

**BYLAWS**  
**OF**  
**FOUNDATION FOR ADVANCEMENT OF RESEARCH IN FINANCIAL**  
**ECONOMICS**  
**a California Nonprofit Association**

**ARTICLE 1**  
**NAME**

The name of this association is FOUNDATION FOR ADVANCEMENT OF RESEARCH IN FINANCIAL ECONOMICS.

**ARTICLE 2**  
**OBJECTIVES AND PURPOSES**

The objectives of this association shall be charitable and educational, including without limitation to establish and promote the advancement of research in financial economics by honoring published papers grounded in a conceptual framework reflecting the highest ideals of the profession.

**ARTICLE 3**  
**OFFICES**

Section 3.1. Principal Office. The principal office for the transaction of the business of the association shall be located at 27 Tanglewood Road, Berkeley, California 94705.

The Directors may change the principal office from one location to another. Any change of this location shall be noted by the Secretary on these Bylaws opposite this section, or this section may be amended to state the new location.

Section 3.2. Other Offices. The Board of Directors may at any time establish branch or subordinate offices at any place within or without the State of California.

**ARTICLE 4**  
**NONPARTISAN ACTIVITIES**

This Association has been formed under the California Nonprofit Association Law for the purposes described herein and it shall be nonprofit and nonpartisan. No substantial part of the activities of the association shall consist of the publication or dissemination of materials with the purpose of attempting to influence legislation, and the association shall not participate or

intervene in any political campaign on behalf of any candidate for public office or for or against any cause or measure being submitted to the people for a vote.

The association shall not, except in an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described herein.

## **ARTICLE 5 DEDICATION OF ASSETS**

The properties and assets of this nonprofit association are irrevocably dedicated to fulfillment of the objectives and purposes of this association as set forth in Article 2 hereof (the “Objectives and Purposes”). No part of the net earnings, properties, or assets of this association, on dissolution or otherwise, shall inure to the exclusive benefit of any private person or individual, or any member or Director of this association except in fulfillment of the Objectives and Purposes. On liquidation or dissolution, all properties and assets and obligations shall be distributed pursuant to the California Nonprofit Public Benefit Law then in effect.

## **ARTICLE 6 MEMBERS**

Section 6.1. Classes and Qualifications. There will be one class of members. The membership will consist of (i) initial members consisting of associates of Professor Stephen A. Ross who make a founding contribution of at least \$1000 (or \$500 if the founding member was within 5 years of the granting of his or her Ph.D degree on October 1, 2007) (ii) winners of a prize awarded by the association, and (iii) new members elected once a year after being nominated by at least two members and being approved for membership by at least 60% of the active voting members.

Section 6.2. Active/Voting Members. Each active member shall have the right to vote, as set forth in these Bylaws, on the election of directors, on the disposition of all or substantially all of the Association’s assets, on any merger and its principal terms and any amendment of those terms, on any election to dissolve the association and on any other matters brought forward by the Board or by the members.

Section 6.3. Dues, Fees and Assessments. The Board shall have the power, in its discretion, to prescribe dues, fees and assessments to be paid by members.

Section 6.4. Causes of Termination. A membership shall terminate on occurrence of any of the following events:

- (1) Death of the member or resignation of the member.
- (2) Failure of the member to pay dues, fees or assessments as set by the Board within 60 days after they become due and payable;
- (3) Failure to participate directly (i.e. not by proxy) in a vote or annual meeting for three consecutive years.

Section 6.5. Transfer of Memberships. No membership or right arising from membership shall be transferred. Subject to Section 6.4 of these Bylaws, all membership rights cease on the member's termination.

## **ARTICLE 7 MEETINGS OF MEMBERS**

Section 7.1. Meetings of Members. Meetings of the members shall be held at any place within or outside California designated by the Board or by the written consent of 75% of all members entitled to vote at the meeting, given before or after the meeting. In the absence of any such designation, members' meetings shall be held at the association's principal office. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all of the members participating in the meeting can hear one another and speak.

