

Securities Litigation Policy

In order to discharge its fiduciary duties, the Board of Trustees has approved this Securities Litigation Policy (the "Policy") because of the need for ongoing monitoring of cases and consideration of the role, if any, the West Virginia Investment Management Board ("WVIMB") should take in securities fraud and class action matters. The Policy sets forth the roles, responsibilities, processes and evaluative criteria that the Legal and Legislative Committee will use, on behalf of the WVIMB, to analyze and manage securities litigation matters. Specifically, this Policy delegates certain authority to the Legal and Legislative Committee in regard to class action litigation brought under the Securities Act of 1933, the Securities Exchange Act of 1934 and other applicable federal and state law, or similar proceedings in foreign jurisdictions. This Policy is intended to delegate only that authority set forth herein to the Legal and Legislative Committee. The Legal and Legislative Committee Charter continues to govern the authority and responsibilities of the Legal and Legislative Committee with respect to other matters.

DOMESTIC LITIGATION

Proofs of Claim Monitoring

The WVIMB will utilize the services of a qualified custodial bank or other vendor for purposes of monitoring and managing the timely filing of proofs of claim in securities class action litigation matters in respect of investments held by the WVIMB from time to time. Such vendor will be contractually responsible for the timely and effective filing of proofs of claim in all actions involving securities held on behalf of the WVIMB. WVIMB staff is responsible for monitoring the performance of the WVIMB's vendor in connection with the filing of proofs of claims.

Identification of Potential Securities Cases

In addition to the routine filing of proofs of claim as described above, the WVIMB will consider and assess whether and under what circumstances it may choose to become more actively involved in securities class action litigation. To this end, the WVIMB adopts the policies and procedures set forth below.

1. Staff will utilize analysis and information from a variety of sources to monitor and evaluate potential securities class action litigation matters, which may include but are not limited to: (a) information prepared by the monitoring firms defined below; (b) print and electronic publications; (c) Internet sites; (d) cooperative arrangements with other institutional investors; (e) information provided to the WVIMB by the WVIMB custodial bank and its advisors and fund managers; and (f) any other recognized and reliable source of information on such matters. To assist in this process, the WVIMB Legal and Legislative Committee will engage professional providers of securities class action monitoring services, which may include companies offering such services and up to no more than three law firms specializing in securities class action litigation (collectively, the "monitoring firms"). The monitoring firms will regularly analyze the WVIMB portfolio for the express purpose of advising the WVIMB of potential securities fraud litigation matters that meet the criteria for further action as outlined below. In order to permit this monitoring function, the WVIMB will authorize the selected monitoring firms to have access, through WVIMB's custodial bank, to WVIMB's portfolio information. From these sources, the WVIMB staff, with the advice and assistance of the monitoring firms, will identify, on an ongoing basis, newly filed and potential securities class action cases where the WVIMB has suffered a loss.
2. Securities class action cases that are identified in Section 1 above will be analyzed by the monitoring firm(s) to determine whether the WVIMB held the securities in question during the time period involving possible fraud and other matters relevant to class eligibility in the identified action. The WVIMB staff will review and verify these results. If the WVIMB securities holdings qualify it for membership in the affected class, the monitoring firm will calculate, and the WVIMB will review, the approximate level of losses that the WVIMB experienced. If the WVIMB, independent of the monitoring firms, identifies a case under Section 1, then it will, with the assistance of the custodian bank or relevant manager, make the determinations required by this Section 2.

