

University of Texas at Arlington
College of Business

FINANCE 4324: INTERNATIONAL CORPORATE FINANCE
SUMMER 2016

Monday - Thursday, 1:00–3:00 p.m., COB 254

INSTRUCTOR: Dr. Sanjiv Sabherwal

OFFICE: College of Business, Room 614

TEL: 817 272 5520

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OFFICE HOURS: Monday through Thursday, 12:30–1:00 p.m.; and by appointment.

WEB PAGE: <http://wweb.uta.edu/faculty/sabherwa/>

COURSE DESCRIPTION

This course is intended for upper-level undergraduate students who are interested in learning about the financial management of an internationally oriented business. The course introduces students to the international aspects of corporate finance, including such topics as the international monetary system, balance of payments, foreign exchange markets, international parity conditions, currency derivatives, foreign exchange exposure, world financial markets and global financing, foreign investment, and international capital budgeting.

STUDENT LEARNING OUTCOMES

At the conclusion of the course, the students will be able to:

1. evaluate international monetary systems
2. describe the main theoretical relationships among exchange rates, inflation rates, and interest rates that result from international arbitrage activities
3. analyze the role of foreign exchange markets in international operations
4. describe the measurement and implications of foreign exchange exposure
5. discuss the techniques for managing foreign exchange exposure
6. identify unique financial characteristics of multinational firms.

PREREQUISITE

FINA 3313

REQUIRED TEXTBOOK

Cheol Eun and Bruce Resnick, *International Financial Management*, 7th edition, McGraw-Hill/Irwin

RECOMMENDED READING

Wall Street Journal, www.bloomberg.com, finance.yahoo.com

COVERAGE

The following topics and chapters will be covered.

Foundations of International Financial Management and Exchange Rates

Chapter 1: Globalization and the Multinational Firm

Topic 4: The Determination of Exchange Rates

Chapter 2: International Monetary System

Chapter 3: Balance of Payments

Foreign Exchange Market and Currency Derivatives

Chapter 5: The Market for Foreign Exchange

Chapter 6: International Parity Relationships and Forecasting Foreign Exchange Rates

Chapter 7: Futures and Options on Foreign Exchange

Foreign Exchange Exposure and Management

Chapter 8: Management of Transaction Exposure

Chapter 9: Management of Economic Exposure

Chapter 10: Management of Translation Exposure

World Financial Markets and Institutions

Topic 11: Eurocurrency Market

Chapter 12: International Bond Market

Topic 13: International Financial Markets and Cross-Listings

Chapter 14: Interest Rate and Currency Swaps

Financial Management of the Multinational Firm

Chapter 16: Foreign Direct Investment and Cross-Border Acquisitions

Chapter 18: International Capital Budgeting

Some of the above chapters will be covered in more detail than others.

COURSE REQUIREMENTS

Quizzes

There will be three quizzes. Unless otherwise specified, quizzes will be on the material covered since the previous test. The types of questions on the quizzes would include multiple-choice, fill in the blanks, true or false, and short answer.

Exams

There will be three exams, including two interim exams and a final exam.

The final exam will be **comprehensive**. The exams will be closed book and closed notes. You should bring your calculator to the exams. Sharing of calculators and the use of a laptop or any other electronic device will not be allowed.

Homework

End of chapter questions & problems and other questions & problems will be assigned as homework. You do **not** have to submit the solutions to the homework. For greater learning, you should work on the homework before going over the solutions provided by me. Some of the problems on the quizzes and exams will be similar to the problems in the homework.

GRADING

Quizzes 1-3	15% (5% x 3)
Tests I and II	50% (25% x 2)
Final Exam (Comprehensive)	35%

No assignment for extra credit will be given to any individual student.

The final letter grade will be based on the following schedule:

90 - 100	A
80 - 89.99	B
70 - 79.99	C
60 - 69.99	D
< 60	F

BLACKBOARD DETAILS

- Syllabus and grades are provided via Blackboard.
- Presentation materials used in the class are available as PDF files on Blackboard.
- We may discuss material not included in the overheads.
- Other materials, such as homework and the solutions to the homework are also available on Blackboard.

COURSE SCHEDULE

Week 1

July 12	Tuesday	Syllabus, Chapter 1
July 13	Wednesday	Chapter 2, Chapter 3
July 14	Thursday	Chapter 3, Topic 4

Week 2

July 18	Monday	Quiz 1 , Chapter 5
July 19	Tuesday	Chapter 5
July 20	Wednesday	Chapter 6, Review for Test I
July 21	Thursday	Test I (On Chapters 1, 2, 3, and Topic 4)

Week 3

July 25	Monday	Chapter 6
July 26	Tuesday	Chapter 7
July 27	Wednesday	Quiz 2 , Chapter 8
July 28	Thursday	Chapter 8, Review for Test II

Week 4

August 1	Monday	Test II (On Chapters 6, 7, and 8)
August 2	Tuesday	Chapter 9, Chapter 10
August 3	Wednesday	Topic 11
August 4	Thursday	Quiz 3 , Chapter 12

Week 5

August 8	Monday	Topic 13 , Chapter 14
August 9	Tuesday	Chapter 14, Chapter 16
August 10	Wednesday	Chapter 18
August 11	Thursday	Review for the Final Exam

Week 6

August 15	Monday	Final Exam (Comprehensive)
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As the instructor for this course, I reserve the right to adjust this schedule in any way that serves the educational needs of the students enrolled in this course.

