

Finance Theory Group

By-Laws

Initial version: October 2011.

Amendments: December 2012, March 2014, May 2015, November 2016, September 2017, July 2019.

1. Mission

- (a) The mission of the Finance Theory Group (henceforth, the FTG or the Corporation) is to foster and advance theoretical research in financial economics, especially in the areas of corporate finance, financial institutions, and financial markets. The FTG strives to promote theoretical research that will influence finance thought, guide and illuminate empirical work, and impact policy.

2. Membership

- (a) *Initial members.* The initial members of the Corporation shall consist of all people who were invited by the initial Board of Directors to be members. A list of the initial members appears at the end of this document.
- (b) *Eligibility.* Theorists who work in the area of corporate finance and financial markets, intermediation, and institutions theory are eligible to become new members of the FTG.
- (c) *New members.* New members are elected by the vote of the Board of Directors (henceforth, the Board), described in §5. No more than 12 members, who are less than 15 years past their Ph.D. graduation, can be elected each year (in addition to the winners of the best paper prize and runner up). Furthermore, no more than 2 members, who are more than 15 years past their Ph.D. graduation, can be elected each year.
- (d) *Exceptions.* In exceptional cases, if the Board feels a new member can contribute significantly to the group and the person concerned has expressed a strong interest in the group, the board may approve the addition of more than 12 members, who are less than 15 years past their Ph.D. graduation, in a given year. However, every extra member added reduces by one the number of members that may be admitted the following year.
- (e) *Deactivation.* Deactivation. Membership is deactivated if a member fails to pay the annual membership fees (as described in §6). Membership is also deactivated if a member misses three consecutive regular meetings (as described in §7) to which the member was invited. However, if the member attends an irregular FTG meeting (as described in §9) after having missed one or two regular meetings, deactivation is only triggered when a member misses a fourth consecutive regular meeting. Membership can be reactivated by the Board but only in exceptional circumstances.
- (f) *Liability.* No member of the Corporation shall be personally liable for any of the debts, liabilities or obligations of the Corporation.

3. Senior Members

- (a) *Eligibility.* Members of the FTG who are more than 15 years past their Ph.D. and have been members in good standing for at least 5 years have the option to become senior members of the FTG.
- (b) *New senior members.* To become a senior member, a member must officially inform the president of the FTG of his/her decision. The decision is official at that point and irreversible.
- (c) *Rights and duties of senior members.* Senior members have the right to attend the FTG meetings (and present papers) as long as space is available. At each meeting, priority for attendance will be given to members. Senior members do not have an attendance requirement, do not have voting rights, and cannot serve on the board.
- (d) *Liability.* No senior member of the Corporation shall be personally liable for any of the debts, liabilities or obligations of the Corporation.

4. Fellows

- (a) *Eligibility.* Theorists, including members and senior members, who are more than 15 years past their Ph.D. are eligible to become fellows of the FTG.
- (b) *New fellows.* New fellows are elected by the Board of Directors. No more than 6 new fellows can be elected each year, except in the first year of the adoption of these By-Laws where up to 12 new fellows can be elected. Elected fellows are researchers who work primarily in the areas described in §2b and have demonstrated support for theoretical research.
- (c) *Rights and duties of fellows.* Fellows have the right to attend the FTG meetings (and present papers) as long as space is available. At each meeting, priority for attendance will be given to members. Fellows do not have an attendance requirement, do not have voting rights, and cannot serve on the board. Members or senior members who become fellows automatically give up their prior status.
- (d) *Liability.* No fellow of the Corporation shall be personally liable for any of the debts, liabilities or obligations of the Corporation.

5. Board of Directors

- (a) *Composition.* The Board of Directors consists of 5 people, each serving a two-year term. Three members of the first board serve a three-year term to create a staggered board. Members can serve more than one term but not consecutively. Each director must be a member of the FTG.
- (b) *Election.* Candidates for the Board are proposed by the current board or by any 5 members, excluding the candidate, and are elected by the vote of all members. Candidates who obtain the most votes are elected. In case of a tie, the Board has the right to decide whether a member is elected or not.
- (c) *President.* One member of the Board is chosen by the Board to be president. The president is elected for a one-year term and can serve more than one term but not consecutively.

