



**Business**  
FLORIDA INTERNATIONAL UNIVERSITY

**FIN 4604 – U02 INTERNATIONAL FINANCIAL MANAGEMENT Spring 2017**

**Monday – 17:00 – 19:40 – Mgmt & Advanced Research Center 145**

**GENERAL INFORMATION**

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<b>Office Hours:</b>	<b>E-mail:</b> wchou@fiu.edu

**COURSE DESCRIPTION AND PURPOSE**

“International Financial Management” aims to extend the key concepts from the fields of corporate finance and investments into an international environment. Recently, firms are looking increasingly to trade internationally in order to exploit profitable market opportunities and benefit from a growth in market share and economies of scale. As trade barriers are broken and infrastructure improves, there are even more opportunities for firms to expand in this way. This course provides the knowledge, skills and attitudes required for the financial management of Multinational enterprises (MNEs), Multinational corporations (MNCs) or Transnational companies (TNCs) that operate in the international (global) business marketplace.

Emphasizing broad concepts and real world practices, the course offers a concise introduction to international finance and provides a clear conceptual framework for analyzing key financial decisions in multinational firms. The approach of the course is to treat international financial management as a natural and logical extension of the principles learned in the introductory financial management (FIN 3403) course. Thus, it builds on and extends these principles to account for the dimensions that are unique to international finance. This course focuses on decision making in a global context. ***This is a discipline-specific GL course that counts toward your global learning graduation requirement.***

**COURSE LEARNING OUTCOMES**

After completing this course students will be able to:

- Describe the globalization process and the rationale for the existence of multinational firms.
- Elaborate on the goal of corporate governance and the various parties that monitor the actions and behaviors of corporations.
- Describe the international monetary system, foreign exchange regimes and markets.
- Discuss the ways a company may access funds in the global equity and debt markets.
- Explain the risks unique to the international operations of a company, identify derivative instruments and strategies used by multinational corporations to hedge financial risks and manage exposure.

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- Identify alternate modes of international expansion and issues associated with international working capital management.
- Distinguish among the various different types of financial institutions presence in global markets.
- Identify the processes and instruments used in the financing of imports.

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## MAJOR & CURRICULUM STUDENT LEARNING OUTCOMES TARGETED

Students will be able to:

- Exhibit knowledge of the major cultural, economic, social and legal environments faced by organizations in global markets (Global Awareness)\*
- Develop strategies for the challenges of doing business in a global environment (Global Perspective)
- Demonstrate appropriate responses to global conditions and cultural diversity (Global Engagement)\*
- Assess the needs of and justify the advantages accruing from expanding into international markets (Global Awareness, Perspective & Engagement)\*
- Explore the international integration of financial markets and analyze implications for financial managers
- Demonstrate knowledge of the basics of international finance that are deemed necessary to conduct financial transactions in today's global economy, including developments and current status of international monetary system, foreign exchange exposure, global parity conditions, forecasting FOREX, global capital budgeting, global cost of capital, and exports and imports
- Apply critical thinking skills in identifying international financial issues and evaluating information
- Use quantitative tools to evaluate business problems
- Use information technology as a tool to do essential business tasks

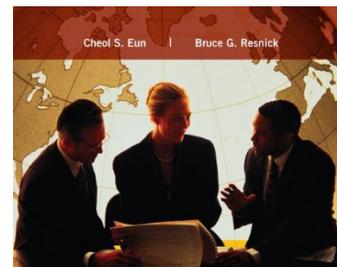
\* Global Learning Outcomes

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## TEXTBOOK

*International Financial Management*, 7th Edition  
Cheol S. Eun, Bruce G. Resnick  
McGraw-Hill Higher Education; Copyright: 2015

ISBN-10: 0077811604  
ISBN-13: 978-0-077861605



**International**  
Financial Management

Seventh Edition

**Recommended Readings:** It is highly recommended that you read at least one of the leading international newspapers (The Wall Street Journal, The Financial Times) or periodicals (The Economist).

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## COURSE PREREQUISITES

A grade of C or higher in FIN 3403 or equivalent.

For more information about prerequisites, [click here](#) or check

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<http://cbasys.fiu.edu/advising/prerequisites/prerequisites1.cfm>.

