

**Commerce 3FC3 – Section C01
International Finance
Spring/Summer 2023 Course Outline
Finance and Business Economics
DeGroote School of Business
McMaster University**

COURSE OBJECTIVE

The goal of this course is to examine the factors encountered by finance managers of multinational corporations in making financing and investment decisions with a global perspective. It also involves the understanding of the macroeconomic environment governing international business.

INSTRUCTOR AND CONTACT INFORMATION

Section: C03: Wednesday 7:00 – 10:00 PM

Instructor: Dr. Salah Nusair

Email: nusairs@mcmaster.ca

Tel: (905) 525-9140

Office hours: virtual by appointment via Teams

Class location: KTH 104

Student TA: Amir Hossein Hassani Jalilian

Email: hassa25@mcmaster.ca

Course website: <http://avenue.mcmaster.ca>

COURSE ELEMENTS

Credit Value:	3	Leadership:	Yes	IT skills:	No	Global view:	Yes
A2L:	Yes	Ethics:	No	Numeracy:	Yes	Written skills:	Yes
Participation:	No	Innovation:	Yes	Group work:	Yes	Oral skills:	Yes
Evidence-based:	Yes	Experiential:	No	Final Exam:	Yes	Guest speaker(s):	No

COURSE DESCRIPTION

International finance is one of the growing areas of the finance and economics curricula. Today's financial marketplace is truly global. No students of economics or finance can fully understand current development without some background in international finance. The subject matter of international finance is concerned with the monetary and macroeconomic relations between countries. The course examines main issues in international finance, such as the balance of payments, foreign exchange rates and foreign exchange markets, foreign exchange rate determination, international party conditions, foreign exchange risk and exposure, and international capital flows.

This course is taught primarily through lectures, readings, in-class discussions, and assignments. Please note that all the topics discussed in lecture are not always covered in the textbook. In these cases, I urge you to follow the lecture notes closely and complete all assigned readings. I strongly recommend that you read the required textbook, assigned readings, and lecture notes carefully.

LEARNING OUTCOMES

Upon successful completion of this course, students will be able to complete the following key tasks:

- Appreciate the financial challenges and opportunities encountered by multinational corporations;

- Understand the economic determinants of foreign exchange rate and the role of the central bank in the foreign exchange and money markets;
- Recognize the relations among interest rate, inflation rate, and foreign exchange rate in the spot and futures markets;
- Measure and manage accounting and economic foreign exchange exposures;
- Understand the economics and decision factors in international financing and investments.

COURSE MATERIALS AND READINGS

Required:

Course Materials Are Available on Avenue To Learn (A2L): <http://avenue.mcmaster.ca>

Required textbook: Multinational Financial Management, 11th Edition, by Alan C. Shapiro and Paul Hanouna, John Wiley & Sons, 2019.

Further reading materials may be suggested by the instructor during the lectures. Slides and other teaching materials are available from Avenue to Learn. Students are encouraged to keep themselves up-to-date with current issues in international finance, as they may be discussed in class when appropriate. Students are also advised to practice on selected end-of-chapter questions and problems suggested by the instructor.

Calculator:

The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf

EVALUATION

The components of the course grade will be weighted as follows:

Components and Weights

Component	Description	Weight
Assignment No. 1	Numerical and/or essay questions (done individually)	5%
Mid-term Exam No. 1	Numerical, essay, and/or multiple-choice questions	25%
Assignment No. 2	Numerical and/or essay questions (done individually)	5%
Mid-term Exam No. 2	Numerical, essay, and/or multiple-choice questions	25%
Final Exam	Numerical, essay, and/or multiple-choice questions (cumulative exam)	40%
Total		100%

The instructor reserves the right to modify the weightings to adjust for more or less material covered during the semester. Although there is no mark for class participation, your questions and/or comments are encouraged and appreciated. The questions in the mid-term and final exams are closely related to the lectures and the textbook. The purpose of the exams is twofold: to enhance your understanding of fundamental theories and concepts, and to encourage you to apply the theories to the real world. Therefore, you may expect application questions as well as theory or technical questions in exams. For application questions, you need to apply the knowledge of finance theories that you have learned in class to particular issues in the real world.

