividends, stock splits, rights offerings) relating to the Shares pursuant to the Commission's grant of relief from Rule 10b-17.

Regulation M Exemptions

Generally, Rules 101 and 102 of Regulation M prohibit any "distribution participant" and its "affiliated purchasers" from bidding for, purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities.

The Commission issued a No-Action Letter by which persons participating in a distribution of shares of a fund may engage in secondary market transactions in such shares during their participation in such a distribution, despite the requirements of from Rule 101 under Regulation M. In addition, the Commission has permitted persons who may be deemed to be participating in the distribution of shares of a fund (i) to purchase securities for the purpose of purchasing creation unit aggregations of fund shares and (ii) to tender securities for redemption in Creation Unit Aggregations. Further, the Commission has clarified that the tender of fund shares to the Fund for redemption does not constitute a bid for or purchase of any of the Funds' securities during the restricted period of Rule 101. The Commission has issued a No-Action Letter to paragraph (e) of Rule 102 under Regulation M which allow the redemption of fund shares in creation unit aggregations during the continuous offering of shares.

Customer Confirmations for Creation or Redemption of Fund Shares (SEC Rule 10b-10)

Broker-dealers who handle purchases or redemptions of Fund shares in Creation Units for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to the Fund for purposes of purchasing creation unit aggregations ("Deposit Securities") or the identity, number and price of shares to be delivered by the Trust to the redeeming holder ("Redemption Securities"). The composition of the securities required to be tendered to the Fund for creation purposes and of the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on that day. This exemptive relief under Rule 10b-10 with respect to creations and redemptions is subject to the following conditions:

- 1) Confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;

- 2) Any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c);
- 3) Except for the identity, number and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to customers must disclose all other information required by Rule 10b-10(a).

SEC Rule 14e-5

The Commission has permitted any person acting as a dealer-manager of a tender offer for a component security of fund (1) to redeem fund shares in creation unit aggregations from the issuer that may include a security subject to such tender offer and (2) to purchase fund shares during such tender offer. In addition, a No-Action has been issued under Rule 14e-5 states that if a broker-dealer acting as a dealer-manager of a tender offer for a security of the Fund purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more creation unit aggregations of shares, it must be made in conformance with the following:

- i. such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a distribution, or any reference security, does not comprise more than 5% of the value of the basket purchased; or
- ii. purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the underlying index; and
- iii. such bids or purchases are not effected for the purpose of facilitating such tender offer.

Section 11(d)(1); SEC Rules 11d1-1 and 11d1-2

Section 11(d)(1) of the Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within thirty days prior to such transaction. The Commission has clarified that Section 11(d)(1) does not apply to broker-dealers that are not authorized participants (and, therefore, do not create creation unit aggregations) that engage in both proprietary and customer transactions in shares of a fund in the secondary market, and for broker-dealer authorized participants that engage in creations of creation unit aggregations. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an authorized participant) does not, directly or indirectly, receive from the fund complex any payment, compensation or other economic incentive to promote or sell the shares of a fund to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830 (I)(5)(A), (B) or (C). See letter dated November 22, 2005 from Brian A Bussey, Assistant Chief Counsel, Division of Market Regulation, to Barclays Global Investors, N.A., dated November 22, 2005. The Commission has issued a No-Action Letter under Section 11(d)(1) of the Act states that broker-dealers may treat shares of a fund, for purposes of Rule 11d1-2, as "securities issued by a registered open-end investment company as defined in the Investment Company Act" and thereby extend credit or maintain or arrange for the extension or maintenance of credit on shares that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

SEC Rule 15c1-5 and 15c1-6

The SEC has taken a no-action position with respect to Rule 15c1-5 and Rule 15c1-6 as to the required disclosure of control by a broker or dealer with respect to creations and redemptions of Fund shares and secondary market transactions therein.

This Regulatory Information Circular is not a statutory Prospectus. Members should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.

Appendix A

| Ticker | Fund Name | Cusip |
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| VIG | Vanguard Dividend Appreciation VIPER Shares | 921908844 |