Guidelines: Scientific Council Guidelines

Applies to	Swiss Finance Institute: faculty
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: Basis

These guidelines are based on the principles of the Swiss Finance Institute's Regulations of the Scientific Council and the by-laws of the Foundation Board.

: Purpose

These guidelines outline the mandate, strategic approach, principles, guidelines, research focus and procedures of the Scientific Council.

: Changes since last version

Unclear and outdated language updated in the mandate, senior appointments and mathematical finance paragraphs. Additions: link to ERC rules and maternity leave extension period; new paragraph on Academic Independence; reference to "contributing to SFI" clarified as "contributing to SFI's activities and the broader academic community in a collegial manner". This has also been added to the junior appointment criteria, alongside the requirement of building an international reputation (already existed under the Principles section).

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1. Mandate of the Scientific Council

The Swiss Finance Institute (SFI) strives for world-class excellence in finance research and education. SFI seeks to be a top research organization in banking and finance. The mandate of the Scientific Council (SC) is to steer SFI in such a way that the Institute continues to meet these objectives. To that end, the SC advises the Foundation Board on all matters with scientific content, mainly chair appointments, renewals and promotions.

2. Strategy Issues

2.1. Principles

For SFI to succeed, it seeks to follow the approach to chair appointments and promotion adopted by top finance departments. The SC will be the guarantor that the stated criteria are interpreted at a level corresponding to those of the top finance departments. The SC supports the principles of the Declaration on Research Assessment[1] and accordingly will carefully evaluate all submitted candidacies taking into account all the dimensions of the researchers' performance following the policies outlined in these guidelines. It recognizes that insisting on quality may slow down the chair appointment process.

The policies adopted by the SC are subject to exceptions at the discretion of the SC. For instance, the SC may consider that non-standard publication venues are appropriate for a candidate because the candidate has achieved impact that exceeds impact typically achieved by candidates who follow a more standard path.

In addition, the SC has the discretion to extend the review period of any chair appointments (without funding) or candidatures under exceptional circumstances (similar to the European Research Council rules[2]). These circumstances include maternity, paternity or long-term illness and will be evaluated on a case-by-case basis. No such extension will be granted for renewals unless approved by the SC before the start of the extension and unless the faculty member is on track for renewal when the request is made.

For **senior appointments**, in particular for senior SFI chairs, SFI rigorously restricts its chair appointments or promotions only to *individuals with an established international reputation in finance*.

For **junior appointments**, the same perspective applies, that is, SFI reserves junior chairs for young newly tenured or tenure track researchers who are close to achieving an international reputation in finance.

The SC expects its partner universities to make all appointments to assistant, associate or full professor positions (except for promotions) following a competitive process where an active and visible effort is made to consider first-rate candidates worldwide. Partner universities are encouraged to actively participate in the international academic job market.

[1] https://sfdora.org/
[2] https://erc.europa.eu/parental-leave (for example SFI allows an 18-month flat-rate extension per child for maternity leave)

2.2. Appointment and Renewal Guidelines

By its nature, the evaluation of candidates for a chair is a subjective and discretionary process that cannot be reduced to a set of quantitative criteria. However, for partner universities to be able to plan and organize their hiring and for individuals seeking renewal or promotion, it is essential that they have some sense of the considerations that affect the SC's evaluations for chair appointments. In this spirit, the SC views it to be useful to provide a general set of minimum quantitative standards such that, unless there are exceptional circumstances, a candidate who does not meet these standards will not be eligible for the chair position for which he or she is considered. Exceptional circumstances could be, but are not limited to, instances where a faculty member has published work with exceptional impact in other journals or in the form of a book. These standards are minimum standards, so that it is to be expected that some candidates who meet the minimum standards for a chair appointment or renewal will be turned down. In addition to the quantitative guidelines, SFI professors must also show that they have a record of contributing to the activities of SFI and the broader academic community in a collegial manner, while upholding the highest standards of academic and professional integrity.

