

POLICIES AND PROCEDURES FOR THE NOMINATING COMMITTEE OF THE AMERICAN FINANCE ASSOCIATION

The policies and procedures set forth below supersede prior policies for the Nominating Committee and policies related to the Election of Fellows.

1. The charge of the Nominating Committee is to come up with a slate of two Vice-Presidential candidates and a backup candidate; six Director nominees and a back-up candidate; and three to five nominees for the Fellow.
2. The Nominating Committee for year N will be selected at the mid-year N-1 meeting of the AFA Board. The Committee typically consists of ten members appointed by the AFA Board, plus the Vice- President (ex officio) and the President-Elect (as of the formation date of this Committee). [The Bylaws require it to include the President-Elect and at least five other members.] The President-Elect shall serve as the Committee Chair.

In addition to the VP and President-Elect, the Committee will typically also include one or two highly distinguished individuals selected from the Fellows and former AFA Presidents, as well as excellent senior and mid-career scholars.

3. Shortly after the Mid-year Board meeting, the Chair contacts the newly selected members to ask them if they are willing to serve on the Committee. The invitation notes that this is an important job that requires a commitment to participate in remote meetings, a meeting at the annual AFA meetings, and background research. The Chair informs the Committee of its responsibilities, including identifying three slates of candidates.

The Chair emphasizes that the Committee will strictly adhere to the AFA Policy on Committee Deliberations and Voting (provided at the end of this document), with the added proviso that no member of the Nominating Committee is eligible for nomination for any of the positions considered by the Committee. These policies will be described in the invitation email. Adherence to the Policy is a precondition for participation in the Committee's deliberations.

The Chair details the criteria for each position.

- Fellow: An honorific position based on cumulative research contribution to the field of financial economics. Past Presidents become Fellows immediately upon completing their terms as President.

- 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) and broader impact will be considered. While previous Presidents are not eligible for this position, other current Fellows are eligible.
Director: A position for members of the profession that have a distinguished research record and prior service within the profession. Broader impact will be considered. Candidates should be willing to devote time to the AFA. Previous Presidents and Fellows are not eligible for election.

The Chair also communicates that the Committee should explicitly consider the following criteria as part of its deliberations:

- Distinguished Record and Leadership: Officers and Director positions require a very distinguished research record as well as leadership and organizational capabilities. Prior service to the profession including the AFA (such as previous Board experience) and impact outside the profession is considered.
- Professional Conduct and Ethics: AFA Directors, Officers, and Fellows have a responsibility to model and promote high standards of behavior throughout the profession. As such, their reputation and prior conduct in professional settings should be considered (bearing in mind that the AFA does not attempt to independently adjudicate or investigate claims apart from those involving past interactions with the AFA itself). Directors and Officers have an additional obligation to serve the membership, and their capacity and willingness to do so should be evaluated.
- Institutional, Intellectual, Geographic and Demographic Diversity: The committee should consider the diversity of the candidates proposed, to select individuals that represent the overall membership demographics, e.g., from both state and private institutions within and without the U.S. Examples of intellectual diversity include but are not limited to diversity by area of research (asset pricing, corporate finance, etc.); theory vs empirics; applied versus abstract. Members of the committee should spend significant time up front to develop a broad and diverse list of names for consideration.
- AFA membership: Officers, Directors, and Fellows, in accordance with the Bylaws, must be members of the AFA. Nominees whose membership may have lapsed should be advised to reactivate their membership prior to accepting their nomination.

The Chair solicits names from members of the Committee who, after preliminary research, they think would be appropriate, and these names are then aggregated into a shared spreadsheet of potential candidates. The Chair emphasizes that all communications and deliberations are confidential.