Section 7.2. Annual Meeting. An annual meeting of members shall be held on the 13th of October of each year at 1 pm PDT, unless the Board fixes another date or time and so notifies members as provided in these Bylaws. If the scheduled date falls on a legal holiday, the meeting shall be held the next full business day.

Section 7.3. Special Meetings - Persons Authorized to Call. A special meeting of the members for any lawful purpose may be called at any time by any two members of the Board of Directors or by 10 percent or more of the members.

Section 7.4. Calling Meetings. A special meeting called by any person (other than the Board) entitled to call a meeting shall be called by written request, specifying the general nature of the business proposed to be transacted, and submitted to the chairman of the Board, if any, or the president or the secretary of the association. The officer receiving the request shall cause notice to be given promptly to the members entitled to vote, in accordance with Sections 7.6 – 7.8 of these Bylaws, stating that a meeting will be held at a specified time and date fixed by the Board, provided, however, that the meeting date shall be at least 35 but no more than 90 days after receipt of the request. If the notice is not given within 20 days after the request is received, the person or persons requesting the meeting may give the notice. Nothing in this Section shall be construed as limiting, fixing, or affecting the time at which a meeting of members may be held when the meeting is called by the Board.

Section 7.5. Proper Business of Special Meeting. No business, other than the business the general nature of which was set forth in the notice of the meeting, may be transacted at a special meeting.

Section 7.6. General Notice Requirements. Whenever members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given, in accordance with Sections 7.7 and 7.8 of these Bylaws, to each member entitled to vote at that meeting. The notice shall specify the place, date, and hour of the meeting and, (1) for a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (2) for the annual meeting, those matters that the Board, at the time notice is given,

intends to present for action by the members, but except as provided in Section 7.7 of these Bylaws, any proper matter may be presented at the meeting. The notice of any meeting at which directors are to be elected shall include the names of all persons who are nominees when notice is given.

Section 7.7. Notice of Certain Agenda Items. Approval by the members of any of the following proposals, other than by unanimous approval by those entitled to vote, is valid only if the notice or written waiver of notice states the general nature of the proposal or proposals:

- (1) Removing a director;
- (2) Filling vacancies on the Board;
- (3) Amending the Articles of Association; or
- (4) Electing to wind up and dissolve the association.

Section 7.8. Manner of Giving Notice. Notice of any meeting of members shall be in writing and shall be given at least 10 but no more than 90 days before the meeting date. The notice shall be given either personally or by first class, registered, or certified mail, or by other means of written or electronic communication, and shall be addressed to each member entitled to vote, at the address of that member appearing on the books of the association or at the address given by the member to the association for purposes of notice.

Section 7.9. Quorum – Percentage Required. Twenty five percent of active voting members shall constitute a quorum for the transaction of business at a meeting of members.

Section 7.10. Loss of Quorum. Subject to Section 7.11 of these Bylaws, the members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, even if enough members have withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

Section 7.11. Adjournment and Notice of Adjourned Meeting. Any members' meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the members represented at the meeting, either in person or by proxy. No meeting may be adjourned for more than 45 days. When a members' meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which adjournment is taken. If after adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each member who, on the record date for notice of the meeting, is entitled to vote at the meeting. At the adjourned meeting, the association may transact any business that might have been transacted at the original meeting.

Section 7.12. Voting. Each member entitled to vote shall be entitled to cast one vote on each matter submitted to a vote of the members.

Section 7.13. Approval by Majority Vote. If a quorum is present, the affirmative vote of a two-thirds majority of the voting power represented at the meeting, entitled to vote and voting on any matter, shall be the act of the members, unless the vote of a greater number is required by the Articles of Association or these Bylaws.

Section 7.14. Record Date for Notice or Voting. If not otherwise fixed by the Board, the record date for determining members entitled (1) to receive notice of a meeting of members shall be the business day preceding the day on which notice is given or, if notice is waived, the business day preceding the day on which the meeting is held, and (2) to vote at the meeting shall be the day on which the meeting is held.

