



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 437 H1F

Course Name: International Finance

Fall 2014

Course Meets: Tuesdays 2:00- 4:00 (L0101), WO 30
 Wednesdays 2:00- 4:00 (L0201), WO 30
 Thursdays 3:00- 5:00 (L0301), WO 30

Instructor: Wendy Rotenberg, RT 446
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Phone: 416.978.2664
Office Hours: Thursdays 12:30 – 2:00

Course Objectives

This course will focus on financial management in an international context. We begin with a brief overview of the nature of international business activities and the evolution of multinational enterprises. We then cover the foreign exchange market and exchange rate determination, as well as other international financial markets and instruments. This sets the stage for learning about a variety of international financial management topics, including foreign exchange exposure measurement and management, financing the global firm, management of multinational fund flows and transactions, and foreign direct investment decisions.

Instructional Approach

A combination of lecture, technical problem solving and case analyses will be used. Students are expected to have attempted the required readings and any assigned questions prior to class. If time is limited, be advised that even brief preparation for class is extremely beneficial.

Attendance

Students must attend the lecture in which they are registered unless a prior request has been approved by the instructor. Please make any such request by email, including the reason for it, at least 24 hours prior to the lecture you wish to attend. On group assignment due dates there will be brief presentations and all group members are expected to participate and support their group.

Course Prerequisites

Rotman Commerce: RSM333H1 (and therefore, RSM332H1 plus the ECO and STAT prerequisites required for RSM 332 and 333). **Actuarial Science:** ACT349H1

Required Readings

Textbook (required): Multinational Business Finance, D.K. Eiteman, A.I. Stonehill and M.H. Moffat, 13th edition (2013), Prentice Hall, ISBN-13: 978-0-13-274346-4

NOTE - THE TEXT CAN BE PURCHASED IN ELECTRONIC FORM OR IN HARD COPY.

Hard copies of the text can be purchased on Amazon.ca.

Instructions for electronic text purchase will be announced in class.

Class Materials : Lecture notes and slides will be posted on the portal in advance of class. Beginning in class 2, students are responsible for printing out the class materials and bringing them to class.

Cases: Any cases to be used for class discussion or assignments will be announced in class and will be available for purchase on the publisher websites. Each student is responsible for purchasing their own access to the course materials.

Evaluation and Grades

	<u>Worth</u>	<u>Notes</u>
Group Assignments	20%	2 Assignments with Reports and Presentations
Quizzes	30%	2 Quizzes worth 15% each
Final exam	50%	During Arts & Science Final Examination period

Quiz Policies

- The quizzes will take place in the first 45 minutes of classes 4 and 9 and will be followed by a 10 minute break, and then a 1 hour class.
- Calculators will be allowed.
- Students must write the quizzes in the section they are registered in.
- There will be no make-up quizzes. Any students unable to write a quiz for legitimate documented reasons will have the grade(s) for the missed quiz(zes) shifted to the final.
- Students unable to take a quiz must notify Rotman Commerce on the date of the missed quiz and submit supporting documentation (e.g. a medical certificate) to the Rotman Commerce Program Office within one week, otherwise a grade of 0 (zero) will be assigned on the quiz.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **48 hours** of the originally scheduled test or due date. Students who do not provide Rotman Commerce or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed test or course deliverable.

Note that the physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a report of illness made by the student and documented by the physician.

Group Assignments

- Group assignments will be announced in class and are due in classes 6 and 12. Group size should be 4 to 6 members. Students can form their own groups. Group members must be registered in the same course section.
- All group members will receive the same grade. Each member is expected to:
 - Treat other members with courtesy and respect;
 - Establish a positive and productive team dynamic;
 - Contribute substantially and proportionally to the project and presentation;
 - Ensure enough familiarity with the entire contents of the group project/assignment so as to be able to sign off on it as original work;
 - Meet the project timeline as established by the team.

- Learning to work together in teams is an important aspect of your education and preparation for your future careers. That said, project-based teamwork is often new to students and you are therefore reminded of the following expectations with respect to behaviour and contributions to your team project.

1. Read the document entitled, "Working in Teams: Guidelines for Rotman Commerce Students" which is available on the RC portal under the Academic Services tab.

