A: Basic Information

Instructor: Professor John Gandar
Office: 220 Friday Building
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Class time & location: FINN 3223-001 TR 12:30 – 1:45p.m. Friday 141
FINN 3223-002 TR 2:00 – 3:15 p.m. Friday 141
Office hours: TR 3:30 – 5:00 p.m. or by appointment

B: Course Content and Outline

Course Description (from Undergraduate Catalog)

FINN 3223. International Financial Management. (3) Prerequisite: FINN 3120. Viewpoints are those of the senior financial officer of a corporation involved in international business and of the international officer of a commercial bank. Topics include the financing of exports and imports, financing of foreign operations, problems of foreign exchange rates and the impact of accounting procedures on financial management.

Course Objectives

The objectives of this course are to ensure you develop a mastery over some basic elements of international finance and you have an understanding of appropriate financing and hedging vehicles for dealing with the risks of international operations. You will be introduced to forward, futures, and option contracts in international finance and will be expected to develop an understanding of their uses. By the end of the course you will be expected to have an understanding of foreign exchange markets, interest rate parity, purchasing power parity, and other parity theorems and have an understanding of the linkages of these with the financial management of the firm.

Text and Reading Material

There is no set textbook for this course. In truth, the basic topics of international finance are provided by many introductory textbooks. I particularly like Jeff Madura’s textbook:
Any recent edition would work but it would be best to use either the 10\textsuperscript{th}, 11\textsuperscript{th} or 12\textsuperscript{th} editions. The 10\textsuperscript{th} and 11\textsuperscript{th} editions will be much cheaper but their examples will be somewhat dated. In contrast, the 12\textsuperscript{th} edition has just been published and will be the most expensive but will have the most up-to-date examples. So choose which one of these (or any other text on the same topic) that suits your tastes and budget.

There will be occasion readings from the financial and economics media. Material from occasional readings is examinable.

**Outline of Class Schedule**

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<th>Week</th>
<th>Chapters</th>
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<tr>
<td>1</td>
<td>Introduction, &amp; Overview (Ch. 1)</td>
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<td>2</td>
<td>Balance of Payments and Flow of Funds (Ch. 2)</td>
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<td>3</td>
<td>International Financial Markets (Ch. 3)</td>
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<td>4</td>
<td>Exchange Rate Basics (Ch. 4)</td>
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<td>5</td>
<td>Introduction to Currency Derivatives (Ch. 5)</td>
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<td>6</td>
<td>Review &amp; Test 1</td>
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<td>7</td>
<td>Governments &amp; Exchange Rates (Ch. 6)</td>
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<td>8</td>
<td>International Arbitrage &amp; Interest Rate Parity (Ch. 7)</td>
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<td>9</td>
<td>Inflation, Interest Rates, &amp; Exchange Rates (Ch. 8)</td>
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<td>10</td>
<td>Forecasting Exchange Rates (Ch. 9)</td>
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<td>11</td>
<td>Review &amp; Test 2</td>
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<td>12</td>
<td>Exposure to Exchange Rate Fluctuations (Ch. 10)</td>
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<td>13</td>
<td>Managing Transaction Exposure (Ch. 11)</td>
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<td>14</td>
<td>Managing Economic Exposure (Ch. 12)</td>
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<td>15</td>
<td>Financing International Trade (Ch. 19)</td>
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<td>16</td>
<td>Catch up &amp; Review for Final Exam</td>
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Please understand that the above schedule, with the exception of the scheduled test dates, is 	extit{tentative}. It may be revised during the semester in order to cover newly developing international finance issues or because of unanticipated constraints.

Also, please note that the chapters listed in the above schedule are for the Madura textbook. Obviously, if you choose to use an alternative text, the topics covered here will likely be included in different chapters of that book.

**Important Dates this Semester**

- September 2: Last day to register/drop/add via the web
- September 7: Labor Day recess
- October 1: TEST ONE
- October 9: Unsatisfactory Grade Report Due
October 12-13:    Fall Break
November 5:      TEST TWO
November 25-29:  Thanksgiving Break
December 9:      Last Class Day
December 10:     Reading Day
December 11:     Final Examinations Start
December 15:     Section 002 – Scheduled Final Exam (2:00 – 4:30 p.m.)
December 17:     Section 001 – Scheduled Final Exam (11:00 a.m. – 1:30 p.m.)

C: Course Assessment

Examinations
There will be three examinations (two in-semester tests and one final examination) to determine grades in this course. Each will be a combination of multiple choice and problem questions. The two in-semester tests will examine the topics covered in that section of the course. The final examination will be comprehensive.

Students arriving late for an examination will be permitted to sit for the test only if no student has turned in a paper before the late arrival. As soon as the first student turns in her/his test and leaves the room, no student arriving later than this will be permitted into the examination room. Students arriving late for an examination receive no extra time. If you leave the room during an examination, you will not be allowed to reenter, so plan your activities accordingly.

