



## FIN 302 - International Finance

### Basic Information

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<b>Instructor Title</b>	Lecturer
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### Course Description

This course deals with the workings of international financial markets and the management of multinational business. The course commences with the examination of the structure and environment of the international monetary system as it pertains to the multinational firms. The basic objective of the course is to provide a conceptual framework within which the multinational corporation makes key financial decisions. The course topics are at both micro and macro levels. Some perspective about China is added by inviting top professors from local universities to deliver seminars on China's foreign exchange regime and the RMB as an international currency. The course will be conducted in a seminar format with a combination of lecture-discussion and case studies. The primary teaching materials are from the text and will be supplemented with handouts and online readings.

On completion of this course students should:

- Understand the international financial framework within which firms operate;
- Understand the market forces that affect the relative values of assets in the international market place;
- Understand the concept of international parity conditions;
- Understand the foreign exchange market and techniques for managing exposure to exchange rate fluctuations;
- Understand the role of risk management through hedging to optimize returns;
- Have developed knowledge on long term financial asset and liability management; and
- Have developed knowledge on short term financial asset and liability management.

### Required Course Materials

<b>Textbook</b>	<b>Edition</b>	<b>Author</b>	<b>Publisher</b>	<b>ISBN-13</b>
<i>Multinational Business Finance</i>	14 <sup>th</sup> Global, 2016	Eiteman, Stonehill, Moffett	Pearson	9781292097879

Link to publisher: <http://www.pearson.com.au/products/D-G-Eiteman/Multinational-Business-Finance-Global-Edition/9781292097879?R=978129209787>

### Course Hours:

The course has 15 class sessions, each of 160 minutes. See the below schedule for details. Each course has a total of 40 class hours. A reading day for students is on 7th Feb, 2018. The final exam will be on 8th Feb, 2018.

**Year Level:** 3<sup>rd</sup> year.

**Prerequisite:** None



**Course Schedule**

Week	Session	Day	Topic	Chapter	Presentations	Preparation problems
Week 1	14 Jan.	Sun	Orientation			
	15 Jan.	M	Overview of international finance	1		
	16 Jan.	T	International monetary system	2		
	17 Jan.	W	Balance of payments	3	Group 1	Ch.2: 1,3,5,8,9
	18 Jan.	TH	Foreign exchange market	5	Group 2	Ch.3: 5-9,10-14
Week 2	22 Jan.	M	<b>Class Quiz I (Chapters 1,2,3,5)</b>		Group 3	Ch.5: 3,5,6,13,17
	23 Jan.	T	International parity conditions	6		
	24 Jan.	W	Foreign currency derivatives	7	Group 4	Ch.6: 3,5,8,12-14,16
	25 Jan.	TH	Exchange rate determination	9	Groups 5	Ch.7: 2,3,5,6,8,9
Week 3	29 Jan.	M	<b>Class Quiz 2 (Chapters 6,7,9)</b>		Group 6	Ch.9: 2,5,6,11-13
	30 Jan.	T	Transaction exposure	10		
	31 Jan.	W	Operating exposure	12	Group 7	Ch.10: 1,2,4
	1 Feb.	TH	Global cost of capital	13	Group 8	Ch.12: 1,2,3,4
	2 Feb.	F	Raising equity and debt globally	14	Groups 9	Ch.13: 2,3,4,6
Week 4	5 Feb.	M	Foreign direct investment	17	Groups 10	Ch.14: 2,3,6,7
	6 Feb.	T	Revision		Groups 11,12	Ch.17: pres. topics
	7 Feb.	W	<b>Reading Day</b>			
	8 Feb.	TH	<b>FINAL EXAM</b>			

**Homework**

Homework questions are selected from the 'Practical Questions' at the end of each Chapter of the Eiteman *et al.* text. Homework is not assessed, but evidence you attempted it counts to participation. Homework is also good preparation for the quizzes and final exam. The questions include the presentation questions (see below) and a few others.

**Evaluation**

Final marks will be determined as follows:

Assessment	Percentage
Attendance and participation	10%
Class Quizzes (2)	30%
Group Presentation	20%
Final Exam	40%
<b>Course Total</b>	<b>100%</b>

**Class Participation and Discussion**

Students are expected to attend all classes. If a student misses more than one session, two marks will be deducted for each subsequent class missed. A student with good attendance, who contributes to class discussion and suggests answers to homework answers, can earn ten marks for this item.



## Quizzes

The class quizzes are designed to allow you to test and demonstrate your understanding of the business/corporate finance concepts that you have learned about, including both numerical and theoretical concepts. Your results in the quizzes will give you feedback on how you are going in the course.

## Group Presentations

The presentations are designed to encourage cooperative learning and communication. See below for details.

## Final Exam

Duration: 2 hours (plus 15 minutes reading time). The exam will consist of multiple choice questions and short- and long-answer theoretical and numerical questions. Non-programmable financial and scientific calculators may be used in the final examination (see note on calculators below).

## Grade Distribution

Letter Grade	Grade Points
High Distinction	85-100
Distinction	75-84
Credit	65-74
Pass	50-64
Fail	0-49

## Group Project Details

Students will form groups of four. Groups will be numbered 1-12. Each group will complete one project, to be presented in class and submitted in written form. Students A and B will present the problems to the class; C is responsible for creating an Excel file for the presentation.

