

# Bylaws of the California Institute of Technology Student Investment Fund

(Proposed August 25, 2018)

## Article I. Name

- A. The official name of the organization is the California Institute of Technology Student Investment Fund.
  - 1. For the remainder of this document, this organization will henceforth be referred to as the Fund, or abbreviated as SIF.

## Article II. Purpose

- A. To enhance the understanding of investing among members of the Caltech community.
  - 1. The Caltech Community is defined as all undergraduates, graduate students, faculty, staff, and alumni of the California Institute of Technology (Caltech).
- B. To provide tools or strategies for investing wisely and profitably.
- C. To aid Fund members in developing a career path in the financial sector.
- D. To provide an additional source of revenue to fund Caltech clubs and organizations.

## Article III. Membership

- A. All of the undergraduates and graduate students of Caltech 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.
  - 1. In accordance with the current policy of the Caltech Office of Student Affairs, and in keeping with the original Objectives and Guidelines of the Fund, the Board of Directors shall consist only of undergraduates and graduate students.
- C. For the purposes of reporting to outside groups, only active Directors of the Board shall be considered the "Members" of the club.
- D. All other members of the Caltech community, such as staff, faculty, spouses and JPL staff, will be regarded as affiliates.

## 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. Becoming a Director of the Board:
  - 1. A Member becomes a Director of the Board when the following conditions are met:
    - i. Attendance at six meetings of the current Board.
    - ii. Recommendation of a financial product (strategy) that is subsequently purchased or sold (implemented) by the Fund.
    - iii. Is currently enrolled as an undergraduate or graduate student at Caltech.
- C. Suspension from the Board:
  - 1. A Director is suspended from the Board if they miss 11 consecutive meetings of the Fund.
  - 2. A Suspended Director may regain normal Active Director status by attending three consecutive meetings of the Board.
  - 3. 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.
  - 2. Suspended Directors may not vote on any Fund decision.
  - 3. 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 Active (Non-Suspended) Directors may be elected as Officers.
- C. Officers are elected by a simple majority of the Board.
- D. Officers may be recalled by a 3/4 vote of the total Board.
- E. Officers of the Board:

- 1. President
  - i. Shall be responsible for calling and running meetings of the Board.
  - ii. Organize study and readings in regards to investment strategies.
  - iii. Provide direction for the Fund.
  - iv. Perform the duties of any Officer in their absence, if necessary.
- 2. Chairman
  - i. Shall be responsible for calling and running meetings of the Board.
  - ii. Shall be responsible for all outreach activities.
  - iii. Act on all public relations matters.
  - iv. Delegate responsibilities as they deem necessary.
  - v. Provide direction for the Fund.
  - vi. Perform the duties of the Director of Operations in their absence.

Depending on the preferences of those running for office and the consensus of the Board, the above two positions can alternatively be replaced by two Co-Chairs which share all aforementioned responsibilities.

- 3. Director of Operations
    - i. Shall organize and arrange for all matters related to meetings of the Board (room reservation, food, equipment, etc.).
    - ii. Ensure the Fund is registered as an official Caltech organization and notify the Fund of relevant campus events (club fair, finance day, etc.).
  - 4. Director of Data, Infrastructure, and Execution
    - i. Shall manage the Fund's website and applicable services at the direction of the Board.
    - ii. Maintain the integrity of the Fund server, if one exists
    - iii. Ensure the Fund's databases are updated and accurate.
    - iv. Ensure automated trades are properly executed at the scheduled times.
  - 5. Treasurer
    - i. Shall oversee the Fund's Caltech Bursars account and annual budget, and arrange for reimbursements for Fund-related expenses.
    - ii. Maintain account access to the Fund's brokerages
    - iii. Ensure the Fund's access to necessary data sources.
    - iv. Implement manual investment decisions through the proper channels and convey them to the Board.
    - v. Shall keep all financial records pertaining to the Fund's investments.
    - vi. Shall present an up-to-date portfolio at every Board meeting.
  - 6. Secretary
    - i. Shall be responsible for the minutes of the meetings of the Board.
    - ii. Track attendance for voting privileges purposes.
    - iii. Record all actions of the Board as deemed necessary by the Board.
    - iv. 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 judgement.
  - 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:
    - i. Shorting a stock.
    - ii. Selling a naked call.
    - iii. Synthetic Short (buying a put and selling a call)
    - iv. Ratio Spread – Call
    - v. Long Ratio Calendar Spread
    - vi. Ratio Call Writing
    - vii. Variable Ratio Writing
    - viii. Covered Straddle Write
  7. New investments in derivatives cannot increase 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.
  9. Automated trading strategies must comply with all of the above rules, and:
    - i. Can be treated as a single “holding” of the Fund for voting purposes
    - ii. Trade within a pre-defined, approved universe of assets
    - iii. Not use more capital than allotted (by Board vote)
    - iv. Cannot be allotted more initial capital than 20% of current net worth
    - v. Not lose more than 1% of “holding” value per week by transaction fees
- B. Meetings of the Board:
1. 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 the Board only if deemed necessary.
    - i. No more than three meetings in two months shall be closed in this manner.
  4. 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 presiding Officer may cast the deciding vote.
  6. Meetings will normally be run semi-informally under the direction of the President or presiding Officer. 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 Caltech faculty, staff, or administration, interested in and knowledgeable about the field of investing.

## **Article VIII. Reporting**

- A. Weekly:
1. The Secretary will prepare minutes of the previous meeting.
  2. The Treasurer will report on the current holdings of the Fund, including recent financial transactions.
- B. The Board shall prepare an annual report accessible by all Fund Members, including:
1. A review of the year’s activities.
  2. 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:
    - i. 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.
    - ii. Include, but are not limited to:
      - a. SIF-related activities on/off campus.
      - b. Annual and semi-annual dinners.
      - c. Refreshments for meetings.
  - 2. Disbursements:
    - i. 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.
    - ii. Disbursements are additional cash flow to student clubs and organizations.
    - iii. They must serve an Institute purpose and be at the same time of interest to the Members of the Fund.
    - iv. They must be selected from those advocated by the Members of the Fund.
    - v. They must not include making up any deficits in regular activities or be used for the furtherance of any political cause.
    - vi. 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:
    - i. The Board may temporarily suspend an item or items of the Bylaws by a unanimous vote of the total Board Membership.