If not otherwise fixed by the Board, the record date for determining these members entitled to vote by written ballot shall be the day on which the first written ballot is mailed or solicited.

Section 7.15. Record for Other Actions. If not otherwise fixed by the Board, the record date for determining members entitled to exercise any rights with respect to any other lawful action shall be the date on which the Board adopts the resolution relating to that action, or the 60th day before the date of that action, whichever is later.

Section 7.16. Proxies – Rights of Members. Each member entitled to vote shall have the right to do so either in person or a member authorized by a written proxy, signed by the person and filed with the secretary of the association. A proxy shall be deemed signed if the member's name is placed on the proxy (whether by manual signature, electronic transmission, or otherwise) by the member or the member's attorney-in-fact. A vote by proxy does not fulfill the requirement necessary to remain a member specified in Section 6.4(3).

Section 7.17. Form of Solicited Proxies. If the association has 100 or more members, any form of proxy distributed to 10 or more members shall afford an opportunity on the proxy to specify a choice between approval and disapproval of each matter or group of related matters and shall provide, subject to reasonable specified conditions, that when the person solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance with that specification. In any election of directors, any form of proxy that a member marks "withhold," or otherwise marks in a manner indicating that authority to vote for the election of directors is withheld, shall not be voted either for or against the election of a director.

Section 7.18. Requirement that General Nature of Subject of Proxy be Stated. Any proxy covering matters for which a vote of the members is required, including amendments of the articles of association or bylaws changing proxy rights; certain other amendments of the articles of association; removal of directors; filling vacancies on the Board of directors; the sale, lease, exchange, conveyance, transfer, or other disposition of all or substantially all of the corporate assets, unless the transaction is in the usual and regular course of the association's activities; the principal terms of a merger or the amendment of a merger agreement; or the election to dissolve the association, shall not be valid unless the proxy sets forth the general nature of the matter to be voted on or, with respect to an election of directors, the proxy lists those who have been nominated at the time the notice of the vote is given to the members.

Section 7.19. Revocability. A validly executed proxy shall continue in full force and effect until (a) revoked by the member executing it, before the vote is cast under that proxy, (i) by a writing delivered to the association stating that the proxy is revoked, or (ii) by a subsequent proxy executed by that member and presented to the meeting, or (iii) as to any meeting, by that members' personal attendance and voting at the meeting; or (b) written notice of the death or incapacity of the maker of the proxy is received by the association before the vote under that proxy is counted, provided, however, that no proxy shall be valid after the expiration of 11 months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of a proxy shall be three years from the date of execution. A proxy may not be irrevocable.

## **ARTICLE 8 BOARD OF DIRECTORS**

### Section 8.1. Powers.

(a) General corporate powers. Subject to the provisions of the California Nonprofit Association Law and any limitations in the Articles of Association and these Bylaws relating to action required to be approved by the members, the business and affairs of the association shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors.

(b) Specific powers. Without prejudice to these general powers, and subject to the same limitations, the Directors shall have the power to:

(i) Select and remove all officers, agents, and employees of the association; prescribe any powers and duties for them as may not be inconsistent with all applicable law, with the Articles of Association, and with these Bylaws; and fix their compensation.

(ii) Change the principal executive office or the principal business office in the State of California from one location to another; cause the association to be qualified to do business in any other state, territory, or country and conduct business within or outside the State of California; and designate any place within or outside the State of California for the holding of any Directors' or members' meeting or meetings, including annual meetings.

(iii) Adopt, make, and use a corporate seal; prescribe the forms of membership certificates; and alter the form of the seal and certificate.

(iv) Borrow money and incur indebtedness for the purposes of the association, and cause to be executed and delivered for the association's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.