2.2.1. Senior Appointments

SFI senior chairs are reserved for individuals who have established an international reputation in finance. A senior chair is awarded for a term of five years, renewable upon recommendation of the SC and approval by the SFI Foundation Board. In addition to a record of publications in top journals described in more detail below, a holistic review by the SC must also establish that the candidate has achieved an international reputation and has significant impact on the field. Indicia of reputation and impact the SC will consider include citations, keynote speeches, media mentions, positions on editorial boards, mentions in textbooks, mentions in professional books, seminar invitations, conference participations, conference organizations, and so on. Senior candidates must also show that they have a record of actively contributing to the activities of SFI and show leadership in creating a center of excellence of worldwide reputation.

In all leading departments, the ability to publish consistently in the top journals is critical to a faculty member's success. Many schools have formal requirements in terms of numbers of publications, while others do not. It is generally understood that individuals with less than four (full-length refereed) publications in top journals are not eligible for tenure, though individuals with more publications may also fail to get tenure. Publications in leading journals would be articles classified as finance articles in the JEL classification and published after peer review in journals such as the Journal of Finance, Journal of Financial Economics, Review of Financial Studies, Review of Finance[3], American Economic Review, Journal of Political Economy, Quarterly Journal of Economics, Econometrica, and Review of Economic Studies. In the following, these journals are referred to as "top journals". Since individuals come up for appointment to senior chair after having received tenure and often after having held a junior chair, the minimum quantitative threshold applies to refereed publications in the six years preceding appointment to a senior chair.

The SC has addressed the issue of whether the quantitative guidelines should consist of publications in top journals only or whether weight should be given to other publications. Any system that would make it possible for individuals to receive senior chairs with only token publications in top journals would be inconsistent with the goals of SFI since faculty in top departments outside Switzerland generally are

[3] The Review of Finance is included in the list for papers submitted after the date of inclusion in the guidelines (June 01, 2018).

successful in achieving the objective of minimum quantitative standards. Nevertheless, the SC in its case-by-case examination will take into consideration influential publications in journals other than those listed above as well as other achievement criteria such as impact factors and competing offers. Weight would be given in particular to situations where the SFI university partner recommending an appointment faces competition for the candidate from a top department outside Switzerland.

First-time appointment to a Senior Chair: The SC uses the criterion outlined above as a minimum requirement for first-time appointments to senior chairs: it would be unlikely — and require clear indication of unusual impact (such as an outstanding number of citations) — - for the SC to propose offering a senior chair to someone with less than four publications in the top journals over the last six years. However, even fulfilling this requirement will not be sufficient if the candidate has not impacted the field in a way consistent with having an international reputation and does not have a history of contributing to SFI's activities (for existing SFI faculty members) and the broader academic community in a collegial manner.

Renewal of senior chairs:

- The SC will consider the whole portfolio of activities of a senior chair in making a determination of whether the senior chair appointment should be renewed.
- In its assessment, it will consider the impact of the recent scientific work of the senior chair as well as the contributions of the senior chair to the goals of SFI.
- Except for special circumstances, senior chairs will not be renewed unless the candidate has placed two publications in top journals during the current term of the senior chair appointment as well as having evidence of a strong research pipeline. The SC will, of course, take into account research output and forthcomings in other journals in its evaluation of evidence of a strong research pipeline.
- Further, the candidate will have to demonstrate that he or she has a continuing international reputation, and is actively contributing to SFI and the broader academic community in a collegial manner.
- Senior chairs will also have to demonstrate leadership within the profession, their university, or SFI, to be renewed.
- Placement of Ph.D. students in top ten departments will be highly valued for senior chair renewals and could help meet the renewal criteria.

External recruitment of senior chairs: A senior chair recruited externally should meet the standards for first-time appointment to a senior chair plus showing evidence of a strong research pipeline.

