

X-14.00(A) UNIVERSITY OF MARYLAND POLICY ON INSTITUTIONAL CONFLICTS OF INTEREST

Approved by the President August 25, 2015

- I. Scope. This policy governs institutional conflicts of interest at the University of Maryland and applies to University Officials. This policy does not govern situations in which individuals who are not University Officials (i.e. faculty, staff, and students) might realize financial gain from the conduct of research or performance of other responsibilities at the University; the University's Conflict of Interest Committee, using existing policies and procedures, adequately identifies such situations and independently manages their associated risks to scientific objectivity and proper treatment of human and animal subjects.
  
- II. Definitions.
  - a. *Institutional Conflict of Interest ("ICOI")*. An institutional conflict occurs whenever the financial interests of the institution, or of a University Official acting within his or her authority on behalf of the institution, might affect, or appear to affect, the objectivity of institutional processes for the selection, design, conduct, reporting, review, or oversight of the University enterprise. For the purposes of evaluating ICOI, activities related to research, teaching, and outreach, and the administration of those functions, singly and collectively, represent the University enterprise.
  
  - b. *Significant Financial Interest*. A significant financial interest for purposes of managing Institutional Conflicts of Interests consists of one or more of the following interests of the University or a University Official (and those of the University Official's spouse and dependent children) that reasonably appears to be related to the University or University Official's institutional responsibilities: (1) interests in publicly-traded business entities; (2) interests in non-publicly-traded business entities; (3) intellectual property rights and interests upon receipt of income related to such rights and interests; and (4) compensated and uncompensated positions outside of the University that involve fiduciary responsibility to a non-University entity.
  
  - c. *University Official*. University Officials covered under the University of Maryland's ICOI Policy are those officials who have the power to commit substantial resources of the University. University Officials include but are not limited to: the President, Assistant President, Vice Presidents, Associate and Assistant Vice Presidents, the Senior Vice President & Provost, Associate Provosts, Deans, Associate Deans, and Athletic Director, including those holding these positions in an interim capacity, as well as others who have discretionary authority to allocate resources related to the University enterprise as identified by any of the officials named previously. University Officials must disclose their significant economic interests and affiliations, and those of their immediate family members (spouse, domestic partner, or

dependent) upon their appointment and then annually thereafter, and identify how those interests may relate to their institutional responsibilities.

- III. Guiding Principles. It is critical to the mission and reputation of the University to ensure that all financial, research, and educational activities are carried out with maximum objectivity. Because of numerous and complex relationships with public and private entities, the University must be aware of any relationships involving **significant financial interest** that may compromise or appear to compromise its integrity in research, teaching, outreach, or other activities. The University shall establish and maintain an oversight process to manage, reduce, or eliminate institutional conflicts of interest.
- IV. Policy Statement. The University strives to ensure that its research, teaching, outreach, and other activities are not compromised or perceived as biased by financial and business considerations. Institutional conflicts of interest may arise when:
- a. A University Official with a business or significant financial interest in a business entity is in a position to take action on behalf of the University that may benefit or be perceived to benefit the business entity;
  - b. The University licenses an invention to a business entity and holds royalty and/or equity interests in the entity where such interests may be affected by ongoing University research or other University activities sponsored by that business entity;
  - c. A University vendor donates a gift to the University;
  - d. The University holds investments in a business entity that has a financial or business relationship with the University;
  - e. The University provides or receives goods or services, including sponsored research awards, from a business entity in which the University has a financial (including equity) interest;
  - f. The University enters into a commercial transaction that compromises or appears to compromise the University's research, teaching, or outreach mission activities, or its institutional reputation; or
  - g. The University has a business or significant financial interest in a business entity whose commercial interests may be affected by human subjects research conducted at the University.
- V. Procedures. An ICOI Committee will review potential ICOI disclosures and make a recommendation to the President on any actions that may be required to mitigate ICOI risks.
- a. ICOI Committee Composition.
    - i. Voting Members:
      1. Conflict of Interest Committee Chair (or designee)
      2. External member from the scientific community without University affiliation
      3. Institutional Review Board Committee Chair (or designee)
      4. Office of Research Administration Director (or designee)

5. Tenured University of Maryland, College Park faculty members (2)
6. Official from another local university
7. Vice President of Administration and Finance (or designee)

ii. Ex-Officio/Non-voting Members:

1. Conflict of Interest Committee Administrator
2. University General Counsel
3. Office of Technology Commercialization Director (or designee)
4. MTech Director (or designee)
5. Subject matter experts, on as-needed basis

b. Identifying Potential Institutional Conflicts of Interest.

- i. *Disclosures.* The Office of the President provides a list of University Officials required to disclose (i.e. those identified as having discretionary authority to allocate resources related to the University enterprise). These individuals will complete an annual ICOI disclosure form. The Office of the Vice President for Research maintains these disclosures for semi-annual review by the ICOI Committee. University Officials identified for ICOI disclosure are also required to update their disclosure once per year and during the year as emerging circumstances warrant (i.e. a new consulting agreement; appointment to a Board of a company, etc.).

University Officials do not need to report the following:

1. Compensation from the University, investment or savings income, retirement or insurance benefits, or spousal maintenance;
  2. Investments in retirement savings plans;
  3. Real estate which serves as the official's primary home; or
  4. Credit card debt, personal household effects, vehicle leases or loans secured by vehicles, or mortgages/security agreements on a primary residence.
- ii. *Annual Reviews.* The ICOI Committee is responsible for reviewing the University's equity holdings, policies, and procedures at least annually and determining whether they adequately address the identification, disclosure, and management of institutional conflicts of interest. If the ICOI Committee determines that changes are required, the ICOI Committee will make appropriate recommendations to the Vice President for Research who will then consult with the President.