### Section 8.2. Number. The Board of Directors shall consist of 3 members.

Section 8.3. Election and Term of Office. Directors must be active voting members and shall be elected to a specific office by written or electronic ballot by the active voting members. Each member must cast his ballot within one month following the annual meeting and seventy five percent of active members must cast a ballot. If this requirement is not met, the members shall be so notified and the election will be extended by one month, after which the results stand even if the requirement is not met. To appear on the ballot a member must nominate himself at the meeting immediately preceding the election. Members must vote for candidates by ranking them. All unranked candidates are assigned the lowest ranking of all remaining candidates. A first place vote is a vote for a candidate ranked highest on each ballot. If no candidate receives a majority of first place votes, the candidate with the least first place votes is eliminated and the number of first place votes is retallied by removing this candidate from the ranking on each ballot. This process is repeated and candidates are eliminated, each time counting as first place votes the candidate ranked highest on each ballot that has not been eliminated until one candidate receives a majority of votes. In the event that two or more candidates receive the same number of first place votes, ties will be broken by the number of second place votes, the number of times these candidates are ranked second on all ballots. If a tie remains third place votes should be used to break the tie, and this process should continue until the tie is broken. If a tie remains after the conclusion of this process, the winner will be selected at random using a fair randomization mechanism commonly observed by the President, Secretary and Treasurer. Each Director, other than the initial Directors, shall serve for a term of three years from the date of the Director's election. Directors may serve no more than two consecutive terms. In order to provide for staggered terms, the initial Board of Directors, elected following the first meeting of the association, shall serve initial terms of one, two and three years. An interim board consisting of Anat Admati, Jonathan Berk and Chester Spatt, will serve until the initial board is elected.

Section 8.4. Vacancies.

(a) Events causing vacancy. A vacancy or vacancies in the Board of Directors shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any Director; (ii) a board member has been declared of unsound mind by a final order of court, or convicted of a felony or has been found by final order or judgment of any court to have breached a legally imposed duty under the California Nonprofit Public Benefit Association Law; (iii); the vote of 2/3 of the active voting members to remove a Director (iv) the increase of the authorized number of Directors; or (v) the failure of the members to elect the number of Directors to be elected at such meeting.

(b) Resignations. Except as provided in this Section, any Director may resign, which resignation shall be effective on giving written notice to the President, the Secretary, or any two board members, unless the notice specifies a later time for the resignation to become effective. If the resignation of a Director is effective at a future time, the Board may elect a temporary successor to take office when the resignation becomes effective who will serve until a permanent successor is elected under 8.4(c). No Director may resign when the association would then be left without a duly elected Director in charge of its affairs.

(c) Filling vacancies. Vacancies in the Board shall be filled in the same manner as the Director(s) whose office is vacant was selected. Each Director so selected

shall hold office until the expiration of the term of the replaced Director and until a successor has been selected and qualified.

(d) No vacancy on reduction of number of Directors. No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

Section 8.5. Place of Meetings; Meetings by Telephone. Regular meetings of the Board may be held at any place within or outside the State of California that has been designated from time to time by resolution of the Board. In the absence of such designation, regular meetings shall be held at the principal executive office of the association. Special meetings of the Board shall be held at any place within or outside the State of California that has been designated in the notice of the meeting or, if not stated in the notice, or if there is no notice, at the principal executive office of the association. Notwithstanding the above provisions of this Section, a regular or special meeting of the Board of Directors may be held at any place consented to in writing by all of the Directors, either before or after the meeting. If consents are given, they shall be filed with the minutes of the meeting. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all of the Directors participating in the meeting can hear one another and speak. All Directors participating via conference telephone or similar communication equipment shall be deemed to be present in person at such meeting.

Section 8.6. Annual Meeting. The Board shall hold an annual meeting for the purpose of organization, appointment of officers, and the transaction of other business relating to the annual meeting of members.

Section 8.7. Regular Meeting. Regular meetings of the Board shall be held without call at such time as shall from time to time be fixed by the Board.

Special Meetings. Special meetings of the Board for any purpose may be called at any time by the Chairman of the Board, or any two Board Members.