- (d) *Duties.* The responsibilities of the Board include: choosing new members, choosing locations and organizers of next meetings, managing current affairs of the FTG, enforcing member deactivation rules, etc. The Board members consult with all the members and specifically with current and past organizers on these issues.
- (e) *Compensation.* Board members shall serve without compensation for any services rendered by them to the corporation in their capacity as board members. However, board members are permitted to receive reimbursement for reasonable expenses incurred in carrying out their duties.
- (f) *Conflict of interest.* No board member shall solicit services from the Corporation through any procedure or means which would not be available to such person were he not a board member. Further, the Corporation shall not, in providing services or purchasing services, equipment or other supplies, give preferential treatment to any person by reason of the fact that such person is a board member, or a relative of a board member. When the Board is taking a decision on any transaction in which a board member or relative of a board member has a material financial interest, the material facts of the transaction and the board member's interest therein shall be fully disclosed to the Board beforehand. The Board member with a material interest shall not vote on the matter.
- (g) *Liability.* Neither the president nor any other board member shall be personally liable for any of the debts, liabilities or obligations of the Corporation.

6. Membership Fees

- (a) *Members and senior members.* All members and senior members (as of January 1 of each calendar year) are required to pay an annual membership fee that is set by the Board every year. Failure to do so will result in membership/senior membership being deactivated, as outlined below.
- (b) *Fellows.* Fellows are fully exempt from all membership fees.
- (c) *Collection process.* Before the beginning of each calendar year, the Board (or a Treasurer elected by the Board), will send an annual membership fee invoice to all of the members for the coming year. This invoice will be accompanied by a method of payment.
- (d) *Grace period.* Members who fail to pay their fees before the end of the calendar year must pay a penalty of 10%, and have until the end of the following calendar year to cover their fees for two years. Their membership is automatically deactivated after that.
- (e) *Exceptions.* Members who for any reason are financially constrained can request to have their annual fees waived for a year by emailing the president of the FTG. The decision to approve or deny the request is made by the Board.
- (f) *Use of proceeds.* Membership fee proceeds are to be used exclusively for activities organized by the Finance Theory Group (e.g., regular meetings, mini-courses, etc.) and for expenses that are expected to benefit the membership at large (e.g., website, working paper series, etc.). All disbursements of membership fee proceeds must be approved by the Board.

7. Regular Meetings

- (a) *Frequency.* Regular meetings are held twice a year and constitute the main activity of the

FTG. Ordinarily, one meeting will be held in the Fall (September-December) and one meeting will be held in the Spring (March-June).

- (b) *Organization.* The organizers for each regular meeting shall be chosen by the Board. The organizers are responsible for logistics and the selection of papers for the meeting. Each regular meeting is held for one or two days and consists of paper presentations by members with the time of 60 minutes allotted to each paper. Any change in format of the meetings suggested by the organizers should be coordinated with and approved by the Board.
- (c) *Organizational meetings.* At least once a year, an organizational meeting will be held as part of a regular meeting. All members attending the regular meeting are invited to the organizational meeting. Any issues related to the organization, including the election of board members and president, may be discussed at the organizational meeting.

8. Meeting Participation

- (a) *Eligibility.* Members are entitled to participate in regular meetings. Senior members and fellows are entitled to participate subject to the rules of §3c and §4c, respectively.
- (b) *Registration.* Each member, senior member, and fellow wishing to participate in the meeting must inform the organizers by the announced deadline.
- (c) *Rationing.* At each meeting, some space may be reserved for senior members and fellows, but priority for attendance will be given to members. If there are physical constraints on participation of members, priority will be given to more junior members (based on the year of the Ph.D. being awarded) and those who were unable to participate in the previous meeting(s) due to space constraints.
- (d) *Additional participants.* If a regular meeting is held at an educational institution, all tenure-track finance faculty of that institution may be invited to participate. In addition, at any regular meeting, if there is excess capacity, the organizers may invite up to 5 non-members that are interested in finance theory. All such participants are subject to the registration requirements described in §8b.

