

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

| OMB APPROVAL | |
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| 1. Name and Address of Reporting Person* <u>Kelly James Patrick</u> (Last) (First) (Middle) 2200 PENNSYLVANIA AVENUE SUITE 300E (Street) WASHINGTON DC 20037 (City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol <u>Vanda Pharmaceuticals Inc. [VNDA]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner X Officer (give title below) Other (specify below) <u>SVP, CFO, Sec & Treasurer</u> |
| | 3. Date of Earliest Transaction (Month/Day/Year) 03/10/2015 | |
| | | 6. Individual or Joint/Group Filing (Check Applicable Line) X Form filed by One Reporting Person Form filed by More than One Reporting Person |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|------------------------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 03/10/2015 | | M | | 12,500 | A | (1) | 53,723 | D | |
| Common Stock | 03/10/2015 | | M | | 4,687 | A | (1) | 58,410 | D | |
| Common Stock | 03/10/2015 | | M | | 2,344 | A | (1) | 60,754 | D | |
| Common Stock | 03/10/2015 | | M | | 5,000 | A | (1) | 65,754 | D | |
| Common Stock | 03/10/2015 | | S ⁽²⁾ | | 12,450 | D | \$10.53 ⁽³⁾ | 53,304 | D | |

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|--|-----|---|-----------------|--|--|---|--|
| | | | | Code | V | | (A) | (D) | Date Exercisable | Expiration Date | | | | |
| Restricted Stock Unit | (1) | 03/10/2015 | | M | | 12,500 | (4) | (5) | Common Stock | 12,500 | \$0.00 | 0 | D | |
| Restricted Stock Unit | (1) | 03/10/2015 | | M | | 4,687 | (6) | (5) | Common Stock | 4,687 | \$0.00 | 4,688 | D | |
| Restricted Stock Unit | (1) | 03/10/2015 | | M | | 2,344 | (7) | (5) | Common Stock | 2,344 | \$0.00 | 4,688 | D | |
| Restricted Stock Unit | (1) | 03/10/2015 | | M | | 5,000 | (8) | (5) | Common Stock | 5,000 | \$0.00 | 15,000 | D | |

Explanation of Responses:

- Each Restricted Stock Unit ("RSU") represents a contingent right to receive a share of the Issuer's common stock.
- Represents shares of the Issuer's common stock sold to satisfy tax obligations relating to the acquisition of shares of the Issuer's common stock in connection with the settlement of the vested portion of RSUs as reflected in this Form 4.
- The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$10.48 to \$10.66, inclusive. The Reporting Person undertakes to provide to the Issuer, any security holder of the Issuer or the staff of the Securities Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote (3) to this Form 4.
- The RSUs shall vest in four (4) equal annual installments beginning January 1, 2012, provided Reporting Person has remained in continuous service with the Issuer on each applicable vesting date. Vested shares will be delivered on the First Permissible Trading Day (as defined in the RSU Agreement) that occurs on or after the day when the RSUs vest.
- Not Applicable.
- The RSUs shall vest in four (4) equal annual installments beginning January 1, 2013, provided Reporting Person remains continuously employed by the Issuer through each annual vesting date. Vested shares will be delivered on the First Permissible Trading Day (as defined in the RSU Agreement) that occurs on or after the day when the RSUs vest.
- 50% of the original RSU award vested on July 29, 2013 due to milestone achievement, the remaining RSUs vest in four (4) equal annual installments beginning January 1, 2014, provided Reporting Person has remained in continuous service with the Issuer on each applicable vesting date. Vested shares will be delivered on the First Permissible Trading Day (as defined in the RSU Agreement) that occurs on or after the day when the RSUs vest.
- The RSUs shall vest in four (4) equal annual installments beginning January 1, 2015, provided Reporting Person remains continuously employed by the Issuer through each annual vesting date. Vested shares will be delivered on the First Permissible Trading Day (as defined in the RSU Agreement) that occurs on or after the day when the RSUs vest.

Remarks:

/s/ James Patrick Kelly 03/11/2015
 ** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.