Section 8.8. Quorum. A majority of the authorized number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, subject to the provisions of the California Nonprofit Association Law, especially those provisions relating to: (a) approval of contracts or transactions in which a Director has a direct or indirect material financial interest; (b) appointment of committees; and (c) indemnification of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 8.9. Adjournment. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 8.10. Notice of Adjournment. Notice of the time and place of holding an adjourned meeting need not be given unless the meeting is adjourned for more than 24 hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Board Members who were not present at the time of the adjournment.

Section 8.11. Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as an unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Section 8.12. Fees and Compensation of Directors. Directors and members of committees shall not receive any compensation for their services, but may receive reimbursement of reasonable and necessary expenses incurred in connection with the business of the Association, as may be determined by resolution of the Board.

## **ARTICLE 9 COMMITTEES**

Section 9.1. Committees. The Board may, by resolution adopted by a majority of the Board Members then in office, designate one or more committees which may include 1 or more individuals who are not members of the association to serve at the pleasure of the Board. Any committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except that no committee, regardless of a Board resolution, may:

- (a) take any final action on matters which also requires members' approval or approval of the majority of all members except in the event that there are no members of the association;
- (b) fill vacancies on the Board or in any committee;
- (c) amend or repeal these Bylaws or adopt new bylaws;
- (d) amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
- (e) appoint any other committees of the Board of Directors or the members of these committees;
- (f) expend association funds to support a nominee for Director and
- (g) approve any transaction (1) to which the association is a party and one or more Directors have a material financial interest; or (2) between the association and one or more of its Directors or between the association or any person in which one or more of its Directors have a material financial interest.

Section 9.2. Meetings and Action of Committees. Meetings and action of Committees shall be governed by, and held and taken in accordance with, the provisions of Article 8 of these Bylaws, concerning meetings of Board Members, with such changes in the context of these Bylaws as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

## **ARTICLE 10 OFFICERS**

Section 10.1. Officers and Responsibilities. The officers of the association shall be a President, a Secretary, and a Treasurer.

(a) President. The President is the chief executive officer of the association, and, in general but subject to the control of the Board, supervises and controls the affairs of the association. The President must perform all duties incident to the office and any other duties as may be required by law, by the organizational instruments, or that may be assigned to the President from time to time by the Board or by the members.

(b) Secretary. The Secretary shall attend to the following:

(i) Book of minutes. The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of Directors, committees of Directors, and members, with the time and place of such meetings, whether regular or special, and, if special, how authorized, the notice given, the names of those present at such meetings, the number of members present or represented at members' meetings, and the proceedings of such meetings. The Secretary shall keep, or cause to be kept, at the principal office in the State of California or such other place as the Board of Directors may direct, the original or a copy of the Articles of Association and these Bylaws, as amended to date.

(ii) Notices, seal and other duties. The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board of Directors required by these Bylaws to be given. The Secretary shall keep the seal of the association in safe custody. The Secretary shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

(c) Treasurer. The Treasurer, also known as the chief financial officer, shall attend to the following:

(i) Books of account. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties

and business transactions of the association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any Director at all reasonable times.

(ii) Deposit and disbursement of money and valuables. The Treasurer shall deposit all money and other valuables in the name and to the credit of the association with such depositories as may be designated by the Board of Directors; shall disburse the funds of the association as may be ordered by the Board of Directors; shall render to the President and Directors, whenever they request it, an account of all of his or her transactions as Treasurer and of the financial condition of the association; and shall have other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

(iii) Bond. If required by the Board of Directors, the Treasurer shall give the association a bond in the amount and with the surety or sureties specified by the Board of Directors for faithful performance of the duties of the Treasurer's office and for restoration to the association of all its books, papers, vouchers, money, and other property of every kind in the Treasurer's possession or under the Treasurer's control on his or her death, resignation, retirement, or removal from office.

Section 10.2. Compensation of Officers. Officers shall receive no compensation, but may receive reimbursement of reasonable and necessary expenses incurred in connection with the business of the Association, as may be determined by the Board of Directors.

