

# TOWSON UNIVERSITY

## FIN 435 INTERNATIONAL FINANCE Fall 2010

**Instructor:** Moon-Whoan "Stephen" Rhee  
**Office:** [Stephens Hall \(ST\) 316H](#)  
**Work Phone:** 410-704-4075  
**Class Hours:** MWF 1:00~1:50pm (ST309) for Fin435.001  
MW 5-6:15pm (ST309) for Fin435.101  
**Office Hours:** M 2:00~5:00pm (official) and by appointment  
W 2:00~5:00pm (unofficial), No appointment needed for official office hours  
**Email:** [tufin435001@hotmail.com](mailto:tufin435001@hotmail.com) for FIN 435-001  
[tufin435101@hotmail.com](mailto:tufin435101@hotmail.com) for FIN 435-101  
**Home Page:** [www.towson.edu/~rhee](http://www.towson.edu/~rhee)

### REUIRED TEXTBOOK

*International Financial Management*, by Cheol S. Eun and Bruce G. Resnick, 5<sup>th</sup>, McGraw-Hill Irwin, 2009.

### RECOMMENDED TEXTBOOKS:

Jeff Madura, *International Financial Management* 9th ed, Thomson, 2008

### REFERENCE: WALL STREET JOURNAL, Business Week, Fortune, etc

We will use Internet extensively to gather information for the course.

**COURSE OBJECTIVE:** This course extends the principles of finance in the international context. International finance differs from the purely domestic version in two important ways. First, the existence of multiple currencies whose exchange rates float more or less freely in response to market forces is a source of additional complication to investment and financing decisions. Second, since multinational corporations operate across the borders of sovereign states, we shall study the effects of national tax, regulatory, and political regimes on corporate decision-making. The first part of the course is an overview of the global financial environment and an introduction to exchange rate behavior. The second part of the course focuses on the theory of the firm in an international setting, with emphasis on the problems of managing foreign exchange exposure, capital budgeting for foreign projects, and international borrowing.

**PREREQUISITES:** FIN 331, FIN 332, FIN 333, and ECON 421 would be useful.

**COURSE REQUIREMENTS:** Your grade will be based on homework assignments and class participation, two mid-terms and one final. The final exam is comprehensive. Each assignment is due before class. Late assignments will not be accepted after a grace period. I will drop one homework assignment with the lowest mark. Every assignment should be stapled and should be word-processed. Professional appearance does count. If you achieve more than 95% on all two mid-terms, you may work on a project and tutoring other students in lieu of the final exam. Write down all the answers legibly. You should keep all your exams and assignments so that in case there is any discrepancy you should present them as evidence.

#### Point distribution

Two Mid-terms	40 points (10%+30% worst->best)
Final	40 points
HW and Active Participation	10 points
Quizzes	10 points

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100 points

**Final is comprehensive. Please note that the final exam will be given from 12:30pm~2:30pm on 12/10 (Fri)**

**KSAs:** Relevant KSAs for this course include Thinking (problem solution, flexible thinking in new ways, integration of accounting and economics subjects, etc.), Business Content and Practical Excellence (computations and estimations).

**EXPECTATIONS:** An average student needs to spend about one hour a day, five hours per week on this subject,

exclusive of class hours and preparations for exams. This is a 400 level course. I expect you to exhibit professional behavior. I expect you to come to class prepared and **actively** participate in class discussions. I also expect you not to do anything to distract the class. I reserve the right to give a lower mark to those who distract the class regardless of their academic performance. If you miss the class six hours or more, I may assume that you are dropping the course. No excuses (legitimate or not, documented or not) are necessary and will be accepted. Coming into class late or leaving the class in the middle of class (even if you are coming back) without my prior consent may also be considered as missing the class.

**Every assignment should be stapled and should not be worked on a spiral notebook. Professional Appearance matters. No late assignments will be accepted.**

**FINAL GRADING:**

A 90 or better, B 80 or better, C 70 or better, D 60 or better, F below 60

An example showing how the grade is determined can be found in the [How to Determine Your Grades](#) section on my website.

**Cellular Phone Policy:** Use of a cell phone is not permitted in class. Anyone caught using a cell phone will be asked to leave the classroom.

**EXCUSED EXAMS: No make-ups.** However, upon presentation of a University accepted legitimate written excuse (e.g., doctor's note, University team coach's note), an alternative point distribution system (35% for the one Mid-term, 55% for the final, and 10% for homework and active participation) may be used.