2. When working in a team, Rotman Commerce students are expected to:

- Treat other members with courtesy and respect;
- Honour the ground rules established by the team;
- Contribute substantially and proportionally to the final project;
- Ensure enough familiarity with the entire contents of the group project/assignment so as to be able to sign off on it as original work;
- Meet the project timeline as established by the team.

3. Resolving conflicts:

Conflicts are part of the team's process of learning how to work together effectively and when handled well can generate creativity and bring-multiple perspectives to the solution.

Student teams are collectively expected to work through their misunderstandings as soon as they arise (and prior to submission of the final project). In cases where teams are unable to arrive at a solution that works for all members, the team must meet with the Rotman Commerce Team Coach** as soon as possible. The Coach will listen to the team and help develop options for improving the team process. All members of the project team must commit to, and, utilize their action plans.

** For an appointment with a Rotman Commerce Team Coach, please contact Nikoleta Vlamis at nikoleta@nikoletaandassociates.com or Elaine Zapotoczny

at elaine@nikoletaandassociates.com. Nikoleta and Elaine are highly skilled at facilitating team dynamics and collaboration. Note that the Team Coach's role is to provide guidance, support and advice on team matters – not to formally evaluate or assess teamwork for academic purposes.

Exam Policies

- Students will be permitted to bring only their calculator and pen(s) into the examination.
- The final examination will be cumulative, covering all course materials.

Drop Date

- The last day to drop the course without academic penalty is Monday November 3.

Grade Appeals

- Appeals must be made one week after the graded work is returned. Students should take the time to carefully review their own work and the feedback they received.
- Appeals must be in writing and must include an explanation of why the original grade should be reassessed.
- Students must notify the instructor by email that they will be requesting a regrade, and must return the graded work, with their written request for regrading, in the following class.

Accessibility Needs

- The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: disability.services@utoronto.ca or <http://www.accessibility.utoronto.ca/>.

Academic Integrity

- Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously. *The University of Toronto's Code of Behavior on Academic Matters* outlines the behaviors that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed (see <http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>). You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment.

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behavior on Academic Matters*. If you have any questions about what is or not is permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other U of T resources such as College Writing Centres or the Academic Success Centre.

Email

- At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ROSI system. For more information please visit <http://help.ic.utoronto.ca/category/3/utmail.html>
- Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Fall 2014 Class Session Dates and Topics – any changes will be announced in class

Class	Dates	Topic(s) and Text Chapter(s)
1	Sept 9/10/11	Introduction to the Course Ch 1 Multinational Challenges and the Global Economy Ch 2 Corporate Ownership, Goals and Governance Ch 15 Multinational Tax Management
2	Sept 16/17/18	Ch 3 The International Monetary System Ch 6 The Foreign Exchange Market Distribution of Group Assignment 1
3	Sept 23/24/25	Ch 7 International Parity Conditions Ch 9 Foreign Exchange Rate Determination and Forecasting
4	Sept 30/Oct 1/2	QUIZ 1 AT START OF CLASS Ch 8 Foreign Currency Derivatives and Swaps
5	Oct 7/8/9	Introduction to Foreign Exchange Exposure (Ch 10, 11, 12) Ch 10 Management of Transaction Exposure
6	Oct 14/15/16	GROUP ASSIGNMENT ONE DUE with Brief Presentations and Discussion Distribution of Group Assignment 2
7	Oct 21/22/23	Ch 12 Management of Operating Exposure Ch 11 Management of Translation Exposure

8 Oct 28/29/30 Ch 16 International Portfolio Theory and Diversification
Ch 13 The Global Cost and Availability of Capital

9 Nov 4/5/6 QUIZ 2 AT START OF CLASS
Ch 14 Raising Equity and Debt Globally

10 Nov 11/12/13 Ch 19 Working Capital Management
Ch 20 International Trade Finance

November Break is on Mon Nov 17 & Tues Nov 18

11 Wed 19/Thurs 20/Tues 25 ***note change in order of dates***

Ch 17 Foreign Direct Investment Theory and Political Risk

Ch 18 Multinational Capital Budgeting and Cross Border Acquisitions

12 Nov 26/27/ Dec 2 GROUP ASSIGNMENT 2 DUE with Brief Presentations and Discussion
Course Wrap-up
Final Examination Announcements