



# Rotman Commerce UNIVERSITY OF TORONTO

## Course Outline

### RSM 437 H1S

International Finance

WINTER 2023

Course Meets:	Mondays	L0101	11:00 - 13:00
RT 142	Mondays	L0201	15:00 - 17:00
	Tuesdays	L0301	9:00 - 11:00
	Tuesdays	L0401	13:00 - 15:00
	Wednesdays	L5101	17:00 - 19:00

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Phone: 416.978.2664  
To obtain Help: email questions any time and you will receive prompt assistance!

## Course Objectives

This course will focus on financial management in an international context. We begin with a brief overview of the nature of international business activities and the evolution of multinational enterprises. We then cover the foreign exchange market and exchange rate determination, as well as other international financial markets and instruments. This sets the stage for learning about a variety of international financial management topics, including foreign exchange exposure measurement and management, financing the global firm, management of multinational fund flows and transactions, and foreign direct investment decisions.

## Instructional Approach

A combination of lecture, technical problem solving and case analyses will be used. Students are expected to have attempted the required readings and any assigned questions prior to class. If time is limited, be advised that even brief preparation for class is extremely beneficial.

## Attendance

Students must attend the lecture sessions in which they are registered.

## Course Prerequisites

Rotman Commerce: RSM333H1 (and therefore, RSM332H1 plus the ECO and STAT prerequisites required for RSM 332 and 333). Actuarial Science: ACT349H1

## Statement on Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

## Required Readings

### Class Materials :

Lecture notes and slides will be posted on the portal in advance of class. Beginning in class 2, students are responsible for accessing class materials in advance and for having them available to use during class in printed or electronic form.

**Textbook** - Multinational Business Finance, D.K. Eiteman, A.I. Stonehill and M.H. Moffat, 16<sup>th</sup> edition (2023), Pearson Education, ISBN -10: 013479601-X

You may purchase a hard copy of the text from Pearson Education directly or on Amazon. Many students find it most convenient to purchase an electronic copy of the text. However you procure your copy of the textbook, be aware that this is copyright material and you are expected to pay for your use of it. The instructor assumes all students have done so.

The link to purchase 12 months of use of an electronic copy of the text directly from the publisher for \$49.99 is as follows:

<https://www.pearson.com/en-ca/subject-catalog/p/multinational-business-finance/P200000007029/9780137669158>

NOTE - Purchase of the current edition is HIGHLY recommended as we use the text materials in detail during the course and there are many changes from one edition to the next.

**Case Package** - is available for purchase from the Harvard Business School Publishing website. You must go to the site and register as a student and then use the following code to access our readings package. The site records which students have paid for their copies of the course materials. All students are required to purchase access to these copyright materials as we use them extensively in the course.

<https://hbsp.harvard.edu/import/984896>

These materials cost a total of \$42.50 USD. The use of these materials complies with all University of Toronto policies which govern fees for course materials.

## Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well they have command of the course materials.

<b>Term Test 1</b>	<b>20%</b>		Friday February 3, 3-5pm, online
<b>Term Test 2</b>	<b>20%</b>		Friday March 3, 3-5pm, online
<b>Term Test 3</b>	<b>25%</b>		Friday March 24, 1:30 – 4pm, EX100
<b>In Class Participation Exercises</b>	<b>15%</b>	Best 6 of 7 @2.5%	In Class and submission on Quercus
<b>Group Project Report with in-Class Presentation</b>	<b>20%</b>	Includes 5% for class participation	Report and Presentation due on quercus and in Class during Weeks 11 & 12

## In-Class Participation Exercises Policies and Expectations

In Class Exercises may be completed in collaboration with classmates during the time allowed in class or after class. Submissions will be made on quercus during, or shortly after, class.

## Group Project Policies and Expectations

The group project will be announced and explained in class. It will be completed in groups of 4 to 6 students. Students can select their own groups. Requirements include the submission of a report and an in-class presentation of the findings of the group. Individual participation is also required during presentation days, as explained below.

Project topics will be selected by each group and must be within the context of the course materials. Groups can select to either pursue a course topic in greater depth, or to investigate and analyze an interesting current event that is related to the course materials.