## **ARTICLE 11 RECORDS AND REPORTS**

Section 11.1. Keeping Records. The Association must keep adequate and correct records of account and minutes of the proceedings of its members, Board, and Committees of the Board. The Association must also keep a record of its members giving their names and addresses and the class of membership held by each. The minutes will be kept in written form. Other books and records will be kept in either written form or in any other form capable of being converted into written form.

Section 11.2. Annual Report. The Board will cause an annual report, including a financial statement, to be sent to the members not later than 120 days after the close of the association's fiscal year. The annual report must summarize the association's activities for the preceding year and activities projected for the forthcoming year. The financial statement consists of a balance sheet as of the close of business of the association's fiscal year and a summary of receipts and disbursements, prepared in manner and form as is sanctioned by sound accounting practices. The financial statement must be certified by the Treasurer or a public accountant.

**ARTICLE 12**  
**ADOPTION, AMENDMENT AND REPEAL**

Section 12.1. Adoption. These Bylaws become effective on their adoption by the Directors. Bylaws may be amended or repealed, in whole or in part, and new Bylaws adopted by the vote or written consent of 75% of the voting members of the association.

Section 12.2. Certification and Inspection. The original or a copy of the Bylaws, as amended or otherwise altered to date, certified by the Secretary of the Association, will be recorded and kept in a book that will be kept in the principal office of the association in California. The book will be open to inspection by the members at all reasonable times during regular office hours.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify as follows:

I. That I am the presently elected and acting Secretary of the Foundation for Advancement of Research in Financial Economics, a California Nonprofit Public Benefit association.

II. That the above Bylaws, consisting of 12 pages, are the Bylaws of this association as adopted by the Board of Directors at the meeting held on December 18, 2006.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 18th day of December, 2006, at Stanford, California.



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Anat Admati, Secretary

## **Amendments to FARFE Bylaws**

1. Amendment adopted October 13, 2007.

### **ARTICLE 13**

#### **Stephen A. Ross Prize in Financial Economics**

Section 13.1. Description. The foundation shall award a cash prize in honor of Stephen A. Ross at least once every two years. The prize shall be funded by an endowment established specifically for the purpose.

Section 13.2. Name. The name of the prize shall be the “Stephen A. Ross Prize in Financial Economics.”

Section 13.3. Prize Committee. Prior to each occasion that a prize is awarded, the president of the association, on the advice of the board members of the association, shall select a prize committee consisting of well respected experts in the field of financial economics. The committee must consist of at least three people, at least one of which must be a member of the association. The president of the association shall also designate one member of the prize committee as the committee chair. The composition of the prize committee shall be publicly announced on the date on which the prize winner is announced, but shall remain secret prior to that date. The duties of the prize committee are:

- (a) Selection of the prize winning publication. The intention of the prize is to identify and honor original research that has been most important and impactful for understanding the fundamentals of financial economics.
- (b) Preparation of a short press release accessible to a lay audience that describes the attributes of the winning publication and the reasons for the award.
- (c) Preparation of a written summary of how and why the award winning research has impacted the field of financial economics in an important and fundamental way.

The selection of the prize winning publication shall be the purview of the prize committee alone and its deliberations shall remain secret subject only to 13.3(c). The prize committee shall not take nominations for the prize, nor shall their deliberations take any note of unsolicited advice from any parties who are not members of the committee, including members of the association.

Section 13.4. Eligibility. The prize shall be awarded for any piece of scholarly research that (i) is not authored by a board member or officer of the association or a member of the prize committee, (ii) has not previously won the prize, (iii) was originally published within 15 years of January 1<sup>st</sup> of the year in which the prize winner is announced, (iv) makes an original contribution related to any aspect of the field of financial economics that is deemed by the prize committee to be worthy of the award. In addition, so that the publication reflects the values and research style of Stephen A. Ross, the prize winning publication should either develop or test a theory pertaining to financial economics.

Section 13.5. Payout. All authors of the winning publication will share equally in the cash payout of the prize.