

**FINA 4500.001 / International Finance: Spring 2023**

**Tuesday, Thursday, 9:30 am – 10:50 am; BLB 070**

**Professor: John Puthenpurackal**

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**Office Hours BLB 212A: 11:00 am - 12:00 noon, Tuesdays, Thursday, or by appointment**

### **Course Description and Objectives**

Welcome to FINA 4500! In this course we will focus on a corporation which makes its investment, financing and operating decisions in an international setting. You will learn about the international financial and currency markets in which domestic and multinational firms operate. You will also learn about risks and opportunities faced by corporations and investors as a result of operating in an international environment. We will cover a wide range of international finance topics such as: fundamentals of foreign exchange markets, the mechanics and purpose of trading the spot, forward, and options foreign currency contracts, international parity relationships, making financing and investment decisions involving foreign projects or assets, assessing foreign exchange risk exposure, understanding the payoffs from currency options with foreign currency as the underlying asset, managing foreign exchange risk using financial and operating strategies, and currency swaps.

By the end of this course you should be able to:

- understand different types of exchange rates (spot, forward etc.)
- understand international parity relationships and their prediction of the impact of economic factors (such as inflation and interest rates) on exchange rates
- understand opportunities and risk of investing and operating in global markets
- assess exchange rate exposure
- analyze investment decisions in foreign projects or assets
- evaluate potential strategies to hedge a firm's foreign exchange risk exposure
- understand currency swaps and its potential uses

### **Learning tips for this Course**

FINA 4500 is a challenging course compared to say FINA 3770. Hence, I strongly encourage you to stay on top of the course from the beginning. I encourage you to read the relevant textbook chapter before class, review class lecture materials, goes over the end-of-chapter problems and attend all classes. You may also want to form a study-group that meets periodically (every week). Utilize office hours for clarification of course material and ask questions during class and via emails.

### **Text**

**International Financial Management, by Eun and Resnick, 8th edition (Required):** The course will follow this textbook closely so reading the textbook and working end-of-chapter problems will be very beneficial. You do not need any access codes so a used book will work fine.

**Prerequisite:** FINA 3770

**Financial calculator:** TI-BAII Plus or equivalent **(Required)**. I am familiar only with TI-BAII plus which I will be using in class.

## Performance Evaluation

Your grade in this course will be determined on the basis of your performance in: (1) two mid-term exams; (2) a final exam; (3) a group project. The components and their weights and relevant dates are given below:

Components of your grade		Date	Weight
Mid-term Exam 1		February 21 <sup>st</sup> ; 9.30-10.50 AM	50 % (25% each)
Mid-term Exam 2		March 30 <sup>th</sup> ; 9.30-10.50 AM	
Final Exam		May 11 <sup>th</sup> ; 8.00-10.00 AM	30 %
Quizzes		Feb 14 <sup>th</sup> , Mar 23 <sup>rd</sup> , April 27 <sup>th</sup>	10 %
Group Project		Due: May 4 <sup>th</sup>	10 %
	Total		100 %

## Grading Scale

Grade	% to be earned to make the grade
A	Greater than or equal to 90
B	80 to 89.99
C	70-79.99
D	60-69.99
F	Less than 60

## Group Project

Groups (4-5 students per group) will be formed (by March 16th) to analyze a case. A 6-7 page, 12pt font, double spaced, written report will be required from each group for the case. The case will cover foreign exchange risk management and expose students to the process of evaluating foreign exchange risk, considering hedging alternatives, and selecting a particular hedging strategy. The report is due on May 4th. Late submission will reduce your grades on this component by 50%. The report needs to be submitted in electronic (via email) format by the due date, one per group, with the names of the students on the cover page. If students from a group report to me that a student has not contributed to the group work, after investigation, if accurate, I will reduce the project grade for that student commensurately.

## Quizzes, Mid-Term and Final Exams

There will be *three quizzes*, *two mid-term exams* and a *final exam* on the dates specified in the syllabus. These will typically be a mix of multiple choice questions and problems. In order to qualify to take a make-up quiz/examination you must (1) notify me *before* the quiz/exam, (2) have a legitimate and verifiable excuse and (3) provide appropriate documentation. The make-up quiz/exam will typically be given within one week of the date of the quiz/exam. It is the student's responsibility to arrange with me when the make-up test will be taken during this one-week period. An unexcused absence during a scheduled test will be recorded on the student's record as a zero. To manage the risk of having a low score on one mid-term exam, I will give all students the option of moving 50% weight of one mid-term exam to the final exam.

Note: While I will stick to the exam dates, I cannot guarantee that we will always be able to cover all the topics that is supposed to be tested on a particular exam, before the exam date. If that happens, we may have to move certain topics to the next exam, which will be announced in class in advance. So it is important that you find out what topics will be on each test by coming to class or by asking a classmate.