Student	Task	Details
A	Presentation: first part	Introduce the question in a clear and interesting way, explain what concepts are illustrated, and answer the first half of the questions (5-7 minutes).
B	Presentation: second part	Answer the second half of the questions, summarise the concepts illustrated (5-7 minutes).
C	Responsibility for spreadsheet	Organise the information and calculations in an Excel spreadsheet, which the presenters can use to explain the problem to the class.

The questions are selected from the Practical Questions at the end of relevant chapters in the Eiteman *et al.* text. The program is as follows:

Date	Group	Topic	Questions
Wed. 17 Jan.	1	International Monetary System	Ch. 2: Problems 3,8,9
Thurs. 18 Jan.	2	Balance of payments	Ch. 3: Problems 10-14
Mon. 22 Jan.	3	Foreign exchange market	Ch. 5: Problems 3,6,17
Wed. 24 Jan.	4	International parity conditions	Ch. 6: Problems 3,5,8,16
Thurs. 25 Jan.	5	Foreign currency derivatives	Ch. 7: Problems TBA 2,3,5,8
Mon. 29 Jan.	6	Exchange rate determination	Ch. 9: Problems 2,11-13
Wed. 31 Jan.	7	Transaction exposure	Ch. 10: Problems 1,2
Th. 1 Feb.	8	Operating exposure	Ch. 12: Problems 2,3,4
Fri. 2 Feb.	9	Global cost of capital	Ch. 13: Problems 3,4,6
Mon. 5 Feb.	10	Raising equity and debt globally	Ch. 14: Problems 2,3,6
Tue. 6 Feb.	11	Foreign Direct Investment	Ch. 17: Mini-case questions 1,2
	12	Foreign Direct Investment	Ch. 17: Questions 6,12,16



## Rules and Guidelines:

- Presenters may not read from a script. Use only the Excel file, and only one file.
- One worksheet should list the names and roles of the group members.
- The calculation sheet(s) should look professional; with helpful use of lines, colours, etc. Text and formulas should go on separate sheets and also look professional. High marks will go to presentations that are clear, simple and easy for the class to absorb.
- The Excel file should be submitted by email by 11pm on the night before the presentation is scheduled. Presentations submitted later will incur a deduction from the group mark: 1 mark if emailed after 11pm; 2 marks if brought to class on a USB drive.
- Presentations will not be rescheduled under any circumstances. If a group member is ill, is not cooperating or has dropped out, the remaining members should take over his/her responsibilities. In this case, bonus marks may be awarded at the instructor's discretion.
- Each group will receive an overall mark out of 10, and each group member an individual mark out of 10.
- If there is evidence that answers were copied from an internet site, the whole group will receive a mark of zero.

## **Exam Policy**

1. This is a closed book exam, worth 40% of the total assessment of the course.
2. The final exam comprises multiple choice and structured short answer questions.
3. Candidates must answer all questions.

## **Academic Integrity**

SISU expects honesty from students in presenting all of their academic work. Students are responsible for knowing and observing accepted principles of scholarly research and writing in all academic work.

Academic dishonesty or cheating includes acts of plagiarism, forgery, fabrication or misrepresentation, such as the following:

- claiming the work or thoughts of others as your own
- copying the writing of others into your written work without appropriate attribution
- writing papers for other students or allowing them to submit your work as their own
- buying papers and turning them in as your own
- having someone else write or create all or part of the content of your assignments
- submitting the same paper for more than one study or class without explicit permission from the faculty members

## **General Principles**

SISU is committed to principles of trust, accountability, clear expectations and consequences. It is also committed to redemptive efforts, which are meaningful only in light of these principles. Students will be granted due process and the opportunity for an appeal.

Academic dishonesty offenses generally are subject to incremental disciplinary actions. Some first offenses, however, receive severe penalties, including dismissal from the program.

## **General Disciplinary**

The following is a non-comprehensive list of possible actions apart from dismissal from the program: warning from a professor, program director; a lower or failing grade on an assignment, test or course; suspension or dismissal from the course; suspension or dismissal from the program.



**Disciplinary Actions for Specific Offenses**

Some academic dishonesty offenses call for specific disciplinary actions. The following have been identified:

Falsification of documents: Students who falsify or present falsified documents may be dismissed. Prospective students who are discovered to have presented falsified admission documents prior to admission shall be denied admission to the program. Should it be discovered after admission that a student had presented falsified documents for admission, such admission may be annulled and the record of academic achievement removed from the academic record, with appropriate notations. Such annulments or denials may be reviewed after one year.

Dishonesty in course requirements: Course work (a quiz, assignment, report, mid-term examination, research paper, etc.) in which a student has been dishonest generally will receive zero points towards the grade in fulfillment of a course requirement, and/or the student may receive a failing grade for the course. The professor of the course determines the appropriate consequence.

Final assignment: When a student cheats in a major or final assignment such as a comprehensive examination or presents plagiarized material in a major or final assignment, that student shall receive an F in that particular subject. Student cheats on more than two exams shall be dismissed from SISU.