

**Commerce 3FC3  
International Finance  
Winter 2024 Course Outline**

**Finance  
DeGroote School of Business  
McMaster University**

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***INSTRUCTOR AND CONTACT INFORMATION***

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**C01: Wed 8:30 – 11:20  
C02: Thur 8:30 – 11:20  
C03: Mon 19:00 – 22:00  
C04: Mon 1430 – 17:20**

**Alicia Damley, CFA, CPA, CA, MBA**  
Instructor  
[damleya@mcmaster.ca](mailto:damleya@mcmaster.ca)  
Office Hours: after class or by appointment

**TBA**  
TA  
[fallahts@mcmaster.ca](mailto:fallahts@mcmaster.ca)  
Office: TBA  
Office Hours: TBA

**Course website:** Avenue 2 Learn

*We are here to help you succeed!*

Both our course TA and I are here to help you navigate this course successfully!

Outside of class, it is easiest to connect via email. We can address a question quickly via email or setup a time to speak directly. I endeavor to respond to emails within 48 hours. For our mutual benefit and protection, please send all emails from your Mac id. If I have not responded to your inquiry within 48 hours, please re-send it in case it has been lost between our in-boxes or I have missed it!

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***COURSE ELEMENTS***

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

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## ***COURSE INFORMATION***

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Lectures: 3 hrs x 1x/week  
Course Delivery Mode: In-person

### **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.

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## ***IMPORTANT LINKS***

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- [Mosaic](#)
- [Avenue to Learn](#)
- [Student Accessibility Services - Accommodations](#)
- [McMaster University Library](#)

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## ***COURSE LEARNING OUTCOMES***

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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.

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## ***REQUIRED MATERIALS AND TEXTS***

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### **Required:**

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

Bookstore link: [to be inserted]

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.

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## ***CLASS FORMAT***

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This is an in-person 3-hour course. The three hours will consist of lectures, related discussion, and consideration of applicable market examples of the concepts covered. A short break at a convenient point in the discussion will be taken to meet personal needs.

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## ***COURSE EVALUATION***

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Learning in this course results primarily from in-class discussion and participation of comprehensive business cases as well as out-of-class analysis. The balance of the learning results from the lectures on strategic concepts, from related readings, and from researching your presentations, cases, assignments, simulation decisions and projects. Work will be evaluated on an individual and group basis as shown below. For group work, all group members will share the same grade. Your final grade will be calculated as follows:

### **Components and Weights**

<b>Assignments (2)</b>	Numerical and/or short essay questions (groups of up to 5)	30%
<b>Mid-Term</b>	Details to be provide in class	30%
<b>Final Exam</b>	Details to be provided in class	40%
<b>Total</b>		<b>100%</b>

NOTE: 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](http://www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf)

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### ***COURSE DELIVERABLES***

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Students are strongly encouraged to explore the data and trading related resources available in-person and/or virtually in the DSB's Allen H. Gould Trading Floor. <https://trading.degroote.mcmaster.ca/gtf/>

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.

#### **Assignments (2)**

Each assignment may be completed in groups of up to 5 students. Due dates for the assignments are found in the Course Schedule.

#### ***Mid-Term and Final Exam***

Mid-term exam is a timed exam, consisting of multiple-choice questions, numerical questions, short answers, and/or short essays.

Final exam 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.

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### ***LATE ASSIGNMENTS***

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Due dates are clearly indicated in the course schedule. Please plan accordingly. Please also review the University's policy on requesting relief for missed academic work below.

Otherwise, a late assignment will attract a 15% penalty for each 24 hours after the due date. Assignments handed-in three (3) or more days late without a pre-determined arrangement will be awarded a mark of zero.

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## **COMMUNICATION AND FEEDBACK**

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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. All students must receive feedback regarding their progress prior to the final date by which a student may cancel the course without failure by default.

- ☐ For Level 1 and Level 2 courses, this feedback must equal a minimum of 20% of the final grade.
- ☐ For Level 3 courses and above, this feedback must equal a minimum of 10% of the final grade.

Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

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## **REQUESTING RELIEF FOR MISSED ACADEMIC WORK**

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In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar [“Requests for Relief for Missed Academic Term Work”](#) and the link below;

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

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## **COURSE MODIFICATION**

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From time to time there may be a need to remove/add topics or to change the schedule or the delivery format. If these are necessary, you will be given as much advance notice as possible.

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## **GENERATIVE AI**

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Some use of Generative AI is permitted for the bank project analysis. Students may find its use helpful to augment their understanding and interpretation of trend data. However, ensure that the responses generated make sense and assist your analysis!

Any use of Generative AI must be referenced and cited following citation instructions given in the syllabus. Use of generative AI outside assessment guidelines or without citation will constitute academic dishonesty. It is the student’s responsibility to be clear on the limitations for use for each assessment and to be clear on the expectations for citation and reference and to do so appropriately.

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## ***ACADEMIC INTEGRITY***

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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. **It is your responsibility to understand what constitutes academic dishonesty.**

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. For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](#).

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
- improper collaboration in group work.
- copying or using unauthorized aids in tests and examinations

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## ***AUTHENTICITY/PLAGIARISM DETECTION***

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**Some courses may** use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. Avenue to Learn, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software. **All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster's use of Turnitin.com please go to [www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity).

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## ***COURSES WITH AN ON-LINE ELEMENT***

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**Some courses may** use on-line elements (e.g. e-mail, Avenue to Learn, LearnLink, web pages, capa, Moodle, 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.

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## **ONLINE PROCTORING**

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**Some courses may** use online proctoring software for tests and exams. 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.

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## **CONDUCT EXPECTATIONS**

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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.

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## **ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES**

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

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

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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.



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### ***COPYRIGHT AND RECORDING***

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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.

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### ***EXTREME CIRCUMSTANCES***

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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, Avenue to Learn and/or McMaster email.

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### ***ACKNOWLEDGEMENT OF COURSE POLICIES***

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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 Winter 2024 Course Schedule

WEEK	DATE (WEEK OF)	ASSIGNMENT
1	Jan 8	Course Overview Introduction (Chp 1)
2	Jan 15	The Foreign Exchange Market (Chp 6)
3	Jan 22	The Determination of Exchange Rates (Chp 2)
4	Jan 29	Parity Conditions in International Finance and Currency Forecasting (Chp 4)
5	Feb 5	Parity Conditions in International Finance and Currency Forecasting (Chp 4)
6	Feb 12	Currency Futures and Options Markets (Chp 7) <b>Assignment #1 Due Feb 16 @1159pm via Avenue</b>
7	Feb 19	<i>Winter Recess (No Class)</i>
8	Thurs, Feb 29 & Week of Mar 4	The International Monetary System (Chp 3)
8*		<b>Mid-Term Exam</b> (Material covered in Week 1 – 6 inclusive) Date / Time / Location: TBA
9	Thur, Mar 7 & Week of Mar 11	The Balance of Payments and International Linkages (Chp 5)
10	Thur, Mar 14 & Week of Mar 18	Currency, Interest Rate and Credit Derivatives and Swaps (Chp 8)
11	Thurs, Mar 21 & Week of Mar 25	Measuring and Managing Translation & Transaction Exposure (Chp 9)
12	Thurs, Mar 28 & Week of Apr 1	Measuring and Managing Translation & Transaction Exposure (Chp 9)
13	Thurs, Apr 4 & Week of Apr 8	Measuring and Managing Economic Exposure (Chp 10) <b>Assignment #2 Due Apr 12 @1159pm via Avenue</b>
<b>Final Examination (Cumulative)</b> <b>Apr 12 – 25, 2023 Time / Date / Location – TBA</b>		