## Various Classroom Policies

**Formula sheet:** I will provide a formula sheet which will be attached to the exam. The formula sheet that I will provide will be available on Canvas in advance of the exam for review. You will be responsible for memorizing any formulas not on the formula sheet. All exams are closed-book so you can use only the formula sheet and financial calculator during the exams.

**Canvas:** I use it to post grades, upload class materials, and to send out important announcements. You should regularly check Canvas for course updates.

**Quiz/Exam policy:** Please plan your restroom break before the quiz/exam starts. **No hats to be worn during quiz/exams. No cell phones, tablets, or other smart devices will be allowed** while taking quizzes/exams.

**Rescheduling final exams:** Students who have more than two final examinations scheduled on one day may request to reschedule one of the examinations on another day during the final examination period as follows: Students may request to reschedule their final exam with their respective faculty member. This request must be made in writing to the instructor of record for the course in which the examination is scheduled. This request must be made by the last regularly scheduled class meeting before pre-finals days. The request should identify the course name as well as the date and time each final is scheduled; and provide times when the student is available to take the exam. Instructors of record may, but are not required to, reschedule an examination on the date and time requested by the student.

**Form a study group early on:** It is possible that for various reasons, you could miss a class, or handouts, or important information about an exam or project. It is thus very helpful to keep a contact list of fellow students or form a group, to get what you missed. Your study group should meet once a week to review concepts, go over class materials, and end of chapter textbook problems.

**Practice Problems/Questions:** Working out the end of chapter problems in the text book will help you get a better understanding of the main concepts and chapter objectives. It is important to first attempt the problems thoroughly before checking the solutions.

**Attendance:** Students are expected to attend class meetings regularly. You will be able to study the material after class more efficiently if you have attended class. Please inform the professor if you are unable to attend class meetings.

**COVID related information:** Please be mindful of the health and safety of everyone in our community. If you are experiencing any symptoms of COVID-19, seek medical attention from the Student Health and Wellness Center (940-565-2333 or askSHWC@unt.edu) or your health care provider PRIOR to coming to campus. Please visit UNT's COVID guidelines website <https://healthalerts.unt.edu/> for COVID updates.

**Remote instruction** may be necessary if community health conditions change. Students will need access to a reliable internet connection, laptop, webcam and microphone. If exams need to be delivered remotely, Respondus lockdown browser with camera will be used.

## Other UNT Policies

***Academic Integrity Standards and Sanctions for Violation:*** The G. Brint Ryan College of Business takes academic honesty seriously. Ethics and integrity are important business values, essential to building trust and adhering to both professional and legal standards. Academic dishonesty destroys trust, damages the reputation and the value of the degree and is unacceptable.

According to UNT Policy 06.003, Student Academic Integrity, academic dishonesty occurs when students engage in behaviors including, but not limited to cheating, fabrication, facilitating academic dishonesty, forgery, plagiarism, and sabotage. A finding of academic dishonesty may result in a range of academic penalties or sanctions from admonition (a warning) to expulsion from the University.

Some of the most common examples of academic integrity violations include plagiarism or cheating, such as unauthorized assistance on examinations, homework, research papers or case analyses. Your work must be entirely your own. When working on assignments, you should not discuss your work with others unless approved by the course instructor. Group assignments should only be discussed with members assigned to your group, and all group members may be held accountable in some way for known academic integrity violations in a group assignment.

Another example of academic dishonesty relates to improper attribution. When preparing your assignments, you must cite all outside sources in the manner requested by your instructor. Copying or using material from any source prepared by or previously submitted by others, at UNT or other institutions, or downloaded from the Internet, is plagiarism. Unless directed otherwise in an assignment, large scale “cutting and pasting” from other sources, even if properly footnoted, is not appropriate. You should synthesize this material in your own words and provide a footnote. Your instructor will specify what materials, if any, may be used on the tests and exams.

Using materials other than those permitted, talking with other individuals during the exam, individuals exchanging information about an exam when one has taken the exam and the other has not, or copying or using material from another individual’s exam is academic dishonesty and will result in a meeting to discuss academic integrity violations and potentially issue sanctions mentioned above, and may result in ineligibility for academic scholarships. The use of online assistance, such as sites commonly used for finding homework solutions, group chat, cell phones, smart watches, and similar tools during exams is not allowed for any reason unless specifically permitted. No portion of an exam may be copied or photographed without permission.

