

**ARKANSAS TEACHER RETIREMENT SYSTEM
SECURITIES MONITORING AND ASSET RECOVERY
LITIGATION POLICY**

I. DELEGATION OF AUTHORITY TO IDENTIFY POTENTIAL CLAIMS.

The Board of Trustees (the “Board”) delegates to the ATRS staff the authority to identify potential claims caused by a breach of duty by a third party to recover lost assets or value from securities bought or sold by ATRS. ATRS staff will provide a recommendation for potential claims including the recommended securities monitoring firm or firms to be retained for each potential claim to the Board for consideration prior to initiating any claims.

II. EVALUATION OF POTENTIAL CLAIMS

ATRS staff may utilize the services of ATRS’s custodial bank, as well as the services of any expert in the area of securities monitoring and asset recovery to evaluate any potential claims, file claims as necessary, and collect any settlements that results from the claims.

- A. In the event ATRS is identified as a member of a class of potential claimants, ATRS may choose to participate in the claim as a member of the class, to seek designation as a lead plaintiff, or to opt out of the class action.
- B. ATRS shall consider and weigh the merit of each claim based upon the following criteria:
 - 1. The level of loss or size of the claim for the investment activity
 - 2. The projected use of ATRS staff time and resources
 - 3. The justification for the claim by a securities monitoring firm; and
 - 4. The likelihood of recovery.
- C. In the event of an inconsistency with this Board policy and any previous Board policy, this policy shall control.

III. APPROVAL OF SECURITIES MONITORING & ASSET RECOVERY LAW FIRMS.

- A. ATRS staff will interview and select, through a request for qualifications (“RFQ”) process, no more than six (6) qualified securities monitoring and litigation firms to evaluate any potential claims, file claims as necessary, and collect any settlements that results from the claims. A firm selected under this RFQ provides services to ATRS on a contingency fee basis.
- B. In cases where the initiation of litigation is a formality designed to provide support for another institutional investor, ATRS staff may recommend that the most sensible and cost-effective source of legal representation will be the ATRS legal counsel or the legal counsel representing the institutional investor that ATRS supports in the litigation.