

University of Texas at Arlington
College of Business

FINANCE 4324: INTERNATIONAL CORPORATE FINANCE
FALL 2017

Section 001: Monday & Wednesday, 3:00–4:20 p.m., COB 252

INSTRUCTOR: Dr. Sanjiv Sabherwal

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OFFICE HOURS: Monday & Wednesday, 4:25–5:25 p.m., and by appointment.

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

PROFILE: <https://mentis.uta.edu/explore/profile/Sanjiv-Sabherwal>

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. identify unique financial characteristics of multinational firms
2. evaluate the international monetary system
3. describe the main theoretical relationships among exchange rates, inflation rates, and interest rates
4. analyze the role of foreign exchange markets in international operations
5. describe the measurement and implications of foreign exchange exposure
6. discuss the techniques for managing foreign exchange exposure
7. discuss why multinational firms make capital expenditures in foreign countries instead of producing domestically and then exporting
8. analyze the investment by a multinational firm in a capital project in a foreign country.

PREREQUISITE

FINA 3313

TEXTBOOK

There is no required textbook for this class. I will provide my class presentation files and practice problems and their answers via Blackboard. For those students who would like additional reading material, a textbook on international finance would be useful. The university's central library has the following textbooks available as reference books.

Fundamentals of Multinational Finance, by Moffett, Stonehill, and Eiteman.

International Financial Management, by Eun and Resnick.

Multinational Business Finance, by Eiteman, Stonehill, and Moffett.

RECOMMENDED READING

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

COVERAGE

The following topics will be covered.

A: International Financial Environment

1. Introduction to International Financial Management
2. International Monetary System
3. Balance of Payments
4. The Determination of Exchange Rates

B: Foreign Exchange Theory and Market

5. Foreign Exchange Market
6. International Parity Conditions and Exchange Rate Forecasting
7. Foreign Currency Derivatives

C: Managing Foreign Exchange Exposure

8. Transaction Exposure
9. Economic Exposure
10. Translation Exposure

D: International Capital Markets

11. Eurocurrency Market
12. International Bond Market
13. International Financial Markets and Cross-Listings

E: Financial Management of the Multinational Corporation

14. Foreign Direct Investment and Political Risk
15. International Capital Budgeting

Some of the above topics 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 are not allowed.

Assignments

There will be three assignments. You must submit the solutions to the assignments by the due date. Late submissions will not be accepted.

Homework

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

GRADING

Quizzes 1-3	18% (6% x 3)
Assignments 1-3	12% (4% x 3)
Tests I and II	40% (20% x 2)
Final Exam (Comprehensive)	30%

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

August 28	Monday	Syllabus, Topic 1
August 30	Wednesday	Topic 1
September 4	Monday	No class: Labor Day Holiday
September 6	Wednesday	Topic 2
September 11	Monday	Topic 3
September 13	Wednesday	Topic 4
September 18	Monday	Quiz 1 (on Topics 1–3), Topic 4
September 20	Wednesday	Topic 5
September 25	Monday	Topic 5
September 27	Wednesday	Topic 5
October 2	Monday	Topic 6
October 4	Wednesday	Review for Interim Exam I
October 9	Monday	Exam I (on Topics 1–5)
October 11	Wednesday	Topic 6
October 16	Monday	Topic 6
October 18	Wednesday	Topic 7
October 23	Monday	Quiz 2 (on Topic 6), Topic 7
October 25	Wednesday	Topic 8
October 30	Monday	Topic 8
November 1	Wednesday	Review for Interim Exam II
November 6	Monday	Exam II (on Topics 6–8)
November 8	Wednesday	Topic 9
November 13	Monday	Topic 9, Topic 10
November 15	Wednesday	Topic 11
November 20	Monday	Quiz 3 (on Topics 9–11), Topic 12
November 22	Wednesday	Topic 12
November 27	Monday	Topic 13
November 29	Wednesday	Topic 14
December 4	Monday	Topic 15
December 6	Wednesday	Review for the Final Exam
December 11	Monday	Final Exam (Comprehensive; 3:00–5:30 p.m.)

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

September 4	Monday	Labor Day Holiday
September 11	Monday	Census Date
November 1*	Wednesday	Last Day to Drop Classes
December 6	Wednesday	Last Day of Classes

* If you want to receive a “W”, you must drop the class by this date (submit requests to advisor prior to 4:00 pm). In accordance with the university policy, I will not assign a “W” grade to anyone after this date.