**NEED HELP?** Students who need help during the course should not hesitate to see me with questions on lecture material or other course content.

**ACADEMIC INTEGRITY: *Student Academic Integrity Policy (Towson Undergraduate Catalog p.277):***

“The acquisition, sharing, communication and evaluation of knowledge is at the core of a university's mission. To realize this part of its mission, a university must be a community of trust. Because integrity is essential to the purpose of an academic community, the responsibility for maintaining standards of integrity is shared by all members of that academic community.”

***The Student Academic Integrity Policy as it pertains to this class:*** There is no tolerance of academic dishonesty in this class. Any violations are sanctioned by the professor.

**LEARNING DISABILITIES:** To request academic accommodations due to a disability, please contact the **Disability Support Services Office** at (410) 704-2638. If you have a letter from their office indicating that you have a disability which requires academic accommodations, please present the letter to me during the first week of class so that we can discuss the accommodations that you might need in this class.

**MISCELLANEOUS:** My Schedule & Reading Assignments are tentative and subject to changes as the semester progresses. Please check my e-mail on a regular basis.

**REPEATED COURSE POLICY:** Students may repeat a course only once. For a third attempt, a student must obtain a written approval from the Academic Standards Committee. Students who do not obtain written permission for a third attempt enroll at their own risk.

**CBE STANDARD:** Regardless of the subject matter, the student will be held accountable for proper grammar and correct spelling for all written assignments, including exams.

**Student Evaluations:** Student evaluations of this course play a crucial role in my delivery. This semester, all course evaluations will be administered online during the last two weeks of the course. You will receive an email with a link to the website with directions on how to access the survey. It is vitally important that you complete the

survey as I use the results to modify the course and assess my teaching and the University uses the results to address technology and facility needs. You can be assured that your responses will be confidential as the results will be transmitted to me after the grading period and they will not include any identifying information.

### **USEFUL WEBSITES**

In addition to the websites introduced in the textbook, you may find the following websites useful.

<http://www.twinkiesproject.com/>

<http://finance.yahoo.com> (Yahoo Finance), Use Yahoo's search engine as well.

[biz.yahoo.com/ifc](http://biz.yahoo.com/ifc) Country Report

<http://pacific.commerce.ubc.ca/xr/> (Pacific Exchange Rate Services).

[www.prenhall.com/phlip](http://www.prenhall.com/phlip) and click on International Finance.

[www.choicefx.com](http://www.choicefx.com) for an interesting simulation game.

[www.globalcontest.com](http://www.globalcontest.com) for international currency trading challenge.

[www.pforex.com](http://www.pforex.com) provides useful information about currency trading.

[www.bmo.com](http://www.bmo.com) Go to Risk Management in Corporate & Institutional Clients, then go to Foreign Exchange to Currency Forecasts

[www.cme.com/products/currency/index.cfm](http://www.cme.com/products/currency/index.cfm) Choose Globex in the Quotes and Data, then choose Swiss francs and options in Currency Products, View the entire file.

[www.imf.org](http://www.imf.org) and [www.worldbank.org](http://www.worldbank.org) for useful info and data.

[www.webcom.com/one/world/foreign.html](http://www.webcom.com/one/world/foreign.html) for useful websites.

[www.forextrading.com/members/analysis/us\\_dollar.asp](http://www.forextrading.com/members/analysis/us_dollar.asp)

[www.stls.frb.org](http://www.stls.frb.org) and click on "FRED." And click on "data files" and click on "monthly exchange rate data" to find access to various time series of the FED Reserve of St. Louis.

[www.ny.frb.org/pihome/mktrates](http://www.ny.frb.org/pihome/mktrates) to find current and historic exchange rates and implied currency option volatility.

[www.commerzbank/datem/zinsen/ausww.htm](http://www.commerzbank/datem/zinsen/ausww.htm) to find external values of selected currencies.

[www.bloomberg.com/marketsfxe.html](http://www.bloomberg.com/marketsfxe.html) to find key currency cross rates.

[www.mexi.com/ECO/index.html](http://www.mexi.com/ECO/index.html) to find economic charts of 40 countries (currencies, stock exchanges, interest rates).

<http://www.micheloud.com/FXM/MH/Bimetalintro.htm> about bimetalism.

[www.ask.com](http://www.ask.com)