3. Securities class action cases identified under the procedures in Sections 1 and 2 above will not be considered for more active involvement by the WVIMB staff, such as seeking lead plaintiff status or opting out of the class in order to file an independent action, unless:
 - 3.1. There is a significant loss to the WVIMB or there is substantial evidence of fraud or wrong doing so egregious that it carries potential criminal implications for the wrongdoer, and
 - 3.2. There is a substantial likelihood of a recovery from the defendant(s).
4. If the conditions in Section 3 above are satisfied, the WVIMB staff will make an assessment and recommendation as to whether to undertake an active role in pending or potential securities class action litigation by considering, along with other information available to it, the following additional criteria and factors, as relevant:
 - 4.1. The size of the claim and the likely degree of recovery versus the time and costs involved in pursuing the matter actively.
 - 4.2. A case analysis on the merits and other legal and practical matters. This may originate from any recommendation to the WVIMB that it take an active role in the matter, prepared by: (a) one of the monitoring firms that identified the case to the WVIMB, and/or (b) a nationally recognized independent law firm specializing in securities class action litigation that would not participate in the litigation retained to assist the WVIMB in the case analysis (the “independent assessment firm”).
 - 4.3. The view of the matter’s merits held by the investment manager(s) who purchased or sold the securities which are the subject of the litigation and the impact, if any, on WVIMB’s portfolio.
 - 4.4. Staffing constraints that might make it difficult for the WVIMB to effectively pursue the case actively, either as a lead plaintiff or through an independent lawsuit.
 - 4.5. A legal analysis of the WVIMB’s or investment manager’s files and any related materials for any unique issue or defenses to which the WVIMB might be subject to in the particular case.
 - 4.6. The effectiveness and availability of potential witnesses.
 - 4.7. The ability of the investment manager to respond to requested discovery.
 - 4.8. The effectiveness of potential alternatives for recovering the value of the claim, such as corporate governance actions or less costly methods of monitoring the litigation.
 - 4.9. Whether the active involvement of the WVIMB will add value to the potential resolution or management of the case.
 - 4.10. Whether any other institutional investors are members of the class, and the extent to which they plan to become actively involved.
 - 4.11. The overall impact of active claims management on the WVIMB portfolio may also be taken into consideration, in addition to the factors involved in a single case (e.g., the deterrence of future fraud from pursuit of claims against corporate bad actors or culpable auditors that are unlikely to be pressured without active case management by a knowledgeable lead plaintiff; introduction of competition between law firms to lower the size of legal fee awards taken out of recoveries; raising the standard for acceptable recoveries in class actions; and fostering changes in corporate culture that are likely to benefit shareholders).

Management of Securities Fraud Matters

5. If the WVIMB staff determines, based on the criteria set forth in Section 4 of this policy statement, that a matter is worth actively pursuing, staff will submit the matter to the Legal and Legislative Committee of the Board. The submission will contain a recommendation from the monitoring firm recommending that the WVIMB take an active role, and/or an independent assessment firm, and from staff identifying the matter as a case where the WVIMB should either:
 - 5.1. Seek “lead” plaintiff status;

- 5.2. Opt out of the class and pursue an independent securities litigation action; or
- 5.3. File for “lead” plaintiff with the understanding and agreement that the WVIMB will partner with another institutional investor in carrying out the “lead” plaintiff responsibilities.

If the WVIMB staff decides that it is not in the best interest of the WVIMB to pursue lead plaintiff status or an independent action, WVIMB staff may recommend other options, including but not limited to the following:

- 5.4. Attempting to get a larger claimant to become lead plaintiff.
 - 5.5. Monitor the case from the sidelines.
 - 5.6. Write letters to the court and/or lead plaintiff to bring up issues being ignored.
 - 5.7. File a motion to support particular lead plaintiff or lead counsel candidates.
 - 5.8. File a motion of appearance and more actively monitor the case.
 - 5.9. Attempt to negotiate an agreement with lead counsel that will require them to keep the WVIMB informed of case developments, allow WVIMB access to discovery upon request and allow WVIMB to participate in settlement negotiations or be consulted on a settlement.
 - 5.10. Wait until settlement with the option to object to a poor settlement or excessive fees.
 - 5.11. File amicus briefs.
6. The Legal and Legislative Committee may authorize the WVIMB to seek lead plaintiff status in a securities class action case, or to opt-out of the class and file its own securities fraud case, or such other action as it determines to be appropriate and in the best interests of the WVIMB and its constituents. The Legal and Legislative Committee will provide a full report to the Board of Trustees at its next meeting of all staff recommendations in respect of securities class action litigation matters, and of all actions taken by the Legal and Legislative Committee in respect thereof.
 7. At the time of the approval of action under Section 6 above, the Legal and Legislative Committee will select legal counsel, or delegate the selection to the Executive Director and General Counsel, to represent WVIMB, either in the WVIMB’s capacity as lead plaintiff or in such other capacity as may be authorized and approved by the Legal and Legislative Committee. Legal Counsel, in such case, will most often be one of the monitoring firms identifying and recommending the action to the WVIMB or must otherwise be selected from a list of no more than ten (10) pre-approved qualified securities litigation firms.