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## TEACHING METHODOLOGY

The course will be divided into two sections. The first section concentrates on foreign exchange rates. Spot, forward and futures rate, together with currency swaps and options, are all considered from both a pricing and institutional perspective. The links between macroeconomy and exchange rates will also be examined in both the context of stable exchange regimes and currency “crashes”. The second section concentrates on examining how a firm should handle the risks of international trade. Main topics covered include evaluating risk, the financing of international trade, and undertaking international project appraisal.

There will be homework assignments, presentations, a case study, and three exams. They will all count toward the final grade. However, you may earn extra credits based on attendance and class participation. Throughout this course, we'll also bring in materials relating to current international financial issues or events that we shall discuss in class. Such discussions will not only expose you to current affairs in international finance, but also help you relate these issues to the concepts and topics that we cover in class.

The three exams, as indicated in the course outline, will be held during class time. If you miss any of the exams, you may take a make-up exam only if the absence is formally notified and approved by the instructor. The three exams:

- closed book and non-cumulative in nature
- coverage: assigned chapters and readings
- questions given on the examination will require understanding of the subject material

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## COMMUNICATING WITH THE INSTRUCTOR

E-mail: Contact me via personal email at [you@fiu.fiu](mailto:you@fiu.fiu).

Lecture notes, homework assignments, as well as any other supplemental readings and handouts will be posted on the course web page. The course web address will be announced during the first class. Make sure that you check course website regularly. This web page is a central way of communication for this course.

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## DISABILITY NOTICE

If you have a disability and need assistance, please contact the Disability Resource Center (University Park: GC 139, 305-919-3544) (North Campus: WUC139, 305-919-5345). Upon contact, the Disability Resource Center will review your request and contact your professors or other personnel to make arrangements for appropriate modification and/or assistance.

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## RELIGIOUS HOLIDAYS

The University's policy on religious holidays as stated in the University Catalog and Student Handbook will be followed in this class. Any student may request to be excused from class to observe a religious holy day of his or her faith.

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## ASSURANCE OF LEARNING

The College of Business cares about the quality of your education. Please read about the College's commitment to [Assurance of Learning](#).

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## RULES, POLICIES, AND ACADEMIC MISCONDUCT

Assignments from the text and other resources are listed below for each class session. Students are expected to pace their learning according to the posted course assignments.

It is expected that interactive learning and teaching will enrich the learning experience of all students and that each student will work in partnership with the professor to create a positive learning experience for all. Student engagement is a necessary condition for an effective learning experience and includes contributions to debate and discussion (if any), positive interactive learning with others, and an enthusiastic attitude towards inquiry. Everyone is expected to be a positive contributor to the class learning community, and students are expected to share the responsibility of teaching each other.

### Statement of Understanding between Professor and Student

Every student must respect the right of all to have an equitable opportunity to learn and honestly demonstrate the quality of their learning. Therefore, all students must adhere to a standard of academic conduct, demonstrating respect for themselves, their fellow students, and the educational mission of the University. As a student in the College of Business taking this class,

- I will not represent someone else's work as my own
- I will not cheat, nor will I aid in another's cheating
- I will be honest in my academic endeavors
- I understand that if I am found responsible for academic misconduct, I will be subject to the academic misconduct procedures and sanctions as outlined in the Student Handbook

Failure to adhere to the guidelines listed above may result in one of the following:

**Expulsion:** Permanent separation of the student from the University, preventing readmission to the institution. This sanction shall be recorded on the student's transcript.

**Suspension:** Temporary separation of the student from the University for a specific period of time.

By taking this course I promise to adhere to FIU's Student Code of Academic Integrity. For details on the policy and procedure go to [ACADEMIC MISCONDUCT](#). (Section 2.44)

**NOTE:** [Intensive Auditing of the course will be conducted to prevent academic misconduct.](#)

**EXAM POLICY:** You must take each and every exam at the date and time announced in class. Failure to do so will result in zero credit for that exam. This includes the final exam. Any deviation from this policy because of illness or emergency must be cleared in advance and properly documented.

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## EXPECTATIONS OF THIS COURSE

As a student you have made a commitment to improve your knowledge, skills and values in an effort to improve your circumstances. As such you are expected to be engaged throughout the course and not merely intermittently. You are expected to build the basic rudiments of global finance in this course. Though the emphasis is mostly on practical applications and on today's know how in the global financial arena, some introductory theoretical concepts that form the nuclei of the main topics in the field are also to be mastered.

