Multinational Finance FINA 5335

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<tr>
<th>FINA-5335.W01</th>
<th>Dr. Rodrigo Hernandez</th>
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<tbody>
<tr>
<td>Semester:</td>
<td>Fall 2018 W02</td>
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<tr>
<td>Duration:</td>
<td>Oct 16, 2018 – Dec 05, 2018</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:Rodrigo.Hernandez@tamucc.edu">Rodrigo.Hernandez@tamucc.edu</a></td>
</tr>
<tr>
<td>Telephone:</td>
<td>(479) 200-5228</td>
</tr>
<tr>
<td>Skype:</td>
<td>rodrigo24073</td>
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</tbody>
</table>
| WebEx Sessions: | - All Tuesdays 7:30 - 9:30 pm CT 
- TBA |

Contact Information

Please contact the instructor through the course space whenever possible. If you must contact the instructor outside the course space, use the following contact information:

**Lead Instructor: Dr. Rodrigo Hernandez**
E-mail: Rodrigo.Hernandez@tamucc.edu
Phone: (479) 200-5228

Dr. Hernandez is an Associate Professor of Finance at RU and joined TAMUCC in 2015. He completed his PhD in Finance at the University of Arkansas in 2007 and holds a MA in Economics from the University of Arkansas, MA in Economics and Public Policies from Instituto Torcuato Di Tella – InterAmerican Development Bank, Specialization in Taxation and Specialization in Tax Law from the Universidad de Belgrano, and Public Accountant from Universidad Catolica de Cordoba.

Dr. Hernandez teaches finance courses at the undergraduate and MBA level. He conducts research on financial engineering, particularly structured products, market anomalies and corporate finance. His research has been published in the *Journal of Business Research, Rev. of Quant. Finance and Accounting, Review of Futures Markets, Managerial Finance, Banking & Finance Review, Intl. J. of Financial Markets and Derivatives*, and other journals.

Course Overview

This course provides an introduction to international financial management, built upon the domestic corporate finance covered in earlier prerequisite courses. The central theme is how to make corporate financing and investment decisions in an international environment. This course helps students understand additional risks and challenges of international financial management compared to domestic financial management. Students will learn the basic techniques of measuring and managing international financial risks and will be able to apply the techniques to corporate financing and investment decisions in an international environment. Quantitative techniques are heavily emphasized in this class.
This course extends the principles and applications of corporate finance from a single-country setting to a multinational environment. Globalization provides new opportunities for firms, but also imposes new uncertainties and new challenges. When a firm enters international markets, new variables affect the firm’s businesses. This course helps students to understand what those new uncertainties and new risks are, how the uncertainties and risks affect the businesses of multinational firms, how managers control the risks, and how managers make financing and investment decisions in an international environment. Students would be best prepared by having a solid understanding of accounting and the corporate finance in a single-country setting.

Learning Goals

Successful international businesses must manage the risks of the international environment and successful financial managers need to be able to generate sufficient returns in the currency of the company with the capital invested overseas. The path that capital travels across international borders increases the uncertainty of investments. Managers must know the path and be able to navigate through it. They must:

- Understand the international financial market
- Make sound international investment decisions
- Understand the risks of the international investments
- Be able to identify, manage and control the risks of international investments

This course is designed to teach the principles and applications in those areas, the essential knowledge to succeed in international investment activities.

By the end of this course, students should be able to:

- Demonstrate an understanding of different foreign currencies and foreign exchange market, and be able to do foreign currency trade on foreign exchange market.
- Demonstrate an understanding of different theories of foreign exchange rate determination, and apply the theories to determine arbitrage free exchange rates.
- Identify international financial risks and be able to measure the risks.
- Demonstrate an understanding of the concept of portfolio diversification in the international context, apply Capital Asset Pricing Model in international capital markets.
- Integrate financial knowledge learned to do international capital budgeting.
- Demonstrate an understanding of financial derivatives, and use financial derivatives to hedge international financial risks.

This course is designed to teach the concepts needed to execute these important finance activities. Each student will practice using these tools and be tested on them.

