# Bylaws of the California Institute of Technology Student Investment Fund

(Ratified September 20th 1999)

#### Article I. Name

A. The official name of the organization is the California Institute of Technology Student Investment Fund.

#### Article II. Purpose

- A. To enhance understanding of investing among members of the Caltech community.
  - The Caltech Community is defined as undergraduates, graduate students, faculty, staff, and alumni of Caltech.
- B. To provide tools (or strategies) for investing wisely and profitably.
- To provide an additional source of revenue to fund Caltech clubs and organizations.

### Article III. Membership

- A. All of the undergraduates, graduate students, faculty, staff, alumni of the California Institute of Technology are Members of the Fund.
- B. The primary intent of SIF is the education of undergraduates, and the membership and decisions of the Board of Directors should reflect this.

#### Article IV. Board of Directors

- A. The Board of Directors (henceforth called the Board) will direct the actions of the Fund and are the only members who have voting privileges to make decisions.
- B. A Member becomes a Director of the Board when the following conditions are met:
  - 1. Attendance at six meetings of the current Board.
  - 2. Recommendation of a financial product that is subsequently purchased by the Fund.
- C. Suspension from the Board.
  - 1. A Director is suspended from the Board if they miss 11 consecutive meetings of the Fund.
  - A Suspended Director may regain normal status by attending three consecutive meetings of the board.
  - Suspended Directors have no voting privileges, and are identical to Members until they regain Active Director status.
- D. Voting privileges
  - 1. Only Active (Non-Suspended) Directors are able to vote regarding Fund decisions.
  - Suspended Directors may not vote on any fund decision.
  - Active Directors must have attended three of the previous six meetings in order to vote at the current meeting.
  - 4. The previous three-meeting rule does not apply to non-investment decisions (i.e. disbursements, logistics, etc.)

#### **Article V. Officers of the Board of Directors**

- A. Officers are elected at the end of the third academic term and take office at the beginning of the fiscal year (The fiscal year ends on the 31st of September).
- B. Only current (non-suspended) Directors may be elected as Officers.
- C. Officers are elected by a simple majority of the Board.
- Officers may be recalled by a 3/4 vote of the total Board.
- E. Officers of the Board.
  - 1. Chairman of the Board
    - a. Shall be responsible for calling and running meetings.
    - b. Organize study in regards to investment matters.
    - c. Act on all public relations matters.
    - d. Provide direction for the Fund.
    - e. Delegate responsibilities as is necessary.
  - 2. Vice-Chairman/Treasurer
    - Implement investment decisions through the proper channels and convey them to the Board.
    - b. Serve as Chairman upon the inability of the Chairman to serve.
    - c. Shall keep all financial records.
    - d. Shall present an up-to-date portfolio at every Board meeting.
  - 3. Secretary
    - a. Shall be responsible for the minutes of the meetings of the Board.
      - 1) Shall track attendance for voting privileges.
    - Serve as Chairman upon the inability of the Chairman and the Vice-Chairman to serve.
    - c. Record all actions of the Board as deemed necessary by the Board.
    - d. Handle all internal communications.
- F. The outgoing officers shall serve as advisors to the succeeding officers if possible.

#### Article VI. Duties of the Board

- A. Investing
  - 1. Members of the Board shall make investment decisions in a conscientious manner using their best judgment.
  - 2. They shall have no personal liability for the results of their decisions.
  - 3. Investments shall be restricted to publicly traded securities and derivatives.
  - 4. There shall be no transactions on margin.
  - 5. There shall be no direct purchases of commodities or real estate.

- 6. There shall be no transactions which result in unlimited downside risk. This includes, but is not limited to:
  - a. Shorting a stock.
  - b. Selling a naked call.
  - Synthetic Short (buying a put and selling a call.)
  - d. Ratio Spread Call
  - e. Long Ratio Calendar Spread
  - f. Ratio Call Writing
  - g. Variable Ratio Writing
  - h. Covered Straddle Write
- New investments in derivatives cannot increase the total holdings in derivatives beyond 10% of the current net worth.
- 8. There shall be no new investments that increase the total holding of an individual security beyond 20% of the current net worth.
- B. Meetings of the Board
  - The Board shall hold meetings at least once each month from October through May.
  - 2. In general, meetings are open to all Members and guests of Directors.
  - 3. Meetings may be restricted to Directors of Board only if deemed necessary.
    - No more than three meetings in two months shall be closed in this manner.
  - To pass a motion requires a majority vote of the Directors present; the majority must consist of at least three Directors.
  - 5. In the event of a tie vote, the Chairman (or acting Chairman) may cast the deciding vote.
  - 6. Meetings will normally be run semi-informally under the direction of the Chairman. If at least three Directors desire it, the balance of any meeting shall be conducted in strict accordance to "Robert's Rules of Order."
- C. Provisions shall be made for the operation of the Fund each summer.

#### Article VII. Advisor

A. The Board may select an advisor from the Institute faculty, staff, or administration, or an outsider interested in and knowledgeable about the field of investing.

## Article VIII. Reporting

- A. Weekly
  - 1. The Secretary will prepare minutes of the previous meeting.
  - The Treasurer will prepare a report on the current holdings of the fund, including recent financial transactions.
- B. The Board shall publish an annual report, including:
  - 1. A review of the year's activities.
  - An explanation of the approach(es) used in investing.
  - 3. A performance review for the year.

# **Article IX.** Expenditures

- A. Yield shall be added to the principal amount of the Fund; transaction costs shall be charged to the Fund.
- B. The amount to be withdrawn shall include:
  - 1. Operating Expenses
    - a. The amount to be disbursed annually for operating expenses shall be limited to the lesser of 1.5% of the average market value of the last eight completed quarters or 2% of the net worth at the end of the most recent fiscal year.
    - b. Include, but are not limited to:
      - 1) SIF-related activities on/off campus
      - 2) Annual and semi-annual dinners
      - 3) Refreshments for meetings

#### 2. Disbursements

- a. The amount to be disbursed annually for designated projects shall be limited to 3.5% of the average market value of the last eight completed quarters.
- b. Disbursements are additional cash flow to student clubs and organizations.
- They must serve an Institute purpose and be at the same time of interest to the Members of the Fund.
- d. They must be selected from those advocated by the Members of the Fund.
- e. They must not include making up any deficits in regular activities or be used for the furtherance of any political cause.
- f. They must not include money for scholarships.

#### **Article X. Amendments of the Bylaws**

- A. The Bylaws may be amended by a 3/4 (rounded up) vote of the total Board Membership.
- B. Alternate method: A proposal to amend the Bylaws may be presented to the Board by a petition of at least 50 Members.
  - 1. This proposal shall then be brought to a vote of the Members by the IHC.
  - 2. A 2/3 majority of those Members voting shall be required to pass the amendment.
  - 3. Unusual Circumstances
    - a. The Board may temporarily suspend an item or items of the bylaws by a unanimous vote of the total Board Membership.