RELEVANT UNIVERSITY CALENDAR DATES

July 18	Monday	Census Date
August 2*	Tuesday	Last Day to Drop Classes

* If you want to receive a “W”, you must drop the class by this date. In accordance with the university policy, I will not give a “W” grade to anyone after this date.

QUIZ, TESTS AND FINAL EXAM DATES

July 18	Monday	Quiz 1
July 21	Thursday	Test I
July 27	Wednesday	Quiz 2
August 1	Monday	Test II
August 4	Thursday	Quiz 3
August 15	Monday	Final Exam

Quiz and Test dates are subject to change.

NOTES

Audio or video recording of my classes is NOT allowed. Students who wish to record classes under the Americans with Disabilities Act must first contact UTA's Office for Students with Disabilities and provide me official documentation prior to recording a lecture.

There will be no makeup quizzes or exams. If you have to miss a quiz or an exam because of an excusable and verifiable reason, you must contact me before the quiz/exam. Failing to do so or failing to provide documentation of the reason for absence from a medical doctor or UTA official will result in a grade of zero on the missed quiz/exam. If I were to excuse you from a quiz or an interim exam, the weight of the missed quiz or exam will be added to the weight of the comprehensive final exam.

All cell phones must be turned off and out of sight during class.

During the class, please do not do anything not related to what we are covering in class.

I will often send information via e-mail to your UTA e-mail address. It is your responsibility to check your UTA e-mail account.

I reserve the right to make any modifications to this syllabus.

SYLLABUS ADDENDUM

Academic Integrity:

Students enrolled all UT Arlington courses are expected to adhere to the UT Arlington Honor Code:

I pledge, on my honor, to uphold UT Arlington's tradition of academic integrity, a tradition that values hard work and honest effort in the pursuit of academic excellence.

I promise that I will submit only work that I personally create or contribute to group collaborations, and I will appropriately reference any work from other sources. I will follow the highest standards of integrity and uphold the spirit of the Honor Code.

UT Arlington faculty members may employ the Honor Code as they see fit in their courses, including (but not limited to) having students acknowledge the honor code as part of an examination or requiring students to incorporate the honor code into any work submitted. Per UT System Regents' Rule 50101, §2.2, suspected violations of university's standards for academic integrity (including the Honor Code) will be referred to the Office of Student Conduct. Violators will be disciplined in accordance with University policy, which may result in the student's suspension or expulsion from the University.

Disability Accommodations:

The University of Texas at Arlington is on record as being committed to both the spirit and letter of all federal equal opportunity legislation, including *The Americans with Disabilities Act (ADA)*, *The Americans with Disabilities Amendments Act (ADAAA)*, and *Section 504 of the Rehabilitation Act*. All instructors at UT Arlington are required by law to provide "reasonable accommodations" to students with disabilities, so as not to discriminate on the basis of that disability. Any student requiring an accommodation for this course must provide the instructor with official documentation in the form of a letter certified by the Office for Students with Disabilities (OSD). Students experiencing a range of conditions (Physical, Learning, Chronic Health, Mental Health, and Sensory) that may cause diminished academic performance or other barriers to learning may seek services and/or accommodations by contacting:

The Office for Students with Disabilities, (OSD) www.uta.edu/disability or calling 817-272-3364.

Counseling and Psychological Services, (CAPS) www.uta.edu/caps/ or calling 817-272-3671.

Only those students who have officially documented a need for an accommodation will have their request honored. Information regarding diagnostic criteria and policies for obtaining disability-based academic accommodations can be found at www.uta.edu/disability or by calling the Office for Students with Disabilities at (817) 272-3364.

Title IX:

The University of Texas at Arlington does not discriminate on the basis of race, color, national origin, religion, age, gender, sexual orientation, disabilities, genetic information, and/or veteran status in its educational programs or activities it operates. For more information, visit uta.edu/eos. For information regarding Title IX, visit www.uta.edu/titleIX.

Attendance Policy:

At the University of Texas at Arlington, taking attendance is not required. Rather, each faculty member is free to develop his or her own methods of evaluating students' academic performance, which includes establishing course-specific policies on attendance. As the instructor of this section, I expect students to attend each class. Any student who must miss a class is responsible for securing any and all assignments for coursework missed. I will take attendance. Though there is no weight assigned to attendance in the grading scheme, only students present in a class will earn points on any extra-credit exercises completed in that class.