Re-establishment of discontinued senior chairs: If a senior chair loses the position, the faculty member can ask for re-instatement whenever he or she meets the conditions for initial appointment to a senior chair.

2.2.2. Junior Appointments

- Tenure track assistant professors and newly tenured associate professors (or other newly tenured professors) are eligible for up to two terms of three years as junior chairs.
- To be appointed to a junior chair, at a minimum the candidate must have three publications in top journals over the last six years as well as having evidence of a strong research pipeline. At least one of these publications must have no co-author from the candidate's dissertation committee. The junior chair appointment can be renewed for a second term if the candidate has

published one paper in a top journal during the first term as well as having evidence of a strong research pipeline.
- Further, the candidate will have to demonstrate that he or she is building an international reputation, and is actively contributing to SFI's activities (for existing SFI faculty members) and the broader academic community in a collegial manner.
- Junior chairs cannot be renewed for a third term. A junior chair who is not renewed cannot subsequently obtain a second term as a junior chair.

2.2.3. Mathematical Finance

Switzerland has several outstanding math departments with links to finance. Professors in these departments who contribute to finance are subject to different tenure standards in their departments than professors in finance departments. Consequently, the appointment criteria for such professors within SFI differ. To qualify for an SFI chair, a researcher in financial mathematics should not only be a respected mathematical scholar but also

- He or she must have a research orientation towards banking and finance, demonstrated by a track record of being interested in applications relevant to finance.
- Demonstrate evidence of impact on finance and financial economics through direct links and contributions to the field of finance. The researcher would therefore be expected to have non-trivial impact and visibility in the finance profession.
- The SC recognizes that researchers in financial mathematics may publish their top research work in leading journals in mathematics and statistics which are not part of the leading journals list in 2.2.1. A case-by-case approach will therefore be used to evaluate the suitability of appointments of such researchers to SFI positions.
- The denial of an SFI chair to a researcher in financial mathematics or mathematical finance is not a statement on his/her level of mathematical scholarship, but may simply be the observation that given the orientation of the candidate's research, the candidate does not contribute sufficiently to the goals of SFI to warrant an appointment to such a chair.

3. Research Focus

SFI's position is that academic diversity is necessary for the advancement of research and its credibility. SFI focuses on research which is moving in tandem with where the finance profession is moving. The SC believes that research in this area can be quite broad (ranging from areas such as behavioral finance and household finance to mathematical finance and including the areas at the intersection of finance and other fields in economics such as contracting and macroeconomics) and may be characterized by traditional and nontraditional areas of finance. SFI is a decentralized organization and the goal is for SFI as a whole to be recognized as a top finance department rather than for each finance department in its partner universities to be strong in each research area that a top department would be strong in. It would therefore be possible for individual departments of SFI to be somewhat specialized, but as chair appointments are made, the objective would be for the whole organization to have a balanced portfolio of research interests in the core areas of the discipline.

4. Academic Independence

All SFI faculty members (including SFI chairs) adhere to the SFI Guiding Principles of Research Integrity and Conflicts of Interest.

5. Procedures

For chair appointments that meet the scientific criteria, a motivated request would be made to the SC by the appropriate representative of the local institute that would explain why the individual meets the required criteria and a CV would be attached. Details on the procedure and information requested can be obtained from the SFI central office. For cases which do not clearly meet the criteria, a thorough application would be expected that explains clearly why the scientific criteria are being bypassed along with additional documentation as the SC would have to evaluate that application in greater detail. SFI appointments under such circumstances are exceptional. The SC may decide to request letters from outside referees in order to arrive at an informed decision.

For situations where the university faces a competitive situation, the appropriate representative of the local institute would have to send the CV and, if available, recommendation letters to the SC, as well as a description of why the situation is competitive. The SC would then make a quick decision as to whether it would be supportive of a chair appointment for the candidate on competitive grounds or whether it requires more information.