Grade Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme:

Letter grade	Percent	Letter grade	Percent
A+	90- 100	C+	67 – 69
A	85 – 89	C	63 – 66
A-	80 – 84	C-	60 – 62
B+	77 – 79	D+	57 – 59
B	73 – 76	D	53 – 56
B-	70 – 72	D-	50 – 52
		F	00 – 49

Communication and Feedback

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants. Instructors are required to provide evaluation feedback for at least 10% of the final grade to students prior to Week #9 in the term. Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

Email is typically read daily. Do not contact me through Avenue to Learn. I do not read the “email” system or participate in the course discussion groups that are part of the communication system within Avenue to Learn. I will respond to emails in the order in which they are received, Monday – Friday until 4:30pm. Please do not expect a response at night or on weekends, i.e. outside of normal business hours.

Course Deliverables

Assignments

There are **two** assignments, each of which is worth **5%** of the total grade. The assignments are made up of numerical questions, multiple-choice, and/or short essay that must be completed and submitted **individually via A2L**. Students will be given one week (7 days) to complete and submit the assignment (submit via A2L).

Mid-term Exams

Mid-term exams (25% each) to be completed individually. It is a timed exam, consisting of multiple-choice questions, numerical questions, short answers, and/or short essays.

Final Exam

Final exam (40%) will be cumulative and to be completed individually. It is a timed exam, consisting of multiple-choice questions, numerical questions, short answers, and/or short essays.

POLICY ON MISSED EXAMS, ASSIGNMENTS AND LATE ASSIGNMENTS

Missed tests/exams will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence or MSAF. **The weight of any missed exam will be shifted to the final exam. The weight of any missed exam will be calculated as the average of your course work (the midterms exams, final exam, and assignments). Missed exams/tests will not be eligible for any curve, bonus, or any other adjustment, if any.**

Please note that because students have ample time (one week) to complete and submit assignments, you can not use MSFA for any missed assignment, and missed assignments will receive a grade of zero. Extensions for assignments must be approved by the instructor before the due date (see Academic Regulations below) and will be granted for illness or emergencies only. Students may be asked to submit supporting documentation for an extension request. A maximum of two (2) days will be given, if approved.

ACADEMIC INTEGRITY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the *Academic Integrity Policy*, located at: www.mcmaster.ca/academicintegrity

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
 2. Improper collaboration in group work.
 3. Copying or using unauthorized aids in tests and examinations
-

POLICY AND PROCEDURE

Academic Regulations (Attendance, Coursework, Tests/Exams):

In accordance with McMaster University’s General Academic Regulations, “it is imperative that students make every effort to meet the originally scheduled course requirements and it is a student’s responsibility to write examinations as scheduled.” Therefore, all students are expected to attend and complete the specific course requirements (i.e. attendance, assignments, and tests/exams) listed in the course outline on or by the date specified. Students who need to arrange for coursework accommodation, as a result of medical, personal or family reasons, must contact the course instructor within 48 hours of the originally scheduled due date. It is the student’s responsibility to contact the Program Manager/Program Associate to discuss accommodations and procedures related to deferred tests and/or examinations within 48 hours of the originally scheduled test/exam, as per policy. Failure to contact the course instructor, in the case of missed coursework, or the Program Manager/Program Associate, in the case of a missed test/examination, within the specified 48 hour window will result in a grade of zero (0) on the coursework/exam and no further consideration will be granted.

*Note: Supporting documentation will be required but will not ensure approval of accommodation(s).

ONLINE COURSE COMPONENTS

This course uses on-line elements (e.g. e-mail, Avenue to Learn (A2L), Zoom, Microsoft Teams, LearnLink, web pages, capa, Moodle, or ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course.



The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

ONLINE PROCTORING

This course may use online proctoring software for tests and exams, if given online. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

CONDUCT EXPECTATIONS

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the “Code”). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students’ access to these platforms.

REQUESTING RELIEF FOR MISSED ACADEMIC WORK

Students may request relief from a regularly scheduled midterm, test, assignment or other course components in the following ways: (Please refer to the policy and procedure on the DeGroote website at the link below;
<http://ug.degroote.mcmaster.ca/forms-and-resources/missed-course-work-policy/>)

- a) for absences from classes lasting up to three (3) days;
- b) for absences from classes lasting more than three (3) days; or
- c) for conflicts arising from Student Experience - Academic Office approved events

a) for absences from classes lasting up to three (3) days:

Students must use the MSAF (McMaster Student Absence Form). This is an on-line, self-reporting tool, for which submission of medical or other types of supporting documentation is normally not required. Students may use this tool to submit a maximum of one (1) request for relief of missed academic work per term as long as the weighting of the component is worth less than **25%** of the course weight. Students must follow up with their course instructors regarding the nature of the relief within two days of submitting the form. Failure to do so may negate the opportunity for relief. It is the prerogative of the instructor of the course to determine the appropriate relief for missed term work in his/her course. Details are described below.