Students will be allowed to bring a 5” x 8” card with any formulae or information you wish to include and a financial calculator into each examination. No other materials will be permitted.

Grades

Grades will be assigned solely on the basis of your performance on the three examinations. The two in-semester tests will each count for 30 percent of your final grade while the final will count for 40 percent of your final grade.

Grades will be assigned using the standard scale (A: 90-100; B: 80-89; C: 70-79; D: 60-69; and F: <60). There will be no exceptions to this scale and no rounding up of total points to the next highest integer – so do not ask for either.

Make-Ups & Early Examinations

There will be no make-up examinations or early examinations. Please carefully check the dates scheduled for the three examinations (October 1, November 5, and December 15 or December 17). If you have a conflict on any of these days, I would suggest that you either reschedule that other commitment or consider dropping this course.
The only exception I will make to the policy of no make-ups or early examinations would occur if you are absent from the university on the examination day because you are on official university business. For example, if you are a student athlete and you have a scheduled away game/meet on one of the scheduled examinations days, you will need to provide me with a signed note from your head coach and an official team schedule in order to be granted an exemption to take the examination at some other (mutually acceptable) time. You will need to do this at least two weeks prior to the examination.

If you miss one in-semester test, your final examination will have a 70 percent weighting. If you miss both in-semester tests, you fail the course. Lastly, if you miss the final examination for a documented medical reason, you will receive an incomplete grade (“I”) and will have to make arrangements to complete the course requirements in a later semester.

Assignments

Throughout the semester, I will distribute assignments which will cover the topics you will be tested on and will give you a good idea of the types of questions you will see in the examinations. While these will not be collected for grading, I will call on students in class to answer these as we end the coverage of each topic. As well, I will provide you with some (but not all) answers to the assignment questions prior to each examination.

D: Other Important Stuff

Academic Integrity

Academic dishonesty is not tolerated by the Belk College of Business or this instructor. Students have the responsibility to know and observe the requirements of the UNCC Code of Student Academic Integrity (this Code is online at http://www.legal.uncc.edu/policies/ps-105.html). The Code forbids cheating, fabrication, falsification, multiple submission of academic work, plagiarism, abuse of academic materials, and complicity in academic dishonesty. Academic evaluation in this course includes a judgment that the student's work is free from academic dishonesty of any type. Violations will be dealt with in the manner specified the Code. Students observing violations of the Code are expected to report this to me.

Diversity

The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to, ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.

Adverse Weather

If the University is closed or if the Charlotte-Mecklenburg School system is closed, there will be no class. If you commute in from another county and there is adverse weather there (but not in Mecklenburg
County), make your own decision to attend or not, but remember I do not want you to endanger your life just to get to class. If adverse weather closes the University or shuts down CMS on a scheduled examination date, I will reschedule the examination to the next class meeting.

Attendance

I do not take class attendance. You can evaluate the costs and benefits of attendance vs. non-attendance. That said, I have noticed that, on average, students who attend class regularly are more successful than students who do not! If you choose to attend, I would ask you to be on time. Wandering in after the class has started is disrespectful to everyone who has made the attempt to turn up on time. If you choose to not regularly attend, understand that you are responsible for obtaining your own class notes, etc. If you miss a class, I will not provide the missing information.

Lectures

The primary method of instruction in this course will be lectures. If there is something you don’t understand in my lecture, please interrupt (as politely as you can) and ask for further explanation. If I cannot fully explain the issue to your satisfaction or if it will take too long to provide a complete explanation, I may ask you to hold off until the end of the lecture or come to see me at my office hours.

Please note that I will attempt to email summaries of my lecture notes on most topics before I cover these topics in class.

Students will be expected to actively participate in classroom discussions and solving of problems. I expect that you come to class prepared – that is, you have read the class notes and assigned chapter prior to class. I expect you to keep up with current international financial events by reading the Wall Street Journal, The Economist, etc., and checking finance/business websites such as Bloomberg News (www.bloomberg.com/markets and www.bloomberg.com/markets/currencies) and Yahoo Finance (www.finance.yahoo.com and www.finance.yahoo.com/currency-investing). It would be of great help if you bring a financial calculator to class to help solve problems. Lastly, I will ask that you turn off your cell phone and any other electronic device before the start of class.

Communication

See me before or after class, or email me at jmgandar@uncc.edu. If your email question is such that all students could benefit from my reply, please understand that I may reply to all students in the class.

When I email an individual or the entire class, I will use your official university email address. You are responsible for monitoring this address: I will not use your private address.

Disability Services

Students seeking accommodation for disabilities must first consult with the Office of Disability Services and follow the instructions from that office for obtaining any accommodation.