4. In a subsequent communication or communications, the Chair includes:

- i. A reminder of the selection criteria, the AFA's Conflict of Interest Policy and the importance of confidentiality.
 - ii. Spreadsheets of possible candidates and relevant information such as information about past service, and possibly research or other metrics.
 - iii. Lists of previous nominees for President, Vice-President, and Directors who appeared on the AFA ballot. This information includes the current slate of candidates (in the upcoming election). Spreadsheets are only for guidance. Information about nominees for positions is highly confidential.
5. The Chair solicits nominations from each Committee member in a method that is determined by the Chair. (For example, members could be asked to provide up to four nominations for Vice-President; six nominations for Board; and three to five nominations for Fellow.)
6. The AFA Assistant then compiles for the Chair a spreadsheet of the nominations, along with relevant information such as their institution, previous AFA service (i.e. committees, board), Google scholar link, whether they are an AFA member, and so forth. This list is circulated to the Committee and reviewed to ensure sufficient demographic diversity.
7. Either to gather preliminary information or to cull down the set of candidates, the Chair may ask the Committee to undertake a preliminary vote to form shortlists of candidates (or tentative short lists). For example, this shortlist could include four to six VP candidates, twelve to sixteen candidates for Director and up to four to six candidates for fellow. The Chair may provide the Committee with background information on candidates. Ineligible candidates are excluded.

The Chair asks Committee members not to vote on nominees from their own Institution, nor recent co-authors of theirs, to avoid conflicts of interest. If any member has questions about conflicts of interest, they should consult with the Chair. The Chair is free to fine-tune the voting mechanism to account for any COI as appropriate, in a fashion transparent to the Committee.¹

The Chair performs some basic due diligence on short-listed candidates, which might

¹ Examples of possible voting mechanisms:

Modified Borda Rule: All Committee voting members (strictly) rank all the nominees for VP (neither the Chair nor Vice-President vote). The Chair 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 nominees with the lowest scores are the short list.

Approval voting: Committee members vote positively for a subset of candidates. Each candidate receives a score equal to the fraction of eligible voters who approved.

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include talking to the former AFA President that overlapped with the candidate when he or she served on the Board.

8. If short-lists are formed for the positions, the Chair notifies members of the Committee and asks about conflicts of interest with respect to the possible nominees as detailed in the Policy.
9. The list of potential candidates are shared with the Board for review. Board members may bring up any concerns, including ethics concerns, within 10 days.
10. The Committee is convened during the morning of the final day of the AFA meeting (at which point the Chair has transitioned to AFA President).

The agenda for this meeting includes the following:

- i. The Chair emphasizes the importance of confidentiality.
 - ii. The Chair reviews the Conflict of Interest Policy. The Chair reminds Committee members that although all relevant information is fine for discussions (even if provided by a member with a conflict of interest), possible conflicts of interest should be clearly self-identified.
 - iii. The criteria for each position are reviewed.
 - iv. The Chair may choose to hold votes and to finalize decisions at the meeting, and this has often happened in the past.
 - v. If further discussion or due diligence is warranted, the Chair may schedule additional future meetings.
11. Committee decisions must be finalized no later than the mid-year meeting of the Executive Committee.
12. The Chair then presents to the Executive Committee the proposed slate of two Vice-President nominees plus a backup, six Director nominees plus a backup. Any questions from Executive Committee arise are resolved by the Chair and (as needed) the Nominating Committee.
13. In July, the Chair invites the candidates in Paragraph 11 to stand for election. *No candidate is told who the other candidates are, and all nominees are to remain confidential until the ballot becomes public.* Candidates are encouraged to propose a sentence to their nomination stating what they hope to contribute to the AFA in their role if they were elected.
14. Fellows are treated separately and are nominated and elected as follows: 1. The Chair solicits nominations by email from the existing Fellows; 2. From the combined list of nominees from Fellows and candidates sourced directly, the Nominating Committee determines a final slate of up to five nominees for Fellow; and 3. The final selection of a

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Fellow is determined by a vote of the current Fellows, administered by the past President (and Fellow) of the AFA.

AFA Conflict of Interest Policy for Committee Deliberations and Voting

1. Members of committees must recuse themselves from voting when they face a potential conflict of interest, including, but not limited to, voting with regards to their family members, close friends, dissertation chair, and current or recent advisees, co-authors, and colleagues at their institution, where recent is defined as within the past 5 years.
2. If a committee member believes that there is a reasonable appearance of a conflict of interest for another reason, the member should report this to the committee chair and be recused from voting. If the member is unsure whether such an appearance exists, the member should report the potential conflict of interest to the Chair, and the Chair will make a determination. The Chair may seek the advice of the Ethics Committee.
3. The committee Chair and a committee member with a potential conflict of interest may consult regarding whether the committee member should be recused from all or part of a committee's deliberations.
4. Any member of an AFA committee who has concerns with the application of the AFA's Conflict of Interest Policy during committee deliberations can, in confidence, consult with the Chair of the Ethics Committee