Factors the Legal and Legislative Committee shall consider will include but not be limited to the firm’s: (a) ability to fully staff the case [with attorneys, other professionals commonly utilized in such cases, and paraprofessionals] and finance a multi-year, contingent fee litigation case in the relevant court and jurisdiction; (b) fees; (c) other clients represented; and (d) experience and expertise or familiarity with the issues presented in the particular case.

The Legal and Legislative Committee may select a qualified law firm not on the pre-approved list if it believes that such selection is in the best interest of the WVIMB.

8. Staff will monitor and manage any and all securities class action cases in which the WVIMB takes an active role and will regularly report all significant developments in such cases to the Legal and Legislative Committee.
9. The authority to settle, withdraw from or otherwise terminate a securities class action case in which the WVIMB has taken an active role pursuant to this Policy rests with the Legal and Legislative Committee, but the Legal and Legislative Committee may delegate such authority to the Executive Director or litigation counsel in its discretion.

FOREIGN LITIGATION

Litigation concerning securities fraud claims takes different forms in various foreign jurisdictions and the nature of the decisions concerning the WVIMB's participation in these matters differs from those made in connection with domestic litigation. For the most part, foreign jurisdictions do not utilize a class action structure in which eligible members of the class may be completely passive throughout the litigation. In the United States class action structure, eligible class members may not even be aware of the matter. It is not until the litigation is resolved that the class member is notified and obligated to step forward with their claim.

In many foreign jurisdictions, a party with claims similar to those being organized and pursued by other investors must identify themselves and opt-in to the case as a named plaintiff, at the outset of the case, in order to be eligible for any recovery awarded. Thereafter, an investor which has opted-in to a case has a largely, but not completely, passive role. The sections set forth below identify the considerations of the Legal and Legislative Committee in deciding to opt-in to a case, or otherwise act to preserve a right to recovery in a case, being pursued in a foreign jurisdiction where the WVIMB's role will be largely passive and the purpose is to preserve a claim to a recovery that would be otherwise lost.

10. The WVIMB will utilize the approaches and methods set forth in Section 1 above, including the use of monitoring firms, to identify opt-in opportunities, or similar actions necessary to preserve a claim, in securities litigation matters in foreign jurisdictions.
11. If the WVIMB or a monitoring firm identifies a foreign case being organized or pursued involving securities held by the WVIMB, the monitoring firm or the WVIMB will determine if its losses and securities holding periods are such that it could seek to opt-in or otherwise participate in the foreign litigation.
12. Before authorizing the WVIMB to participate in foreign litigation, in a generally passive role to preserve a recovery, the Legal and Legislative Committee will consider, with the advice of staff and the WVIMB's monitoring firm or other independent assessment firm, the following factors, where relevant:
 - 12.1. The merits of the case, any jurisdictional options that may exist, and any considerations as to the structure of the litigation.
 - 12.2. The amount of the loss and potential for any recovery.
 - 12.3. Whether the amount of time and effort of staff to respond to requests for information on the case, including working with the custodial bank and the investment manager to respond to inquiries on the case, are justified given the potential for recovery.
 - 12.4. Whether the litigation is sufficiently funded, how and by whom.
 - 12.5. The choice of the law firm selected by the funder.
 - 12.6. The risk of adverse decision liability, if applicable, which arises in some jurisdictions when a claim is lost and the court awards costs to the prevailing party, and whether such a risk is de minimis or has been insured or guaranteed by a responsible party.
13. Once approved by the Legal and Legislative Committee, the WVIMB may retain legal counsel to carry out the decision to participate in foreign litigation under the terms of this Policy. The WVIMB may retain the monitoring firm that identified and recommended participation by the WVIMB or another of the firms identified in Section 7 above.