



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 437 H1S

International Finance

WINTER 2024

Course Meets:	Mondays	L0101	11:00 - 13:00
RT	Mondays	L0201	15:00 - 17:00
	Tuesdays	L0301	9:00 - 11:00
	Tuesdays	L0401	13:00 - 15:00
	Wednesdays	L0501	9:00 - 11:00
	Wednesdays	L5101	17:00 - 19:00

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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, ECO220Y1. 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, 16th 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 \$64.99 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/1079947>

These materials cost a total of \$34 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.

Term Test 1	30%	2 hour test	Friday February 9, 11 am-1pm, in person
Term Test 2	40%	3 hour test	Friday March 15, 11am – 2 pm, in person
In Class Participation Quizzes	10%	Best 6 of 7 Weeks 3-9	In Class on paper (must attend to participate)
Group Case Report - Minor	5%	One Group Submission	Report due on quercus Monday Mar 25 or April 1 9am
Group Case Report - Major	10%	One Group Submission	Report due on quercus Monday March 25 or April 1 9am
Case Reading Prep Quizzes	5%	2 @ 2.5%	Weeks 11 and 12 (must attend to participate)

In-Class Participation Quizzes Policies and Expectations

In Class Quizzes will be conducted either at the start of class, or later in the class, depending on the week. These will be completed independently or in some weeks in groups of 2 or 3 students. These participation quizzes will be on paper, and are submitted to the instructor upon completion in class. There are no make-up opportunities as these are participation exercises – attendance is required to participate. Each student must submit their work in the section in which they are registered.

Each Quiz is of equal grade value. The grades will be determined as best 6 of 7, to allow for the occasional absence for any reason, without academic penalty. Absence due to illness is treated as all other absences, for the first incident. Beyond one absence, students wishing to apply for accommodation must submit the usual documentation regarding their illness or situation to the Commerce office.

Class Reading Prep Quizzes Policies and Expectations

At the start of classes 11 and 12, before discussion of the assigned Case, there will be a reading prep quiz. The objective is to ensure that all students attend and are prepared for the class discussion. As well, ensuring that all students have read the case is hoped to increase the chance that all group members participate fully with their colleagues in the Group Case Report requirements in these weeks.

Group Case Project Policies and Expectations

Students will be assigned into groups of 5 or 6 members of the same course section in week 10. Each group will prepare and submit a minor report for one of the two assigned cases, and a major report for the other.

Report submissions are due on quercus on the Monday morning of case discussion week, in each of weeks 11 and 12.

All members of groups that prepared a Major case report must be prepared to answer questions about the case and the group report on it, during class. Minor report group members will not be called upon, but are welcome to volunteer to contribute to the class discussion.

Minor and Major Report requirements and group membership will be shared and discussed in Class 10.

Note that the use of generative artificial intelligence tools and apps is strictly prohibited in all course work including Group Case Project reports. This includes ChatGPT and other AI writing and coding assistants. Use of generative AI in this course may be considered use of an unauthorized aid, which is a form of cheating.

Term Test Policies and Expectations

Both term tests will be held in person and will be paper based. One single-sided HANDWRITTEN crib sheets will be permitted at term test one and two single-sided HANDWRITTEN crib sheets will be permitted at term test two. Students may wish to keep note of which items they will want to include on their crib sheets, as the course progresses. It is important to follow instructions carefully regarding aids allowed during examinations as failure to comply with instructions is considered a serious academic offence.

If a student has a conflict with either 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 each test.

Term test one will be conducted in a two hour time window for the test room, with the test itself being 1hr 45 min in length. Test one will be in multiple choice format. Term test two will be conducted in a three hour window for the test room, with the test itself being 2hr 45 min in length. Test two will include a combination of question formats.

In such cases, students must:

1. Complete the Request for Special Consideration form: <https://uoft.me/RSMConsideration>
2. Provide documentation to support the request, eg. Absence Declaration from [ACORN](#), medical note etc.

Please note: As of September 2023, students may use the Absence Declaration on ACORN ***one time per term*** to report an absence and request consideration. **Any subsequent absence will require a [Verification of Illness form](#) or other similar relevant documentation.**

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 **Monday March 11th**.

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 2024 Class Session Dates and Topics – any changes will be announced in class

- 1 Jan 8,9,10 Introduction to the Course and Global Financial Management Trends**
Ch 1 Multinational Financial Management: Opportunities and Challenges
Ch 4 Financial Goals and Corporate Governance
Case: Garry Halper Menswear Limited – a Loan Request for an Export Order
- 2 Jan 15,16,17 International Trade, Trade Finance and Supply Chains**
Ch 16 International Trade Finance
Case: Belco Global Foods
- 3 Jan 22,23,24 The Foreign Exchange Market and International Parity Conditions**
Ch 5 The Foreign Exchange Market
Ch 6 International Parity Conditions
Case: Molto Delizioso: Pricing and Profits following Brexit
Quiz 1
- 4 Jan 29, 30, 31 Multinational Capital Budgeting**
Ch 17 Foreign Direct Investment and Political Risk
Ch 18 Multinational Capital Budgeting and Cross-Border Acquisitions
Case: Tega Industries: The South African Acquisition
Case: Group Ariel S.A.: Parity Conditions and Cross Border Valuation
Quiz 2
- 5 Feb 5,6,7 Multinational Tax Management**
Ch 15 Multinational Tax Management
Quiz 3
Discuss Test 1 Requirements – refresh on instructions, Q&A

TERM TEST ONE Friday Feb 9 Covering Week 1-4 Material

6 Feb 12,13,14 Introduction to Foreign Exchange Exposure Measurement and Management

Ch 10 Transaction Exposure Measurement and Management

Case: SaskPower U.S. Debt: Hedging Currency Exposure

Case: Carter + Smith: Exchange Rate Risk Hedges

Quiz 4

Test 1 Review

Feb 19,20,21 - Reading Week - No Classes

7 Feb 26, 27, 28 Transaction Exposure Management cont'd

Ch 10 Transaction Exposure Measurement and Management

Ch 10B The Optimal Hedge Ratio and Hedge Effectiveness

Ch 7 Foreign Currency Derivatives

Quiz 5

8 Mar 4,5,6 Exposure Measurement and Management cont'd

Ch 11 Translation Exposure

Ch 12 Operating Exposure

Case: FX Risk Hedging at EADS

Quiz 6

9 Mar 11,12,13 Exposure Measurement and Management

Wrap-up Coverage of Ch 10, 11, 12 Materials and related Cases

Quiz 7

TERM TEST TWO Friday March 15 Covering Week 1-9 Materials (to be returned in Class 10 or 11)

10 Mar 18,19,20 Announcement of Project Cases and Case Assignments

Announcement of Project Cases and Report Requirements

Case Groups announced and some breakout time allowed

11 Mar 25,26,27

Project Case One – Review and Discuss

Minor and Major Reports due March 25, 9am on quercus

Case Reading Prep Quiz 1

12 April 1, 2, 3

Project Case Two – Review and Discuss

Minor and Major Reports due April 1, 9am on quercus

Case Reading Prep Quiz 2

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.

Generative AI / ChatGPT

The knowing use of generative artificial intelligence tools, including ChatGPT and other AI writing and coding assistants, for the completion of, or to support the completion of, an examination, term test, assignment, or any other form of academic assessment, may be considered an academic offense 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 g.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 any way. 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.

