



# Rotman Commerce UNIVERSITY OF TORONTO

## Course Outline

### RSM 437 H1F

Course Name: International Finance

Fall 2017

Course Meets:   Mondays       1:00- 3:00 (L0101), RT 142  
                      Mondays       3:00- 5:00 (L0201), RT 142  
                      Tuesdays     9:00-11:00 (L0301), RT 142

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Instructor:           Wendy Rotenberg, RT 446  
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Phone:                416.978.2664  
Office Hours:        Mondays 11:00 – 12:00 or email questions any time

## 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.

## 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** - Multinational Business Finance, D.K. Eiteman, A.I. Stonehill and M.H. Moffat, 14<sup>th</sup> edition (2016), Prentice Hall, ISBN-13: 978-0-13-387987-2

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

**Case Package** - is available for purchase from the Harvard Business School Publishing website. You must go to the site and register as a student and then use the following code to access our readings package. The site records which students have paid for their copies of the course materials.

<https://cb.hbsp.harvard.edu/cbmp/access/62673539>

**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.

## Evaluation and Grades

|                   | <u>Worth</u> | <u>Notes</u>                                   |
|-------------------|--------------|--|
| Quizzes           | 20%          | 2 Quizzes worth 10% each                       |
| Group Assignments | 30%          | 3 Assignments (1 @ 20%, 2 @ 5%)                |
| Final exam        | 50%          | During Arts & Science Final Examination period |

## Quiz Policies

- The quizzes will take place in the first 45 minutes of classes 5 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 unless prior arrangements have been made with the instructor.
- 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 48 hours, otherwise a grade of 0 (zero) will be assigned on the quiz.

**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 later report of illness made by the student to a physician.**

Documentation submitted in support of petitions for missing tests and assignments must be original; no faxed or scanned copies will be accepted

## **Group Assignments**

- Group assignments will be announced in class and are due in classes 6, 8 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.
- There are three case assignments and one-third of the case groups will complete a major report (worth 20% of the course grade) on each while remaining groups will prepare a minor report (worth 5% of the course grade). Major case assignments will include both a written report and class participation during the case discussion. Note that there will be one question on the final examination on EACH of the three cases.
- 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.

### *Resolving conflicts:*

- Conflicts are part of the team's process of learning how to work together. When handled well, it can generate creativity and bring-multiple perspectives to the solution.
- Student teams are expected to work through their misunderstandings as soon as they arise (and prior to submission of the final project). When 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 Nouman Ashraf at [nouman.ashraf@rotman.utoronto.ca](mailto:nouman.ashraf@rotman.utoronto.ca) Nouman is 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 their calculator and pen(s) into the examination and are **allowed to bring in one double-sided crib sheet**. Students will prepare their own crib sheets.
- 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 6<sup>th</sup>.

## **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 re-grade, and must return the graded work, with their written request for re-grading, 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: [accessibility.services@utoronto.ca](mailto:accessibility.services@utoronto.ca) or <http://www.studentlife.utoronto.ca/as>.

## **Academic Integrity**

- Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT 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 Behaviour on Academic Matters*

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. 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 (this includes collaborating with others on assignments that are supposed to be completed individually).

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 Behaviour on Academic Matters*. If you have any question about what is or is not 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 UofT 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 2017 Class Session Dates and Topics – any changes will be announced in class**

| <b>Class</b> | <b>Dates</b> | <b>Topic(s) and Text Chapter(s)</b>   |
|--------------|--------------|---|
| 1            | Sept 11/12   | <b>Introduction to the Course</b><br>Ch 1 Multinational Financial Management: Opportunities and Challenges  |
| 2            | Sept 18/19   | <b>International Business Environment and International Trade Transactions</b><br>Ch 15 Multinational Tax Management<br>Ch 16 International Trade Finance                   |
| 3            | Sept 25/26   | <b>Trade Financing and The Foreign Exchange Market</b><br>Ch 16 International Trade Finance cont'd<br>Ch 5 The Foreign Exchange Market                                      |
| 4            | Oct 2/3      | <b>Foreign Exchange Exposure Measurement</b><br>Ch 6 International Parity Conditions<br>Ch 9 Foreign Exchange Rate Determination  |
|              | October 9/10 | <b>Thanksgiving Weekend – No Class</b>  |
| 5            | Oct 16/17    | <b>QUIZ 1 at Start of Class</b><br><b>Foreign Exchange Exposure Management</b><br>Ch 10 Transaction Exposure  |
| 6            | Oct 23/24    | <b>Case #1 Presentations and Discussion</b><br><b>Foreign Exchange Exposure Management Cont'd</b><br>Ch 10 Transaction Exposure cont'd<br>Ch 7 Foreign Currency Derivatives |

| <b>Class</b> | <b>Dates</b> | <b>Topic(s) and Text Chapter(s)</b>  |
|--------------|--------------|--|
| 7            | Oct 30/31    | <p><b>Foreign Exchange Exposure Management Cont'd</b></p> <p>Ch 12 Operating Exposure</p> <p>Ch 11 Translation Exposure</p>  |
|              | November 6/7 | <b>Fall Term Break Week - No Class</b>   |
| 8            | Nov 13/14    | <p><b>Case #2 Presentations and Discussion</b></p> <p><b>Foreign Exchange Exposure Management in Practice</b></p> <p>Ch 11 Translation Exposure cont'd</p>   |
| 9            | Nov 20/21    | <p><b>QUIZ 2 at Start of Class</b></p> <p><b>Foreign Investments and Investment Analysis cont'd</b></p> <p>Ch 17 Foreign Direct Investment and Political Risk</p> <p>Ch 18 Multinational Capital Budgeting and Cross-Border Acquisitions</p> |
| 10           | Nov 27/28    | <p><b>Debt Financing in the Global Firm and Interest Rate Risk Management</b></p> <p>Ch 8 Interest Rate Risk and Swaps</p>   |
| 11           | Dec 4/5      | <p><b>Case #3 Presentations and Discussion</b></p> <p><b>Raising Equity and Debt Globally</b></p> <p>Ch 13 The Global Cost and Availability of Capital</p> <p>Ch 14 Raising Equity and Debt Globally</p>                                     |
| 12           | Dec 7        | <p>Course Wrap-up and Q&amp;A</p> <p>Final Examination Announcements</p>   |

Note: Students in the Tuesday L0301 Section will be welcome to attend either class on Dec 7, or if there is a scheduling conflict, can arrange to meet with the instructor to discuss any questions that they have.