QUIZ, TESTS AND FINAL EXAM DATES

September 18	Monday	Quiz 1 (on Topics 1–3)
October 9	Monday	Exam I (on Topics 1–5)
October 23	Monday	Quiz 2 (on Topic 6)
November 6	Monday	Exam II (on Topics 6–8)
November 20	Monday	Quiz 3 (on Topics 9–11)
December 11	Monday	Final Exam (Comprehensive)

Quiz and Test dates are subject to change.

DUE DATES FOR ASSIGNMENTS

The due date for each assignment will be provided when the assignment is made available.

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.

No credit will be given for assignments submitted after the due date.

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. Additional information is available at <https://www.uta.edu/conduct/>.

Disability Accommodations:

UT 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 disability. Students are responsible for providing the instructor with official notification in the form of a letter certified by the Office for Students with Disabilities (OSD). Only those students who have officially documented a need for an accommodation will have their request honored. 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. Information regarding diagnostic criteria and policies for obtaining disability-based academic accommodations can be found at www.uta.edu/disability.

Counseling and Psychological Services, (CAPS) www.uta.edu/caps/ or calling 817-272-3671 is also available to all students to help increase their understanding of personal issues, address mental and behavioral health problems and make positive changes in their lives.

Non-Discrimination Policy:

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/eos.

Title IX Policy:

The University of Texas at Arlington ("University") is committed to maintaining a learning and working environment that is free from discrimination based on sex in accordance with Title IX of the Higher Education Amendments of 1972 (Title IX), which prohibits discrimination on the basis of sex in educational programs or activities; Title VII of the Civil Rights Act of 1964 (Title VII), which prohibits sex discrimination in employment; and the Campus Sexual Violence Elimination Act (SaVE Act). Sexual misconduct is a form of sex discrimination and will not be tolerated. *For information regarding Title IX, visit www.uta.edu/titleIX or contact Ms. Jean Hood, Vice President and Title IX Coordinator at (817) 272-7091 or jmhood@uta.edu.*

Attendance Policy:

At the University of Texas at Arlington, taking attendance is not required but attendance is a critical indicator in student success. 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>.

University Tutorial & Supplemental Instruction (Ransom Hall 205): UTSI offers a variety of academic support services for undergraduate students, including: 60 minute one-on-one [tutoring](#) sessions, [Start Strong](#) Freshman tutoring program, and [Supplemental Instruction](#). Office hours are Monday-Friday 8:00 am-5:00 pm. For more information visit www.uta.edu/utsi or call 817-272-2617.

The IDEAS Center (2nd Floor of Central Library) offers **FREE** tutoring to all students with a focus on transfer students, sophomores, veterans and others undergoing a transition to UT Arlington. Students can drop in, or check the schedule of available peer tutors at www.uta.edu/IDEAS, or call (817) 272-6593.

The English Writing Center (411LIBR): [Optional.] The Writing Center offers **FREE** tutoring in 15-, 30-, 45-, and 60-minute face-to-face and online sessions to all UTA students on any phase of their UTA coursework. Register and make appointments online at <https://uta.mywconline.com>. Classroom visits, workshops, and specialized services for graduate students and faculty are also available. Please see www.uta.edu/owl for detailed information on all our programs and services.

The Library's 2nd floor Academic Plaza offers students a central hub of support services, including IDEAS Center, University Advising Services, Transfer UTA and various college/school advising hours. Services are available during the library's hours of operation. <http://library.uta.edu/academic-plaza>

Librarian to Contact:

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

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 face-to-face and online classes categorized as "lecture," "seminar," or "laboratory" are directed to complete an online 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 via the SFS database is aggregated with that of other students enrolled in the course. Students' anonymity will be protected to the extent that the law allows. UT Arlington's effort to solicit, gather, tabulate, and publish student feedback is required by state law and aggregate results are posted online. Data from SFS is also used for faculty and program evaluations. 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:

For semester-long courses, 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.

Campus Carry:

Effective August 1, 2016, the Campus Carry law (Senate Bill 11) allows those licensed individuals to carry a concealed handgun in buildings on public university campuses, except in locations the University establishes as prohibited. Under the new law, openly carrying handguns is not allowed on college campuses. For more information, visit <http://www.uta.edu/news/info/campus-carry/>.

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.

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.