Student Support Services:

UT Arlington provides a variety of resources and programs designed to help students develop academic skills, deal with personal situations, and better understand concepts and information related to their courses. Resources include tutoring, major-based learning centers, developmental education, advising and mentoring, personal counseling, and federally funded programs. For individualized referrals, students may visit the reception desk at University College (Ransom Hall), call the Maverick Resource Hotline at 817-272-6107, send a message to resources@uta.edu, or view the information at <http://www.uta.edu/universitycollege/resources/index.php>

Drop Policy:

Students may drop or swap (adding and dropping a class concurrently) classes through self-service in MyMav from the beginning of the registration period through the late registration period. After the late registration period, students must see their academic advisor to drop a class or withdraw. Undeclared students must see an advisor in the University Advising Center. Drops can continue through a point two-thirds of the way through the term or session. It is the student's responsibility to officially withdraw if they do not plan to attend after registering. **Students will not be automatically dropped for non-attendance.** Repayment of certain types of financial aid administered through the University may be required as the result of dropping classes or withdrawing. For more information, contact the Office of Financial Aid and Scholarships (<http://www.uta.edu/ses/fao>).

Student Feedback Survey:

At the end of each term, students enrolled in classes categorized as lecture, seminar, or laboratory shall be directed to complete a Student Feedback Survey (SFS). Instructions on how to access the SFS for this course will be sent directly to each student through MavMail approximately 10 days before the end of the term. Each student's feedback enters the SFS database anonymously and is aggregated with that of other students enrolled in the course. UT Arlington's effort to solicit, gather, tabulate, and publish student feedback is required by state law; students are strongly urged to participate. For more information, visit <http://www.uta.edu/sfs>.

Electronic Communication:

UT Arlington has adopted MavMail as its official means to communicate with students about important deadlines and events, as well as to transact university-related business regarding financial aid, tuition, grades, graduation, etc. All students are assigned a MavMail account and are responsible for checking the inbox regularly. There is no additional charge to students for using this account, which remains active even after graduation. Information about activating and using MavMail is available at <http://www.uta.edu/oit/cs/email/mavmail.php>.

Final Review Week:

A period of five class days prior to the first day of final examinations in the long sessions shall be designated as Final Review Week. The purpose of this week is to allow students sufficient time to prepare for final examinations. During this week, there shall be no scheduled activities such as required field trips or performances; and no instructor shall assign any themes, research problems or exercises of similar scope that have a completion date during or following this week unless specified in the class syllabus. During Final Review Week, an instructor shall not give any examinations constituting 10% or more of the final grade, except makeup tests and laboratory examinations. In addition, no instructor shall give any portion of the final examination during Final Review Week. During this week, classes are held as scheduled. In addition, instructors are not required to limit content to topics that have been previously covered; they may introduce new concepts as appropriate.

College of Business Bomb Threat Policy:

Effective April 8, 1996, the College of Business adopted a policy to deal with the classroom disruption caused by bomb threats in the building. Section 22.07 of the Texas Criminal law states that a Class A misdemeanor is punishable by (1) a fine not to exceed \$4,000, (2) a jail term of not more than one year, or (3) both such a fine and confinement. If anyone is tempted to call in a bomb threat, be aware that UTA has the technology to trace such phone calls.

Every effort will be made to avoid cancellation of presentations/tests caused by bomb threats to the Business Building. Unannounced alternate sites will be available for these classes. If a student who has a class with a scheduled test or presentation arrives and the building has been closed due to a bomb threat, the student should immediately check for the alternate class site notice which will be posted on/near the main doors on the south side of the Business Building. If the bomb threat is received while class is in session, your instructor will ask you to leave the building and reconvene at another location.

To provide information about anyone making a bomb threat, call UTA's crime prevention program at 817-272-3381.

Emergency Exit Procedures:

Should we experience an emergency event that requires us to vacate the building, students should exit the room and move toward the nearest exit. When exiting the building during an emergency, one should never take an elevator but should use the stairwells. All those in the North tower side of the building should proceed to the fire escape stairs located on the East and West sides of that wing. With the current fire alarm system, the elevators will all

go to the first floor and stay there until the system is turned off. Faculty members and instructional staff will assist students in selecting the safest route for evacuation and will make arrangements to assist disabled individuals.

For disabled persons: Please go to the Northeast fire stairs. There is an evacu track chair located on the 6th floor stairwell. There are people trained in the use of this chair and there will be someone who will go to the 6th floor to get the chair and bring it to any lower floor stairwell to assist disabled persons.

The English Writing Center (411LIBR):

Hours are 9 am to 8 pm Mondays-Thursdays, 9 am to 3 pm Fridays and Noon to 5 pm Saturdays and Sundays. Walk In Quick Hits sessions during all open hours Mon-Thurs. Register and make appointments online at <http://uta.mywconline.com>. Classroom Visits, Workshops, and advanced services for graduate students and faculty are also available. Please see www.uta.edu/owl for detailed information.

Librarian to Contact:

Ruthie Brock; brock@uta.edu; 817-272-7152.

Emergency Phone Numbers:

In case of an on-campus emergency, call the UT Arlington Police Department at 817-272-3003 (non-campus phone), 2-3003 (campus phone). You may also dial 911. The non-emergency number is 817-272-3381.