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Students also need to note:

### **1. Grade Determination**

Your final grade is determined by the grading components listed below. In addition, the final grade in this course, once assigned will not be changed except in the event of a grading error.

### **2. Absence from Examination**

Absence from examination will only be granted to you if you can provide official documentation of illness or personal emergency. You are responsible for informing me as soon as possible (and preferably in advance) regarding a missed examination. Otherwise, you will receive a score of zero for missing examinations.

### **3. Class Attendance and Preparation**

You are responsible for coming prepared for all classes. Readings should be done in advance of class in which the assigned materials will be discussed. If for whatever reason you miss a class, it is your responsibility to get the material and any announcements that you miss. In addition, you should bring a calculator to each class as it will aid in finding solutions to in-class numeric problems. Your contributions to the overall learning experience of the class will be greatly appreciated.

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## **GRADING POLICY**

### **COURSE REQUIREMENTS AND ASSESSMENT WEIGHTS**

<b>COURSE REQUIREMENTS</b>	<b>WEIGHTS</b>
Exam 1	30%
Exam 2	25%
Exam 3	25%
Homework Assignments	10%
Presentation on current issue	7%
Case Study	8%
<b>Total</b>	<b>100%</b>

### **LETTER GRADE POLICY**

<b>Letter Grade</b>	<b>Range</b>	<b>Letter Grade</b>	<b>Range</b>	<b>Letter Grade</b>	<b>Range</b>
A	85-100%	B	84-86	C	70-76
A-	80-84	B-	80-83	D	60-69
B+	77-79	C+	77-79	F	<60

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## **ASSESSMENTS**

### **EXAMS**

There are three exams.

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## HOMEWORK:

You will be assigned maximum of 4 HWs during the semester. It is your responsibility to submit the homework before the deadline. **Late homework will NOT be accepted.** If you miss a homework assignment because of some valid reason, it is your responsibility to inform me in advance.

## CLASS PRESENTATION ON CURRENT/RELATED ISSUES:

A team of three is required to do a short 10-minute presentation in the class on current international finance related issue. All will get the same grade. You are free to choose any current international finance related issue or news based on your own interest. Besides the Internet, some other good sources of international finance related news are *The Economist*, *The Wall Street Journal*, *Financial Times*, etc. **You are required to email me your presentation at least one day in advance.** Do mention your source of information in your slides. Sign up for presentation date on the first day of the class.

## CASE STUDY

This is due in **the Discussion Forum** of the course Blackboard. You must submit your analysis by April 17th at 11:55 pm.

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## CLASS AGENDA

The class agenda is as follows:

- Use the Power Point slides as notes that supplement your required textbook reading.
- Work on the homework assignments as they provide important feedback about your understanding of the required materials.
- Students are required to form groups for group presentation.
- There are three exams as mentioned above.

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## COURSE CALENDAR

Date	Topic	Readings
Jan 9	Course Introduction Globalization and the Multinational Firm International monetary system	Chapter 1 Chapter 2 (36-58)
Jan 16	<b>Martin Luther King Holiday (No Class)</b>	
Jan 23	The market for foreign exchange	Chapter 5

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Jan 30	Case: Shrewsbury Herbal Products International parity relationships	Chapter 6
Feb 6	International parity relationships Currency futures and options Case: The Options Speculator	Chapter 6 Chapter 7 (173-185)
Feb 13	<b>EXAM 1</b>	<b>Chapters 1, 2, 5, 6, 7</b>
Feb 20	Currency Swaps	Chapter 8
Feb 27	Management of transaction exposure Case: Airbus' Dollar Exposure	Chapter 9
Mar 6	Management of economic exposure	Chapter 9
Mar 13	<b>SPRING BREAK (No Class)</b>	
Mar 20	<b>EXAM 2</b>	<b>Chapters 8, 9, 14</b>
Mar 27	Management of economic exposure Case: Economic exposure of Albion Computers	Chapter 9
April 3	International equity markets International portfolio investment	Chapter 13 Chapter 15
April 10	International capital structure	Chapter 17
April 17	International capital budgeting Case : Centralia	Chapter 18

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April 24	<b>EXAM 3</b>	<b>Chapters 9, 13, 15, 17, 18</b>
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**ADDITIONAL INFORMATION**

Students with any kind of disability should notify me within the first two days of class so that I can make the appropriate accommodation.

College of Business Administration - Enterprise Technology Center (RB 100)

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