Time Commitment

This is a graduate level Finance course. Many topics in Finance are far more challenging than other business topics. This course will require significant more time and effort than most other graduate level business courses. Please plan your time and effort accordingly. This course is delivered during a short 7-week window. It is imperative that you keep up with the pace of the
course because tools and theories learned early on are quickly built upon and utilized throughout the rest of the course. All students are encouraged to ask questions and share insights.

For a classroom based course a student would expect to spend 45 contact hours in the classroom plus 90 additional hours of outside preparation and study. This same metric should apply for online courses. A student should spend a minimum of 135 hours of time to successfully complete this course.

You are also expected to behave professionally online. Please be polite, courteous, and respectful towards your peers, and your professor, even if you do not agree with them.

**Major Course Prerequisites:**
FINA 5311 or approval of Professor.

Relationship to other coursework: this course emphasizes the problems and opportunities specific to corporations with international operations and presumes a working knowledge of the principles of finance as discussed in FINA 5311 as well as the underlying principles covered in ACCT 5312 & ECON 5311.

**Text and Resources:**

MyFinanceLab as the homework manager. The course ID: XXX

Financial calculator – the cheapest and most recommended is the Texas Instruments BA II Plus.

**Required Software**
Microsoft Internet Explorer (11.0) or Firefox, Adobe Acrobat Reader (11.0 or higher), Microsoft Office 2013

**Websites**
1. BlackBoard: [https://bb9.tamu.edu/webapps/login/](https://bb9.tamu.edu/webapps/login/)
2. WebEx: [https://tamucc.webex.com](https://tamucc.webex.com)
Course Work

Assessment will occur from four categories of student activities; homework, quiz, exams, and online discussions.

Homeworks & Quizzes

There are several homework (21%) and quiz (21%) that cumulatively account for 42% of the overall grade. After you submit a homework or quiz assignment, you will receive immediate feedback on your score, however, the solution will only be provided after the assignment is closed. The MyFinanceLab homework system contains practice problems that are similar those assigned in the homework, they are located under “Study Plan”. You will receive detailed feedback on your practice attempts and there is no limit to the number of times you can practice. You are strongly encouraged to take advantage of these practice problems in the “Study Plan" before attempting the homework.

The homework problems are based on the materials in the chapter(s) discussed. The end-of-chapter problems are similar to those assigned in the homework. You are strongly encouraged to digest the chapter(s) and to practice the end-of-chapter questions before attempting the homework.

Questions in the homework and quiz assignments include:

- Multiple choice questions - questions with multiple possible answers, including the correct answer and several incorrect answers.
- True/false questions - composed of a statement and you are supposed to respond by indicating whether the statement is true or false.
- Computational questions – questions that require that students perform calculations in order to solve for an answer.

All assignments are delivered through MyFinanceLab. To access, select the link in the appropriate week folder under content.

Exams

There will be two midterm exams each worth 21% of the overall grade. They will be administered online through MyFinanceLab and proctored by Examity.

EXAMITY

Your online tests in this class will be proctored by a service called Examity at an extra cost per exam (approximately $23). Examity gives you the flexibility to schedule exams at your convenience and take them wherever and whenever you want.

You need to set up your Examity account, which must be done before you can schedule exams. Set-up consists of the following 2 steps:
1) **Accessing the system:**
   - You can access Examity through Blackboard.
   - Log into Blackboard, and click on the Examity link on the left side of your Blackboard homepage. This will take you to your Examity dashboard.

2) **Update your profile:**
   - You will need to update your profile by creating 3 unique security questions.
   - You will also need to upload a government-issued picture ID (such as Driver's license or State ID). You will need to bring this ID with you every time you take a test (for verification purposes) so make sure you use an ID that you have regular access to.
   - Update your time zone.

Once you have finished setting up your account, you can schedule exam appointments whenever you want. If you schedule more than 24 hours in advance, you will not be charged. However if you need to schedule less than 24 hours in advance, you will have to use the on-demand scheduling option, which will include additional fees.

Examity will provide you with a step-by-step guidebook on how to use the software in order to ensure that setup, scheduling, and the test-taking process are as simple as possible. Examity also offers 24/7 tech support via phone, email, or chat.

**Discussion Board**

There are two Discussion Board assignments, each worth 8 points or 8% of the overall grade. For the first assignment, you will post a brief introduction of yourself and respond to at least two introductions. For the other assignment, you will post a primary discussion of your analysis and thoughts about the problem posed and make two replies to other students’ posts. Enter your comments on the appropriate discussion forum.

