

Vanda Pharmaceuticals Inc.
 Form 4
 November 07, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
TANANBAUM JAMES B

 (Last) (First) (Middle)
C/O PROSPECT VENTURE PARTNERS, 435 TASSO STREET, SUITE 200

2. Issuer Name and Ticker or Trading Symbol
Vanda Pharmaceuticals Inc. [VNDA]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Street)
PALO ALTO, CA 94301

3. Date of Earliest Transaction
 (Month/Day/Year)
11/03/2006

Director 10% Owner
 Officer (give title below) Other (specify below)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 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 Ownership (Instr. 4)		
			Code	V	Amount	(D)	Price		
Common Stock	11/03/2006		J ⁽¹⁾		907,332	D	\$ 0 1,459,323	I	By Prospect Venture Partners II, L.P. ⁽¹⁾
Common Stock	11/03/2006		J ⁽²⁾		13,817	D	\$ 0 22,223	I	By Prospect Associates II, L.P. ⁽²⁾
Common Stock	11/03/2006		J ⁽³⁾		2,303	A	\$ 0 2,303	D	

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

