

## *FAScore Documentation*

FUNCTIONAL PROCESS: Variable Annuity Trade Restrictions

PROCEDURE: Market Timing / Excessive Trading

DATE: February 1, 2007

### Overview

These procedures cover the steps for restricting trading in a variable annuity participant account due to market timing and/or excessive trading. Requests to restrict trading on a participant can come from a fund house or from MetLife.

### Procedure for Adding MetLife restrictions

- I. MetLife receives a monthly report (MT\_TRAD) from the FAScore Relationship Management team showing all trades that meet specified criteria for MetLife.
  - a. If MetLife determines that an individual is market timing or excessively trading (“prohibited trading”), MetLife will notify the individual in writing informing them that trading restrictions will be implemented immediately and written notice of this restriction will be provided to the individual and plan, if applicable.
  - b. MetLife will send an email to the MetHome team at [methome@retirementpartner.com](mailto:methome@retirementpartner.com) to request that FAScore place a restriction on the participant account.
    - i. This email should include the participant name and ssn in addition to a PDF copy of the participant communication sent by MetLife.
    - ii. The MetHome Account Manager will place a narrative on the participant account by going to QYPA, entering the participant ssn, moving to bottom of screen to blue box titled ‘Narrative’.
    - iii. The ‘Narrative should state the following: “Frequent Trader. Must request all trades via written request”.
  - c. The MetHome Account Manager will open a Client Service AR ticket to ‘Regina New Business’ to have the participant access to the VRU and participant web changed to ‘Inquire Only’.
  - d. The MetHome Account Manager will image a copy of Met’s email request as well as a copy of the participant communication from MetLife to Web Retriever under the participant ssn.
  - e. The MetHome Account Manager will quality check to confirm that the narrative appears on participant account, participant access to web/VRU has been changed to ‘Inquire Only’, and that the image appears under the participant ssn in Web Retriever.
  - f. **Trading restriction:** The individual shall be restricted from making any type of transfers other than by submitting a written request with an

original signature. If a written transfer request is received in good order prior to the close of the NYSE (generally 4:00 PM ET) on a given business day, it will be processed effective on that same business day. Otherwise, all such requests received in good order will be processed on the next business day. *Note: MetLife agrees that FASCore will not guarantee that this restriction will catch all trade attempts by the participant.*

- i. The individual is restricted from trading via any other method (including the web, voice response unit, call center, facsimile) for the period of six months.
- ii. Individuals are always permitted to make transfers by written request with original signature.
- iii. This procedure will be in effect for six months (FASCore will not monitor this. MetLife will instruct FASCore when restriction should be removed. See 'Procedures for Removing MetLife Restriction' below for more details).
- iv. The individual will be restricted from making any changes to their account via the Retirement SavingsLink or the voice response system. During this restriction period, participants can make account changes other than fund transfers by contacting FASCore Client Services. When the restriction period has been met, MetLife will notify FASCore to remove this restriction. The individual will be allowed to resume transfers and account changes via the Retirement SavingsLink, voice response system, call center, or facsimile.

#### Procedure for Removing MetLife Restrictions

- I. After the restriction period has ended, MetLife will email [methome@retirementpartner.com](mailto:methome@retirementpartner.com) to request that the restriction on the participant be removed.
  - a. This email should include the participant name and ssn along with notification that this participant is no longer restricted.
  - b. MetHome Account Manager will remove the narrative on the participant account by utilizing QYPA.
- II. The MetHome Account Manager will open a Client Service AR ticket to 'Regina New Business' to have the participant access to the VRU and participant web changed back to 'Update'.
- III. The MetHome Account Manager will image a copy of Met's request to remove the restriction to Web Retriever under the participant ssn.
- IV. The MetHome Account Manager will quality check to confirm that the narrative has been removed from the participant account, that the participant access to the web/VRU is back to 'Update', and that Met's email request have been imaged to Web Retriever under the participant ssn.

#### Procedure for Fund Company restrictions

- I. If FASCore is contacted by a fund company that suspects an individual is market timing or excessive trading (“prohibited trading”), FASCore will provide a report of the trading activity to the fund company and request its determination as to whether such activity constitutes prohibited trading according to that fund company’s definition of prohibited trading.
- II. If, based on the information provided, the fund company determines that the trading activity constitutes prohibited trading, FASCore will contact the individual in writing to request that the individual stop prohibited trading immediately (unless the applicable fund requires that restrictions be implemented immediately without warning, in which case the trading restriction will be implemented immediately and written notice of this restriction will be provided to the individual, MetLife, and the plan, if applicable).
- III. A subsequent report of trading activity will then be provided to the fund company.
  - a. If, based on the second report, the fund company determines that the individual has not ceased prohibited trading, and upon the request of the fund company, FASCore will inform the individual in writing (as well as notify MetLife) of the trading restriction that will apply. Unless the plan sponsor instructs us otherwise, the trading restriction will apply.
  - b. **Trading restriction:** The individual shall be restricted from making transfers TO the identified fund(s) via any method (including the web, voice response unit, call center, facsimile or paper) for the period of time required by the fund(s). Individuals are always permitted to make transfers OUT of the identified fund(s) to other available, non-restricted investment options. When the restriction period has been met, the individual will automatically be allowed to resume purchases into the identified fund(s).