**Grading**

<table>
<thead>
<tr>
<th>Course Work</th>
<th>Percentage of Total Grade</th>
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<tbody>
<tr>
<td>Homeworks</td>
<td>21%</td>
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<tr>
<td>Quizzes</td>
<td>21%</td>
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<tr>
<td>Exams (2 @ 21 points)</td>
<td>42%</td>
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<tr>
<td>Discussion Board (2 @ 8 points)</td>
<td>16%</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
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<thead>
<tr>
<th>Letter Grade Distribution</th>
<th>Final Total %</th>
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<tbody>
<tr>
<td>A</td>
<td>90% – 100%</td>
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<tr>
<td>B</td>
<td>80% – 89.9%</td>
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<tr>
<td>C</td>
<td>70% – 79.9%</td>
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<tr>
<td>D</td>
<td>60% – 69.9%</td>
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<tr>
<td>F</td>
<td>below 60%</td>
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## Tentative Schedule

<table>
<thead>
<tr>
<th>Week</th>
<th>Week of</th>
<th>Topic</th>
<th>Assignments</th>
<th>Due Date (by 11:55pm Central)</th>
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<tbody>
<tr>
<td>1</td>
<td>Oct 26-30</td>
<td>Module 1: Introduction to International Finance</td>
<td>Discussion: Introduce Yourself</td>
<td>Original post: 10/19</td>
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<tr>
<td></td>
<td>(Short Week)</td>
<td>Chapter 1 (14 Ed)</td>
<td></td>
<td>Reply posts: 10/21</td>
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<tr>
<td></td>
<td></td>
<td>Module 2: Balance of Payments</td>
<td>Homework #1 &amp; Quiz #1</td>
<td>10/28</td>
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<td></td>
<td></td>
<td>Chapter 3 (14 Ed)</td>
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<tr>
<td></td>
<td></td>
<td>Module 4: The Foreign Exchange Market</td>
<td>Homework #2 &amp; Quiz #2</td>
<td>Reply posts: 10/28</td>
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<tr>
<td></td>
<td></td>
<td>Chapter 5 (14 Ed)</td>
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<td>10/28</td>
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<tr>
<td>3</td>
<td>Nov 7-13</td>
<td>Module 5: Arbitrage and Purchasing Power Parity Conditions</td>
<td>Homework #3 &amp; Quiz #3</td>
<td>11/4</td>
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<td></td>
<td>Chapter 6 (14 Ed)</td>
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<td>Module 6: Interest Rate Parity Conditions</td>
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<td>Chapter 6 (14 Ed)</td>
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<td>4</td>
<td>Nov 14-20</td>
<td>Module 7: Foreign Currency Derivatives</td>
<td>Homework #4 &amp; Quiz #4</td>
<td>11/10 Saturday</td>
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<td>Chapter 7 (14 Ed)</td>
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<td>Module 8: Interest Rate and Currency Swaps</td>
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<td>Chapter 8 (14 Ed)</td>
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<td>5</td>
<td>Nov 21-27</td>
<td>Module 9: Transaction Exposure</td>
<td>Homework #5 &amp; Quiz #5</td>
<td>11/18</td>
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<td></td>
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<td>Chapter 10 (14 Ed)</td>
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<td>Module 10: Operating Exposure</td>
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<td>Chapter 12 (14 Ed)</td>
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<td>6</td>
<td>Nov 28- Dec 4</td>
<td>Module 11: Translation Exposure</td>
<td>Homework #6</td>
<td>11/25</td>
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<td></td>
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<td>Chapter 11 (14 Ed)</td>
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<td>Module 12: Global Cost and Availability of Capital</td>
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<td>Chapter 13 (14 Ed)</td>
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<tr>
<td>7</td>
<td>Dec 5-11</td>
<td>Module 13: Multinational Capital Budgeting</td>
<td>Homework #7</td>
<td>12/2</td>
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<tr>
<td></td>
<td></td>
<td>Chapter 18 (14 Ed)</td>
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**Web Conferencing Sessions**
- Lead Instructor - Tuesday 10/16, 7:30PM Central
- Lead Instructor - Tuesday 10/23, 7:30PM Central
- Lead Instructor - Tuesday 11/6, 7:30PM Central
- Lead Instructor - Tuesday 11/13, 7:30PM Central
- Lead Instructor - Tuesday 11/20, 7:30PM Central
- Lead Instructor - Tuesday 11/27, 7:30PM Central

