

## PROCEDURES FOR THE NOMINATING COMMITTEE

1. The 2016 Nominating Committee (the Committee) was selected by the American Finance Association (AFA) Board at the 2015 meeting. The 2016 AFA President shall serve as Chair of the Committee. The 2017 Nominating Committee will be selected at the June 2016 meeting of the AFA Board. This timing will be the standard practice thereafter. The Committee consists of up to 10 members appointed by the AFA Board, the Vice-President (ex officio) and the President-Elect. The President-Elect shall serve as the Committee Chair.

2. Shortly after the June Board meeting, the President-Elect contacts the newly selected members to ask them if they are willing to serve on the Committee. The invitation letter notes that this is an important job that requires a commitment to participate in telephone meetings, an in-person meeting at the annual AFA meetings, and background research. The President-Elect informs the Committee of its responsibilities, which include identifying candidates for the Vice-President, the Directors, and Fellows.

The President-Elect emphasizes in the email that the Committee will strictly adhere to the Conflict of Interest Policy, which will be described in the email. Adherence to the Policy is a precondition for participation in the Committee's deliberations.

The President-Elect then details the criteria for each position.

i) Fellow: An honorific position based on cumulative research contribution to the field of financial economics. The President-Elect attends the AFA Fellows Dinner and collects nominations by the existing Fellows. These nominees will be presented to the Nominating Committee who may select up to five nominees as Fellows. The final selection is made by a vote of the current fellows.

ii) Vice-President: A position that requires a very distinguished research record as well as leadership and organizational capabilities. Prior service to the AFA (such as previous Board service) is considered. Membership in the AFA is also considered. Previous Presidents and Fellows are not eligible for this position.

iii) Director: A position for well-respected members of the profession who are willing to devote time to the AFA. Membership in the AFA is also considered. Previous Presidents and Fellows are not eligible for election.

The President-Elect also communicates that other factors can be taken into account in its selection of nominees to promote institutional, geographic and demographic diversity. The President-Elect encourages new members of the Committee to research names they think would be appropriate, and indicates that a spreadsheet of potential candidates will follow. The President-Elect emphasizes that communications and deliberations are confidential.

3. The President -Elect 's second email includes:

i) A reminder of the Committee's Conflict of Interest Policy and the importance of confidentiality.

ii) The AFA spreadsheet augmented with names of key people in the profession who are not AFA members. The President-Elect reminds the Committee that they can consider both AFA and non-AFA members. The spreadsheet is only for guidance.

- iii) The President-Elect shares the list of the Nominating Committee members.
- iv) The President -Elect shares the list of previously elected Presidents, Directors, and Fellows.
- v) The President-Elect shares the list of previous nominees for Vice-President, Directors, and Fellows who were not elected.
- vi) The President-Elect shares the list of previous nominees who chose not to seek election.
- vii) The President-Elect shares the current slate of candidates with the Committee.

4. After the results of the AFA election are known, the President-Elect sends out a third email alerting the Committee as to which candidates were elected and those that were not. At this point, the President-Elect solicits nominations from each Committee member in a method that is determined by the President-Elect. Committee members are asked to provide up to four nominations for Vice-President; six nominations for Board; and three to five nominations for Fellow.

5. The AFA Assistant forwards the President-Elect a spreadsheet that summarizes the nominations. The Assistant also adds to the spreadsheet: their institution, previous AFA service (i.e. committees, board), Google scholar link, whether they are an AFA member, and any other information the President -Elect requests.

6. The President-Elect asks the Committee to vote on a short list of approximately four to six VP candidates, twelve candidates for the BOD and up to five candidates for fellow. The President-Elect provides the Committee with a shortlist document that aggregates all nominations (taking out candidates for VP that are already fellows; candidates for BOD that have already served in the past; and candidates for fellow that may run for VP in the future). For each nomination for VP a short bio is provided.

The recommended voting procedure is as follows: All Committee voting members (strictly) rank all the nominees for VP (neither the President-Elect nor Vice-President vote). The President-Elect then adds up all the ranks for each nominee and divides by the number of Committee members voting). This generates an average score for each nominee. The President-Elect then picks the six nominees with the lowest scores. The President-Elect asks Committee members not to rank nominees from their own institution nor recent co-authors of theirs, so as to avoid any conflicts of interest. If any member has questions regarding their edibility to vote, they should consult with the Chair of the Committee. When one or more Committee members do not rank a nominee the President will just divide by the number of voters to get the average score.

The President-Elect then performs some basic due diligence on those candidates which might include talking to the former AFA President that overlapped with the candidate when he or she served on the Board. The AFA President -Elect considers all of factors mentioned in [2].

7. The President-Elect sends a short list in an email to all the members of the Committee soliciting information about conflicts of interest as detailed in the Policy.

8. The goal of the meeting process is to come up with a slate of two Vice-Presidential candidates as well as a backup candidate; six Director nominees; and three to five nominees for the Fellow.

9. The Committee is convened by telephone, electronically, or during the morning of the final day of the AFA meeting. The President-Elect now holds the office of AFA President. There is no voting at this meeting. The format is the following:

- i) The President emphasizes the importance of confidentiality
- ii) The President reviews the Conflict of Interest Policy. The President warns Committee members that they should not be advocating coauthors, institutional colleagues or their dissertation chair.
- iii) The President starts a discussion regarding the VP candidates. Committee members give their views and then repeat this process for Directors and Fellows.
- iv) The President reemphasizes the importance of confidentiality.
- v) The President takes this information, consults with the Executive Committee and develops a shorter list after the meeting. For the Vice-President, additional due diligence may be performed.
- vi) The President may ask particular Committee members to prepare additional information for the next meeting.

10. After this discussion meeting, the President electronically polls members of the Committee. Ballots may differ if some Committee members have conflicts of interest.

11. The President convenes a second meeting (either by telephone or electronically) and presents the results of the polling. After discussion, the President may elect to do a second poll if consensus is not reached. The President at each meeting emphasizes the importance of confidentiality.

12. The President then presents to the Executive Committee the proposed slate of two Vice-President nominees plus a backup, six Director nominees, and three to five Fellow nominees. It is possible, but unlikely, that the Executive Committee raises some questions for the Nominating Committee, which may require the Nominating Committee to reconvene by telephone.

13. In July, the President invites the candidates to stand for election. No candidate is told who the other candidates are.

### **Conflict of Interest Policy for the Nominating Committee**

1. No member of the Nominating Committee is eligible for nomination for any of the positions considered by the Committee.
2. Committee members will not nominate current or frequent coauthors, their dissertation chair, close personal friends or family, and those with whom they have an on-going financial relationship.

If any Committee member perceives a potential conflict of interest with nominating a candidate, voting for a candidate or discussing a nomination, the Committee member

should consult with the President-Elect/President. If necessary, the President-Elect/President may seek the advice of the Ethics Committee.