Students are expected to conduct themselves in a manner consistent with the University's status as an institution of higher education. A student is responsible for responding to a request to discuss suspected academic dishonesty when issued by an instructor or other University official. If a student fails to respond after a proper attempt at notification has been made, the University may take appropriate academic actions in the absence of the student’s participation.

***ADA Statement:*** UNT makes reasonable academic accommodation for students with disabilities. Students seeking accommodation must first register with the Office of Disability Accommodation (ODA) to verify their eligibility. If a disability is verified, the ODA will provide a student with an accommodation letter to be delivered to faculty to begin a private discussion regarding one’s specific course needs. Students may request accommodations at any time, however, ODA notices of accommodation should be provided as early as possible in the semester to avoid any delay in implementation. Note that students must obtain a new letter of accommodation for every semester and must meet with each faculty member prior to implementation in each class. For additional information see the ODA website at [disability.unt.edu](https://disability.unt.edu)

***Emergency Notification & Procedures:*** UNT uses a system called Eagle Alert to quickly notify students with critical information in the event of an emergency (i.e., severe weather, campus closing, and health and public safety emergencies like chemical spills, fires, or violence). In the event of a university closure, relevant announcements will be made via Canvas.

***Emergency Evacuation Procedures for Business Leadership Building:***

- Severe Weather. In the event of severe weather, all building occupants should immediately seek shelter in the designated shelter-in-place area in the building. If unable to safely move to the designated shelter-in-place area, seek shelter in a windowless interior room or hallway on the lowest floor of the building. All building occupants should take shelter in rooms BLB 055, 070, 090, and the restrooms on the basement level or in restrooms and BLB 170, 155, 122, 182 or 183 on the first floor.
- Bomb Threat/Fire. In the event of a bomb threat or fire in the building, all building occupants should immediately evacuate the building using the nearest exit. Once outside, proceed to the designated assembly area. If unable to safely move to the designated assembly area, contact one or more members of your department or unit to let them know you are safe and inform them of your whereabouts. Persons with mobility impairments who are unable to safely exit the building should move to a designated area of refuge and await assistance from emergency responders. All building occupants should immediately evacuate the building and proceed to the south side of Crumley Hall in the grassy area, west of parking lot 24.

***Acceptable Student Behavior:*** Student behavior that interferes with an instructor's ability to conduct a class or other students' opportunity to learn is unacceptable and disruptive and will not be tolerated in any instructional forum at UNT. Students engaging in unacceptable behavior will be directed to leave the classroom and the instructor may refer the student to the Dean of Students to consider whether the student's conduct violated the Code of Student Conduct. The University's expectations for student conduct apply to all instructional forums, including University and electronic classroom, labs, discussion groups, field trips, etc. The Code of Student Conduct can be found at [deanofstudents.unt.edu/conduct](http://deanofstudents.unt.edu/conduct).

***Student Perceptions of Teaching:*** Student feedback is important and an essential part of participation in this course. The student evaluation of instruction is a requirement for all organized classes at UNT. The survey will be made available during weeks 13 and 14 of the long semesters to provide students with an opportunity to evaluate how this course is taught. Students will receive an email from "UNT SPOT Course Evaluations via IA System Notification" ([no-reply@iasystem.org](mailto:no-reply@iasystem.org)) with the survey link. Students should look for the email in their UNT email inbox. Simply click on the link and complete the survey. Once students complete the survey they will receive a confirmation email that the survey has been submitted. For additional information, please visit the spot website at [www.spot.unt.edu](http://www.spot.unt.edu) or email [spot@unt.edu](mailto:spot@unt.edu).

## **TENTATIVE COURSE SCHEDULE**

Introduction and Globalization (Chapter 1)  
Corporate Governance (Chapter 4)  
The Market for Foreign Exchange (Chapter 5)  
International Parity Relationships (Chapter 6)

**Quiz 1: February 14<sup>th</sup> during class**

**Midterm Exam 1: Tuesday, February 21<sup>st</sup> (9.30-10.50 AM), BLB 070**

International Bond Markets (Chapter 12)  
International Equity Markets (Chapters 13)  
International Investing (Chapter 15)  
Capital budgeting for international projects (will provide notes)

**Quiz 2: March 23<sup>rd</sup> during class**

**Midterm Exam 2: Thursday, March 30<sup>th</sup> (9.30-10.50 AM), BLB 070**

Futures and Options (Chapter 7)  
Hedging Foreign Exchange Exposure (Chapters 8 and 9)  
Case Analysis: Foreign exchange risk management  
Interest rate and Currency Swaps (Chapter 14)

**Quiz 3: April 27<sup>th</sup> during class**

**Group project: May 4<sup>th</sup> beginning of class**

**Final Exam: Thursday, May 11th; 8.00 a.m. – 10.00 a.m., BLB 070**