



# *Securities Litigation Policy*

---

## I. Purpose

- A. The purpose of the ACERA Securities Litigation Policy is to establish procedures and guidelines for monitoring and participating in domestic and international securities class action lawsuits or similar litigation impacting the investment portfolio, when appropriate to protect ACERA's interests.

## II. Assumptions

- A. The authority to pursue claims is delegated to the Legal Department. Legal staff may retain outside consultants to assist in monitoring securities litigation cases, identifying those cases that potentially involve ACERA's assets and evaluate ACERA's potential losses and chances of recovery. Legal staff may also retain outside counsel to assist in identifying and evaluating other types of claims resulting in investment losses and assessing potential financial interest particularly claims pursuant to antitrust laws or the Commodity Exchange Act. Such retention would include assessing ACERA's potential financial interest in pursuing litigation for such claims to the extent possible.
- B. Legal staff will attempt to ensure that ACERA obtains its fair share of any recovery in such cases where ACERA has a valid claim. Where the size of ACERA's potential loss in a particular case justifies involvement, Legal staff will monitor and/or participate in the case as appropriate. Alternatively, in cases where it may be difficult to assess ACERA's potential recovery, and if the case appears to have a potentially significant interest and has merit, Legal staff shall determine whether ACERA will participate in such cases. Additionally, Legal staff may also monitor and/or object to attorneys' fee requests made in cases where ACERA has standing to file a claim. Legal staff monitors foreign securities litigation fraud cases, and determines whether ACERA will participate in such cases.

- C. When deciding whether to pursue lead plaintiff status in securities litigation class actions or class actions alleging alternative theories of liability for investment losses, Legal staff will consult with the Chief Executive Officer and the Chief Investment Officer.
- D. The implementation of this policy should not place an inordinate burden on ACERA Legal staff. Existing resources should be used to keep the Board apprised of the status of the filing and settlement of securities class action cases or other class action litigation impacting ACERA's investment portfolio.

### III. Policy Guidelines

- A. Review of Class Action Filings. Legal staff shall monitor the filing and settlement of securities class actions.
- B. Active Case Monitoring. Where the potential amount ACERA could recover in a case is sufficiently large and the case has merit, Legal staff shall determine whether ACERA should actively monitor and/or actively participate in the litigation.
- C. Participation in Settlement. Legal staff shall develop and implement procedures for ensuring that timely claims are submitted on behalf of ACERA in all appropriate securities class action settlements as well as other class action litigation impacting the portfolio. Legal staff will develop and implement procedures for filing objections to attorneys' fees requests made by plaintiffs' counsel(s) where appropriate in securities class action settlements.
- D. Reports to the Board. Legal staff shall report annually to the Board regarding those cases which are being monitored and cases in which ACERA has taken an active role. Legal staff shall keep the Board apprised of any unusual or extraordinary events as they occur.

### IV. Policy Review

- A. This policy shall be reviewed by the Governance Committee at least every three (3) years to ensure that it remains relevant and appropriate.

## V. Policy History

- A. This Board adopted this policy on April 18, 2002.
- B. The Board reviewed and adopted this policy, with revisions, on September 20, 2018<sup>1</sup>.

---

<sup>1</sup> The Board adopted the Policy on April 18, 2002. The Board reviewed and affirmed it, with revisions, on October 19, 2006; July 17, 2008; September 10, 2014; September 15, 2016; and September 20, 2018. The Board reviewed and affirmed, without revisions, on September 16, 2010, and April 19, 2012.