Topic proposals will be due immediately following the reading week break and must include a brief one page description of the topic, why the group finds it interesting, and identification of initial information sources that have been discovered by the group. Topic proposals will be submitted online via quercus and in hard copy at the start of class 7. Early submissions are welcome. Feel free to email the instructor with your ideas as you develop your proposal, if you are in need of advice.

Final reports will be due at latest on the last day of class in class 12. Reports will take the form of presentation slides and a list of information sources.

Presentations will take place in both class 11 and 12, with groups choosing to present in class 11 volunteering to be early presenters. Final reports will be submitted BOTH as file uploads on quercus AND IN HARD COPY to the instructor. The instructor will randomly select which group member will make the class presentation for the group and every group member is expected to be knowledgeable about the submission and to be prepared to answer questions about it, on presentation day.

Group Projects are worth a total of 20% of the course grade and this allocated as follows:

2.5%	On-time and complete submission of project proposal (Group grade)
12.5%	Presentation Delivery (2.5%) and Contents Submission (10%) (Group grade)
5%	Individual submissions in classes 11 and 12 (2.5% each) involving identification of key takeaways from group presentations by others (Individual grade)

## Term Test Policies and Expectations

The first two term tests are open book and will be online on the quercus system. The third term test is closed book, will be held in person and will be paper based. Two double-sided pages of HANDWRITTEN crib sheets will be permitted at term test three so students may wish to keep note of which items they will want to include on their crib sheets, as the course progresses.

If a student has a conflict with any of the scheduled test times they must notify the instructor well in advance, as soon as possible, and at least one week prior to the scheduled test.

Content coverage and expectations will be posted and will be explained in the class immediately before the test. A combination of question formats will be used, depending on the material being tested. Typically there will be several short questions requiring true/false responses that relate to specific cases and examples discussed in class. There will also be both qualitative and quantitative problems requiring students to work out an answer and submit their response either numerically or in writing.

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration.

In such cases, students must:

1. Notify the instructor AND the Rotman Commerce Program Office **on the date** of the missed course deliverable, e.g. missed test, final assessments, assignment or class (in the case of participation marks).
2. Complete a [Request for Special Consideration Form](#) and submit it along with your Absence Declaration on [ACORN](#) (please read the instructions on how to use the Absence Declaration in ACORN) within **2 business days** of the originally scheduled course deliverable. Please email your documents to [rotmancommerce.info@utoronto.ca](mailto:rotmancommerce.info@utoronto.ca)

Students who do not provide this information will be given a grade of 0 (zero) for the missed course deliverable.

**Note that documentation must clearly establish that you were ill or had other circumstances that prevented you from attending on the date in question. After-the-fact reports are not sufficient.**

When special consideration is granted, the student must communicate with the instructor to determine a new grading scheme that is appropriate for the special situation of the student. This will depend on the nature of the problem that caused the absence from the test and may involve additional assigned work to make up for the missed test.

## Drop Date

- The last day to drop the course without academic penalty is **Sunday March 19<sup>th</sup>**.

***Grade Appeals***

- Appeals must be made one week after the graded work is returned. Students should take the time to carefully review their own work and the feedback they received.
- Appeals must be in writing and must include an explanation of why the original grade should be reassessed.
- Students must notify the instructor by email that they will be requesting a regrade, and must return the graded work, with their written request for regrading, in the following class.

**Winter 2023 Class Session Dates and Topics – any changes will be announced in class**

- 1** Jan 9,10,11      **Introduction to the Course and Global Financial Management Trends**  
Ch 1 Multinational Financial Management: Opportunities and Challenges  
Ch 4 Financial Goals and Corporate Governance
- 2** Jan 16,17,18      **Multinational Tax Management**  
Ch 15 Multinational Tax Management  
**Case:** Gary Halper Menswear Limited – a Loan Request for an Export Order
- 3** Jan 23, 24, 25      **International Trade, Trade Finance and Supply Chains**  
Ch 16 International Trade Finance  
**Case:** Bollore Logistics Canada and the Use of Incoterms  
**In-Class Exercise 1**
- 4** Jan 30, 31, Feb 1      **The Foreign Exchange Market**  
Ch 5 The Foreign Exchange Market  
**Case:** Molto Delizioso: Pricing and Profits following Brexit  
**Case:** Belco Global Foods  
**In-Class Exercise 2**