If the value of the component is worth **25%** or more, students must report to their Faculty Office (the Student Experience – Academic Office for Commerce students) to discuss their situation and will be required to provide appropriate supporting documentation. Please visit the following page for more information about MSAF:

http://academiccalendars.romcmaster.ca/content.php?catoid=18&navoid=3204#Requests_for_Relief_for_Missed_Academic_Term_Work

b) for absences from classes lasting more than three (3) days:

Students cannot use the MSAF. They **MUST** report to their Faculty Office (the Student Experience – Academic Office for Commerce students) to discuss their situation and will be required to provide appropriate supporting documentation. Students who wish to submit more than one request for relief of missed academic work per term cannot use the MSAF. They must report to the Student Experience – Academic Office and discuss their situation with an academic advisor. They will be required to provide supporting documentation and possibly meet with the Manager.

c) for conflicts arising from Student Experience - Academic Office approved events:

Students unable to write a mid-term at the posted exam time due to the following reasons: religious; work-related (for part-time students only); representing university at an academic or varsity athletic event; conflicts between two overlapping scheduled mid-term exams; or other extenuating circumstances, have the option of applying for special exam arrangements. Please see the DeGroote Missed Course Work Policy for a list of conflicts that qualify for academic accommodation:

<http://ug.degroote.mcmaster.ca/forms-and-resources/missed-course-work-policy/>

Such requests must be made to the Student Experience – Academic Office at least ten (10) working days before the scheduled exam along with acceptable documentation. Non-Commerce students must submit their documentation to their own Faculty Office and then alert the Student Experience – Academic Office of their interest in an alternate sitting of the midterm.

ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES

Students with disabilities who require academic accommodation must contact [Student Accessibility Services](#) (SAS) at 905-525-9140 ext. 28652 or sas@mcmaster.ca to make arrangements with a Program Coordinator. For further information, consult McMaster University's [Academic Accommodation of Students with Disabilities](#) policy.

ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

COPYRIGHT AND RECORDING

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

EXTREME CIRCUMSTANCES

The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

POTENTIAL MODIFICATION TO THE COURSE

The instructor reserves the right to modify elements of the course during the term. There may be changes to the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your enrolment in Commerce 3FC3 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

COURSE SCHEDULE

Commerce 3FC3 - International Finance Spring / Summer 2021 Course Schedule

WEEK	DATE	MAIN TOPICS AND DESCRIPTIONS	TEXTBOOK CHAPTER	EVENT
1	May-02 May-04	<ul style="list-style-type: none"> Course outline Introduction The Foreign Exchange Market 	Chapter 1 Chapter 6	
2	May-09 May-11	<ul style="list-style-type: none"> The foreign Exchange Market The Determination of Exchange Rates 	Chapter 2 Chapter 6	
3	May-16 May-18	<ul style="list-style-type: none"> The Determination of Exchange Rates The International Monetary System 	Chapter 3 Chapter 4	Assignment No. 1 due on Tuesday, May 16 at 11:59 PM, submit via A2L
4	May-23 May-25	<ul style="list-style-type: none"> Parity Conditions in International Finance and Currency Forecasting 	Chapter 4	Mid-term exam 1: Tuesday, May 23 (in-class, during class time)
5	May-30 Jun-01	<ul style="list-style-type: none"> Parity Conditions in International Finance and Currency Forecasting The Balance of Payments and International Economic linkages 	Chapter 4 Chapter 5	Assignment No. 2 due on Thursday, June 1 at 11:59 PM, submit via A2L
6	June-06 June-08	<ul style="list-style-type: none"> The Balance of Payments and International Economic linkages Measuring and Managing Translation and Transaction Exposure 	Chapter 5 Chapter 9	Mid-term exam 2: Thursday, June 8 (in-class, during class time)
7	Jun-13 Jun-15	<ul style="list-style-type: none"> Measuring and Managing Economic Exposure Review 	Chapter 10	

"This is a tentative schedule. If the subject matter designated for a week is not completed during scheduled weekly lecture, the remainder will be covered in the following week."