

Vanguard eliminates trading fees for stocks and options

The move brings the low-cost asset manager up to speed with the likes of Schwab, TD Ameritrade, Fidelity and ETrade



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By **Jeff Benjamin**



The Vanguard Group, which was ahead of the curve in 2018 when it eliminated trading commissions on most exchange-traded funds, has kicked off the new year by extending commission-free online trading for stocks and options for all Vanguard brokerage clients.

The change, which is effective Thursday, Jan. 2, was described as “just another day at Vanguard,” by Andrew Kadjeski, head of retail trading.

“We’ve been doing this on the brokerage side for the past decade,” he added, referencing commission-free trading of Vanguard ETFs since 2010.

Even though Vanguard’s brokerage platform has offered commission-free trading of Vanguard mutual funds since 1977, the expansion this week to include stocks and options brings the low-cost asset manager up to speed with the likes of **Charles Schwab Corp.**, TD Ameritrade, **Fidelity Investments**, and Etrade Financial Corp., all of which announced free online trading commissions for ETFs, stocks and options last fall.

The market has essentially come to expect free trades.

“This is just a continuation of the inevitable race to zero for transactions,” said Dennis Nolte, vice president of Seacoast Investment Services.

Kashif Ahmed, president of American Private Wealth, said the move by Vanguard is a way of not being “left behind.”

“Anyone who thought that this was not inevitable was being naïve,” he said. “Even though Vanguard vacuums up the lion’s share of new investors, this was pretty much expected.”

Todd Rosenbluth, director of mutual fund and ETF research at CFRA, agrees that Vanguard simply “leveled the playing field” that it often leads when it comes to low fees.

“Vanguard was ahead of the game in eliminating commissions on all ETFs, but until now that didn’t include stocks and options,” Mr. Rosenbluth said. “The recent commission-free war and the dominos that fell were partially a response to what Vanguard originally did.”

Mr. Kadjeski declined to comment on how much trading revenue the change will likely cost Vanguard but said history has shown that Vanguard clients don’t typically alter their trading activity when transaction costs are cut.

Mr. Kadjeski also said the latest commission cuts are not a response to the wave of commission cuts announced across the brokerage industry last year.

“We’ve been thinking about a move like this since 2018,” he said. “We were mindful of a change in trading activity after 2018 and the trading activity didn’t change, because we’re a firm built on buy-and-hold investing.”

