International Financial Management FINN 3223-001

Fall 2017

**Time:** 11:00 am - 12:15 pm Tuesday/Thursday

**Classroom:** Friday 339

**Instructor:** Xinxin Li

**Office Hours:** Tuesday 12:30 pm - 2:00 pm /Thursday 12:30 pm – 2:00pm /or by appointment

**Email:** xli25@uncc.edu

**Office:** Friday 210C

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**Course Description**

This course will cover issues related to both international financial markets and the financial operations of a firm within the international environment. Topics will include the structure and functioning of the international currency and money markets; identification, measurement, and management of the impact (risk) of exchange rate changes on the firm; international investment and global financing decisions. While the course discusses theoretical basis on the various issues, it also mixes in empirical evidence and discussion of firms’ actual behaviors.

The content of the course is covered through lectures and the students’ own efforts. Materials presented in class are a blend of the topics covered in the textbook and other sources. Exam questions will be based on what is taught and practiced in class.

Prerequisite: FINN 3120.

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**Course Objective**

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.
Course Materials

Projects, homework and solutions, and other course materials will be made available for download from your password-protected Canvas account at UNCC, accessible at http://canvas.uncc.edu/ for all registered students. Material will be periodically added to the website as we progress through the course. You will also be able to view your grades on projects and exams directly from you Canvas account as well. Students are responsible for checking their UNCC student e-mail and Canvas regularly for important information.

1. Required:
Course notes of lecture slides will be sent electronically. You are responsible for printing the notes and bringing them with you to class. You may choose to bring your laptop to class or take notes by yourself.

2. Required:
You need to acquire a calculator and bring it to each class.

3. Recommended textbook (NOT required):
*International Financial Management*, by Jeff Madura, South-Western (11th edition or newer).

Grading

Your final grade will be based on two exams, a project, and homework assignments according to the following weights:

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
<th>Grading Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-term exam</td>
<td>35%</td>
<td>A $\geq 90$</td>
</tr>
<tr>
<td>Final exam</td>
<td>35%</td>
<td>B (75, 90)</td>
</tr>
<tr>
<td>Project and presentation</td>
<td>20%</td>
<td>C (60, 75)</td>
</tr>
<tr>
<td>Homework</td>
<td>10%</td>
<td>D (50, 60)</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>F &lt; 50</td>
</tr>
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Final grades will be based on the weighted total points out of 100. I reserve the right to curve the exam scores.

Exams: Exams are closed book and closed notes, and each student is allowed to bring a one-page
A4 paper (double-sided) note. Students need only bring a calculator and writing utensils to exams. For all exams students are expected to follow the university honor code.

Group project and presentation: A group project is assigned for this course. The project is accomplished in groups of students (the size of the group depends on the class size) and presented in class during the last lectures of the course.

Homework: The HW assignments will serve as an excellent reference for the content, structure of the exam questions. Exam questions are build up on homework and usually take one more step to get to the correct answer.

Attendance and participation are crucial to your success for this course. We will devote a substantial amount of time to discuss examples that illustrate concepts as well as the practical applications of the concepts. Attendance is mandatory. Attendance will be taken randomly during semester.

- Students with full attendance 3 bonus points towards final grade.
- Students who only miss 1 class will get 2 bonus points.
- Students who only miss 2 classes will get 1 bonus points.
- Students who miss more than 2 classes will not get any bonus points.
- Students who miss more than 5 classes during the semester will not have any curving applied towards final exam grade, if any.

Important Dates

- August 22th: First class
- August 28th: Last Day to Add/Drop No Grade
- October 10th: Student recession – No class
- October 12th: Midterm exam
- October 24th: Last day to withdraw from course (s); grade subject to Withdrawal Policy
- November 23: Thanksgiving Break - No class
- December 5th: Last class
- December 12th: Final exam, 11:00 am to 1:30 pm

Make-up Policies for Exams

Make-ups for exams may be requested for valid excuses only. All excuses must have verifiable documentation. Foreseeable excuses (e.g. athletes on traveling squads) must be documented and requests be received at least one week in advance of the exam. The only acceptable unforeseen excuses for exams are death or serious illness in the family or a student illness. These also must be documented (e.g., by a death announcement or doctor’s note).
Important University and/or College Policies

1. ACADEMIC INTEGRITY. All UNCC students have the responsibility to be familiar with and to observe the requirements of The UNCC Code of Student Academic Integrity (see the Catalog). This code forbids cheating, fabrication or falsification of information, multiple submission of academic work, plagiarism, abuse of academic materials (such as Library books on reserve), and complicity in academic dishonesty (helping others to violate the code). Any further specific requirements or permission regarding academic integrity in this course will be stated by the instructor, and are also binding on the students in this course. Students who violate the code can be punished to the extent of being permanently expelled from UNCC and having this fact recorded on their official transcripts. The normal penalty is zero credit on the work involving dishonesty and further substantial reduction of the course grade. In almost all cases, the course grade is reduced to F. If you do not have a copy of the code, you can obtain one from the Dean of Students Office. Standards of academic integrity will be enforced in this course. Students are expected to report cases of academic dishonesty they become aware of to the course instructor who is responsible for dealing with them.

2. ATTENDANCE. Students are expected to attend punctually all scheduled sessions in the courses for which they are registered and are responsible for completing the work from all of the class meetings. Absences from class may be excused by the instructor for such reasons as personal illness, religious holidays, participating as an authorized University representative in an out-of-town event, or unavoidable professional responsibilities that require missing a class. Whenever possible, students are expected to seek the permission of the instructor prior to absences.

3. DISENROLLMENT. At the discretion of the department offering a course, a student may be disenrolled from a course section if he or she does not attend the first scheduled meeting of the section. The department chair has the responsibility for providing timely notification to the student who is disenrolled.

4. COURSE WITHDRAWAL. Under the UNCC Course Withdrawal Policy, students may withdraw from a course until the withdrawal deadline and the mark of W will be assigned. No withdrawals will be permitted after the course withdrawal deadline. It is the student's responsibility to determine by the withdrawal deadline whether to withdraw from the course or stay in for a grade.

5. 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.

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**Course Schedule**

The schedule is subject to change and topics may be added/omitted depending on the pace of the class.

<table>
<thead>
<tr>
<th>Week</th>
<th>Topics and Readings</th>
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| 1-4  | **Introduction to the course**  
Lecture 1. Multinational corporations and international economic  
Lecture 2. Balance of payments and international economics  
Lecture 3. International monetary system  
Lecture 4. Spot market and exchange rate |
| 5-8  | Lecture 4. **Cont.**  
Lecture 5. International parity conditions  
Lecture 6. Foreign exchange rate determination and forecasting  
**Midterm (covers Lectures 1 – 5)** |
| 9-12 | Lecture 6. **Cont.**  
Lecture 7. Foreign currency derivatives  
Lecture 8. Exchange rate exposure and hedging |
| 13-16| Lecture 9. International investment decisions and capital budgeting  
Lecture 9. **Cont.**  
**Review, Q&A, Project presentation and discussion**  
**Project presentation and discussion**  
**Final exam** |