At least semi-annually the ICOI Committee will review information from the following entities in order to identify financial relationships the University has with business entities that could compromise the integrity of University research, teaching, outreach, and other mission-

related activities:

1. Office of Technology Commercialization. Information regarding (1) payments made by business entities in excess of \$100,000 to the University in the prior fiscal year, to include the amounts paid to departments and faculty under the University's revenue sharing principles set forth in the policy: Commercialization of Intellectual Property Rights, and (2) the name of business entities (University start-ups) in which the University holds an equity interest.
2. Office of Research Administration. Information regarding research sponsored by business entities during the prior fiscal year.
3. University Officials. ICOI disclosures from University Officials
4. University Relations. A list of business entities that donated gifts of \$50,000 or more in the prior fiscal year and the University departments and administrative units that were the recipients of those gifts.

The ICOI Committee reviews this information against the profile of University research and technology programs to determine whether potential conflicts of interest exist in any areas, and notifies the heads of those areas affected regarding the potential conflict.

- iii. *Notification of License, Option, or Equity Arrangements*. The Office of Technology Commercialization notifies the ICOI Committee when it executes a license or option agreement with, or takes equity in, a business entity whose commercial interests may be affected by research conducted at the University.
- c. Reviewing Potential Institutional Conflicts of Interest.
- i. The ICOI Committee reviews each disclosed financial interest for the potential to appear to affect any of the following: objectivity, independence, and integrity of research; safety of human and animal subjects; objectivity, independence, and integrity of teaching; objectivity and independence of outreach activities; appropriate use and allocation of university resources; and objectivity and independence in business and contracting decisions.

The ICOI Committee provides a report to the Vice President for Research, who will review the report and recommendations of the ICOI Committee and forward them to the President to determine a course of action. In instances where the President has an Institutional Conflict of Interest, he or she must recuse himself or herself and defer to the Chancellor of the University System of Maryland who will

review, create, and approve management plans in consultation with the Vice President for Research. In instances where the Vice President for Research has a potential Institutional Conflict of Interest, he or she must recuse himself or herself from the review process. In such cases, the Office of the President will review the report and recommendations of the ICOI Committee and forward them to the President to determine the course of action.

- d. Managing Institutional Conflicts of Interest. The ICOI Committee will recommend a course of action to manage actual or perceived institutional conflicts of interest. This course of action (the "Conflict Management Plan") may consist of one or more of the following:
- i. No action required;
  - ii. Disclosure of the financial interest to affected persons in circumstances related to their University responsibilities;
  - iii. Oversight of decision-making or participation in an activity by an independent third party;
  - iv. Elimination of the financial interest or reduction to a level recommended by the ICOI Committee;
  - v. Recusal from decision-making or participation in an activity that would directly or indirectly involve the person's financial interest; and
  - vi. Other measures as determined by the President.
- e. Managing Institutional Conflicts of Interest Involving Equity. When the University obtains an equity interest in a business entity, particularly a faculty start-up, both individual and institutional conflicts of interest may arise.
- i. University investments in start-up companies are subject to case-by-case approval by the Provost, based on recommendations from the Vice President for Research, Office of Technology Commercialization, Office of Research Administration, Office of General Counsel, and other relevant units.
  - ii. When assessing an equity opportunity, the University will review the business entity's business plan and proposed structure, list of actual or anticipated investors, and any capitalization documents.
  - iii. University Officials cannot be the primary negotiator when negotiating agreements, including licensing and sponsored research agreements, with the University on behalf of a business entity. The University Official must either engage their own counsel or depend on the business entity's personnel to negotiate agreements.
  - iv. The University shall manage all subsequent relationships with a business entity in which the University has accepted equity at arms-length and in a fair manner pursuant to relevant University policies and guidelines. For example, University inventions should be made available for licensing to appropriate companies and should not automatically be made exclusively available to business entities in which the University has taken equity. At the same time, holding

equity in a business entity should not preclude that entity from licensing any invention when that entity is best able to develop and/or commercialize the invention.

- v. The University may accept sponsored research awards from a business entity in which the University holds equity, subject to the requirements of the University's Policy and Procedures on Conflict of Interest and Conflict of Commitment.
  
- f. Oversight of Conflict Management Plans. The ICOI Committee verifies compliance with the Conflict Management Plan at least annually and modifies the plan to address any issues that arise.

## APPENDIX

### ICOI Annual Disclosure Form (Draft Example)

A **significant financial interest** for purposes of managing Institutional Conflicts of Interests consists of one or more of the following interests of a **University Official** (and those of the **University Official's** spouse and dependent children) that reasonably appears to be related to the **University Official's** institutional responsibilities:

1. Interests in publicly traded entities.
  - a. List remuneration (i.e. salary, consulting fees, honoraria, paid authorship, etc.) received from the entity in the twelve months preceding disclosure, and the value of any equity at the date of disclosure that, when aggregated, exceed \$10,000.
2. Interests in non-publicly traded entities.
  - a. List remuneration (i.e. salary, consulting fees, honoraria, paid authorship, etc.) received from the entity in the twelve months preceding disclosure that, when aggregated exceeds \$10,000 in the twelve months preceding the disclosure; or
  - b. List all equity interest (e.g. stock, stock option, or other ownership interest).
3. List all Intellectual Property rights and interests (e.g. patents, copyrights) upon receipt of income related to such rights and interests.
4. List service in positions with fiduciary responsibility, including presidents, vice presidents, senior managers, etc. and members of board of directors, whether or not the **University Official** receives compensation for such service.