**TERM TEST ONE Friday Feb 3, 3-5 pm online on Quercus System**

**5** Feb 6,7,8            **International Parity Conditions and Exchange Rate Determination**  
Ch 6   International Parity Conditions  
Ch 9   Foreign Exchange Rate Determination  
**Case:** Busboard Prototype Systems Ltd.: Making Sense of Foreign Exchange  
**In-Class Exercise 3**

**6** Feb 13,14,15        **Introduction to Foreign Exchange Exposure Measurement and Management**  
Ch 10 Transaction Exposure Measurement and Management  
**In-Class Exercise 4**

**No Classes Feb 20,21,22 - Reading Week - No Classes**

**Monday February 27 9am Group Project Topic Proposals due on Quercus**

**7** Feb 27, 28, Mar 1    **Transaction Exposure Management cont'd**  
Ch 10   Transaction Exposure Measurement and Management  
Ch 7   Foreign Currency Derivatives  
**Case:** F. Mayer Imports – Hedging Foreign Currency Risk  
**In-Class Exercise 5**

**TERM TEST TWO Friday March 3, 3-5 pm online on Quercus System**

**8** Mar 6,7,8            **Exposure Measurement and Management cont'd**  
Ch 12 Operating Exposure  
Ch 11 Translation Exposure  
**Case:** FX Risk Hedging at EADS  
**In-Class Exercise 6**

9 Mar 13, 14, 15

**Multinational Capital Budgeting**

Ch 17 Foreign Direct Investment and Political Risk

Ch 18 Multinational Capital Budgeting and Cross-Border Acquisitions

**Case:** Group Ariel S.A.: Parity Conditions and Cross Border Valuation

**Case:** 3P Turbo

**In-Class Exercise 7**

10 Mar 20, 21, 22

**Multinational Financing**

Ch 13 The Global Cost and Availability of Capital

Ch 14 Funding the Multinational Firm

**Case:** Alibaba's Bonds Dilemma: Location, Timing and Pricing

**TERM TEST 3 Friday March 24 1:30 – 4pm (in-person test, on paper)**

**11 and 12** Mar 27, 28, 29 and April 3, 4, 5

Student Group Project Presentations (Reports due by start of final class at latest)

Group Presentations

In-Class Individual Takeaways Summaries

Return and discuss Term Test 3

**Course Overview and Wrap-Up**



## **Other Policies and Procedures**

### **Working in Groups**

Learning to work together in teams is a crucial transferrable skill you will use not only in your coursework, but also in your future careers. Support is available if you encounter common teamwork challenges such as:

- Team members feeling left out of the team.
- Team members not responding in a timely manner to communication.
- Division or quality of work among team members being unequal or unfair.

Consult the [Centre for Professional Skills Teamwork Resources page](#) for tips, strategies, and best practices. You can also [book an appointment with a teamwork mentor](#) through the RC Centre for Professional Skills Writing Centre. Teamwork mentors can help you resolve or mitigate conflict, strategize on planning, or improve team communication.

If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, consult with your Accessibility Advisor about the teamwork in this course.

### **Commitment to Accessibility**

The University is committed to inclusivity and accessibility, and strives to provide support for, and facilitate the accommodation of, individuals with disabilities so that all may share the same level of access to opportunities and activities offered at the University.

If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please [email Accessibility Services](#) or [visit the Accessibility Services website for more information](#) as soon as possible. Obtaining your accommodation letter may take up to several weeks, so get in touch with them as soon as possible. If you have general questions or concerns about the accessibility of this course, you are encouraged to reach out to your instructor, course coordinator, or Accessibility Services.

### **Academic Integrity**

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

*The University of Toronto's Code of Behaviour on Academic Matters*

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

### **Email**

At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ROSI system. For more information please visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

### **Quercus and the Course Page**

The online course page for this course is accessed through Quercus. To access the course page, go to [q.utoronto.ca](http://q.utoronto.ca) and log in using your UTORid and password. Once you have logged in, you will be at the Quercus Dashboard. On this page you will see all of the courses you are presently enrolled in. If you don't see the course listed here but you are properly registered for the course in ROSI, wait 48 hours.

### **Recording Lectures**

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted (note: students who have been previously granted permission to record lectures as an accommodation for a disability are, of course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.