9. Irregular Meetings

- (a) The FTG may from time to time hold irregular meetings such as conferences or summer schools. The rules are announced separately for each such meeting.
- (b) The general rule is that all members, senior members, and fellows are entitled to attend subject to the procedures outlined in §8a and §8c but that missing such meetings will not count towards membership deactivation.

10. Best Paper Prizes

- (a) *Prizes.* The FTG establishes the annual Best Paper Prizes for best finance theory papers on the job market.
- (b) *Selection.* Each year, the prize-winning papers are selected by a committee appointed by the Board.

- (c) *Eligibility.* The eligible authors for the prizes are job market candidates for that year whose job market paper makes a theoretical contribution in the field of corporate finance and financial markets, intermediation, and institutions. The pool of eligible candidates being considered by the committee is determined by the Board after consultation with members.

11. Changing the By-Laws

- (a) *Discussion and vote.* Any proposed changes in the By-Laws must be announced to all members at least 10 days prior to a vote and sufficient time should be allowed for discussions. Any change requires an approval of at least 75% of the members voting on the issue.
- (b) *Quorum.* A quorum will be required on any vote to change the by-laws if at least 10 members communicate their desire for a quorum in writing to the board in advance of such a vote. A quorum obtains if at least 50% of the members participate in the vote.
- (c) *Proposal of changes.* Changes can be proposed by the Board or by 20% of all members.

List of Initial Members

Viral Acharya (NYU), Rui Albuquerque (BU), Andres Almazan (Texas), Aydoğan Altı(Texas), Fernando Anjos (Texas), Ulf Axelson (LSE), Snehal Banerjee (Kellogg), Nittai Bergman (MIT), Philip Bond (Minnesota), Matthieu Bouvard (McGill), Bradyn Breon-Drish (Stanford), Bruce Carlin (UCLA), Archishman Chakraborty (York), Hui Chen (MIT), Ing-Haw Cheng (Michigan), Jonathan Cohn (Texas), Brendan Daley (Duke), Adolfo De Motta (McGill), Giovanni Dell’Ariccia (IMF), Alex Edmans (Wharton), Andrea Eisfeldt (UCLA), Willie Fuchs (Berkeley), Diego Garcia (UNC), Nicolae Gârleanu (Berkeley), Simon Gervais (Duke), Vincent Glode (Wharton), Eitan Goldman (Indiana), Itay Goldstein (Wharton), João Gomes (Wharton), Alexander Gorbenko (LBS), Brett Green (Kellogg), Dirk Hackbarth (Illinois), Barney Hartman-Glaser (Duke), Zhiguo He (Chicago), Jennifer Huang (Texas), Philipp Illeditsch (Wharton), Ohad Kadan (Washington), Anastasia Kartasheva (Wharton), Péter Kondor (CEU), Yrjö Koskinen (BU), Augustin Landier (Toulouse), Nisan Langberg (Houston), Samuel Lee (NYU), Yaron Leitner (Philadelphia Fed), Doron Levit (Wharton), Dmitry Livdan (Berkeley), Richard Lowery (Texas), Evgeny Lyandres (BU), Igor Makarov (LBS), Andrey Malenko (MIT), Nadya Malenko (BC), Gustavo Manso (MIT), Robert Marquez (BU), Marc Martos-Vila (UCLA), Rich Mathews (Maryland), Jianjun Miao (BU), Konstantin Milbradt (MIT), Martin Oehmke (Columbia), Christian Opp (Wharton), Marcus Opp (Berkeley), Emilliano Pagnotta (NYU), Christine Parlour (Berkeley), Tomasz Piskorski (Columbia), Paul Povel (Houston), Uday Rajan (Michigan), Adriano Rampini (Duke), Matthew Rhodes-Kropf (HBS), Francesco Sangiorgi (Stockholm), Lukas Schmid (Duke), Gustav Sigurdsson (Wharton), Raj Singh (Minnesota), Ilya Strebulaev (Stanford), Günter Strobl (UNC), Alexei Tchisty (Berkeley), Neng Wang (Columbia), Ed van Wesep (UNC), Lucy White (HBS), Vijay Yerramilli (Houston), Bilge Yilmaz (Wharton), Adam Zawadoski (BU), John Zhu (Wharton).