**Exam 1**
- Available 11/11 12:00 AM until 11/12 11:59PM Central

**Exam 2**
- Available 12/3 12:00AM until 12/5 11:59PM Central
Instructor Feedback

Lead Instructor

The lead instructor, Dr. Rodrigo Hernandez, will hold WebEx web conferencing sessions each week. Refer to the Course Schedule for the specific dates and time. During this session, he will provide feedback on material covered and assessed in the previous week, and an overview of upcoming material. In addition to this weekly session, the lead instructor will broadcast announcements on the “Announcements from the Lead Instructor” discussion forum, and provide additional insights and clarification on course materials and discussions through participation in section-specific discussions.

Section Instructor (conditional on enrollment)

Day-to-day communication will take place with your Section Instructor, who will answer your questions and provide guidance in completing assignments. Post questions for your section instructor on the “Questions for Instructors” discussion forum. The section instructor will log into the course every weekday, thus response time will reflect this frequency. Note that it is common for several students to ask the same question. In those instances, the instructor may only respond to only one student, operating under the assumption that students are reading all responses in the “Questions for Your Section Instructor” forum.

Your section instructor will also hold a live web conferencing session using the WebEx tool. Please refer to the Course Schedule for the specific day and time information. WebEx is accessible under the Communicate section. Select this link for more information explaining how to get started using WebEx.

Grading Feedback

Instant feedback is provided for homework and quiz assignments. For exams the turn-around time will be around 72 hours.

Live, Synchronous Web Conferencing Sessions

The lead instructor (and your section instructor) will conduct a weekly web conferencing session. Please refer to the Course Schedule for the specific dates and times when each of these webinars will be held. These sessions provide an excellent opportunity for you to ask questions, get more details about specific topics or assignments, as well as give you a chance to interact directly with your instructor and fellow class members. Although attendance is not required, it is strongly recommended that you participate in each webinar. Sessions will be recorded so that you can access them at a later time, if needed.

The web conferencing tool, WebEx, is accessible from the "Course Tools" link. Please refer to these helpful WebEx resources for more information,
The MBA Oath

The MBA Oath was created to make a real impact on the meaning of the MBA degree and on the role people expect business to play in society. While other professions have certain guiding principles/plots that are administered at graduation or after passing certain professional examinations, this does not presently exist for business school students. The students who designed the MBA Oath believe the purpose of the Oath is to set a new standard for how people conduct business in the future.

Please visit the following website to learn more about this initiative from a number of MBA alumni: [http://mbaoath.org/](http://mbaoath.org/)

Course Policies

**Attendance/tardiness**
Because of the short 7-week duration of this course, you are strongly encouraged to arrange your schedule to facilitate timely completion of all assignments. Make-up work will be allowed only for truly exceptional circumstances that must be communicated with the instructor in a timely manner, and will be subject to a 20% penalty.

Though this is an online course, one is expected to attend (log in) at regular intervals to complete assignments and participate in other class activities.

**Extra Credit**
None unless provided.

**Cell Phone/Electronic Device Usage**
Students are NOT allowed to use cell phone and/or any other electronic devices during examination time unless specific permission is granted by the instructor.

**Academic Integrity/Plagiarism.**
University students are expected to conduct themselves in accordance with the highest standards of academic honesty. Academic misconduct for which a student is subject to penalty includes all forms of cheating, such as illicit possession of examinations or examination materials, falsification, forgery, complicity or plagiarism. (Plagiarism is the presentation of the work of another as one’s own work.) In this class, academic misconduct or complicity in an act of academic misconduct on an assignment or test will result in FAILURE and Censure.

**Dropping a Class**
I hope that you never find it necessary to drop this or any other class. However, events can sometimes occur that make dropping a course necessary or wise. Please consult with me before you decide to drop course to be sure it is the best thing to do. Should dropping the course be the best course of action, you must initiate the process to drop the course by contacting the Student Services Center and filling out a course drop form. Just stopping attendance and participation WILL NOT automatically result in your being dropped from the class.
Classroom/professional behavior
Texas A&M University-Corpus Christi, as an academic community, requires that each individual respect the needs of others to study and learn in a peaceful atmosphere. Under Article III of the Student Code of Conduct, classroom behavior that interferes with either (a) the instructor’s ability to conduct the class or (b) the ability of other students to profit from the instructional program may be considered a breach of the peace and is subject to disciplinary sanction outlined in article VII of the Student Code of Conduct. Students engaging in unacceptable behavior may be instructed to leave the classroom. This prohibition applies to all instructional forums, including classrooms, electronic classrooms, labs, discussion groups, field trips, etc.

Statement of Civility
Texas A&M University-Corpus Christi has a diverse student population that represents the population of the state. Our goal is to provide you with a high quality educational experience that is free from repression. You are responsible for following the rules of the University, city, state and federal government. We expect that you will behave in a manner that is dignified, respectful and courteous to all people, regardless of sex, ethnic/racial origin, religious background, sexual orientation or disability. Behaviors that infringe on the rights of another individual will not be tolerated.

Grade Appeals
As stated in University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures, a student who believes that he or she has not been held to appropriate academic standards as outlined in the class syllabus, equitable evaluation procedures, or appropriate grading, may appeal the final grade given in the course. The burden of proof is upon the student to demonstrate the appropriateness of the appeal. A student with a complaint about a grade is encouraged to first discuss the matter with the instructor. For complete details, including the responsibilities of the parties involved in the process and the number of days allowed for completing the steps in the process, see University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures. These documents are accessible at http://www.tamucc.edu/provost/university_rules/index.html. For assistance and/or guidance in the grade appeal process, students may contact the Dean’s office in the college in which the course is taught or the Office of the Provost.

Disabilities Accommodations
The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please call or visit Disability Services at (361) 825-5816 in Corpus Christi Hall 116.
If you are a returning veteran and are experiencing cognitive and/or physical access issues in the classroom or on campus, please contact the Disability Services office for assistance at (361) 825-5816.

Statement of Academic Continuity
In the event of an unforeseen adverse event, such as a major hurricane and classes could not be held on the campus of Texas A&M University–Corpus Christi; this course would continue
through the use of Blackboard and/or email. In addition, the syllabus and class activities may be modified to allow continuation of the course. Ideally, University facilities (i.e., emails, web sites, and Blackboard) will be operational within two days of the closing of the physical campus. However, students need to make certain that the course instructor has a primary and a secondary means of contacting each student.

**Relationship to Other Coursework:**
The application of the knowledge accumulated in FINA 5311 to real world financial problems advance the capabilities of graduates. FINA 5320 integrates mathematical and analytical tools acquired in lower level business courses. Financial analysis and proposed solutions is similar to a typical corporate environment. A written analysis and proposed courses of action improve the written communication skills and a required presentation to the class also improves oral communication skills. The principles of financial management in a corporate environment form a foundation for concepts in related finance courses including risk management, real estate, and financial markets and institutions. Although a corporate environment is emphasized in the course, basic principles are applicable in partnerships, proprietorships, and estate management.

**Academic Honesty:**
University students are expected to conduct themselves in accordance with the highest standards of academic honesty. Academic misconduct for which a student is subject to penalty includes all forms of cheating, such as illicit possession of examinations or examination materials, forgery, or plagiarism (the presentation of the work of another as one’s own work). The University policy of scholastic dishonesty will be strictly followed with no exceptions.

This course, and all other courses offered by the College of Business (COB), requires all of its students to abide by the COB Student Code of Ethics (available online at www.cob.tamucc.edu). Provisions and stipulations in the code are applicable to all students taking College of Business courses regardless of whether or not they are pursuing a degree awarded by the COB.

**Americans with Disabilities Act Compliance**
The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please call or visit Disability Services at (361) 825-5816 in Driftwood 101.

If you are a returning veteran and are experiencing cognitive and/or physical access issues in the classroom or on campus, please contact the Disability Services office for assistance at (361) 825-5816. *Required by SACS or HB2504