CALIFORNIA STATE UNIVERSITY SAN MARCOS
COLLEGE OF BUSINESS ADMINISTRATION

FIN 341 (01)  MULTINATIONAL FINANCIAL MANAGEMENT

TR 10:00am – 11:50 am, MH301

FALL 2017

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Office Hours: by appointment

Course Pre-requisite: Introduction to Corporate Finance (FIN304)
Required Reading: The Wall Street Journal

COURSE OBJECTIVES AND OUTCOMES

Businesses evolve into multinational corporations (MNCs) so that they can capitalize on expanded opportunities due to globalization. MNCs that are most capable of responding to changes in the international financial environment will be highly rewarded. The same applies to students who will become the leaders of MNCs.

FIN341 is to aid in the development of tomorrow’s global business leaders. It will provide a guide to financial management in an increasingly globalized world, and in particular, to the financial management problems that MNCs face. Students will be first introduced to foundation knowledge of international financial management, such as international financial environment, foreign exchange market, exchange rate determinants and currency derivatives. Once the foundation is built, students will be trained on the analyses of foreign exchange exposure, hedge of foreign exchange risk, financing and investing decisions by MNCs.

Upon completing this course, students will develop not only the ability to comprehend global financial markets, but also, more importantly, the skills to lead their organizations through the constantly shifting currents and tides of globalized competition. Students will gain a deep understanding of the challenges and opportunities brought by globalization. Specifically, they will have a solid grasp of the followings:
(1) Foundations of international financial management
   o Discuss the impact of globalization on financial management of corporations

(2) Foreign exchange market
   o Discuss the organization and operation of the spot and forward foreign exchange market
   o Determine the price and payment amount involved in currency trading at the spot and forward market
   o Demonstrate triangular arbitrage process and explain how it ensures currency market equilibrium

(3) Exchange rate determination
   o Exemplify the implication of interest rate parity, purchasing power parity, and international fisher effect for exchange rate
   o Illustrate covered interest arbitrage and discuss its impact on market equilibrium
   o Evaluate the impact of exchange rate change on a country’s competitiveness
   o Forecast foreign exchange rates with parity conditions.

(4) Currency derivatives
   o Summarize and compare the key features of currency futures, currency options, currency swaps
   o Conduct hedging of short-term interest rate risk with Eurodollar futures contract
   o Explain the components of European currency option pricing model
   o Determine the price of plain-vanilla interest rate swap contracts

(5) Management of foreign exchange risk
   o Exemplify and measure a MNC’s transaction exposure and economic exposure
   o Conduct foreign exchange exposure hedging with financial instruments and operational techniques
   o Evaluate the result of different hedging strategies

(6) Capital budgeting and long-term financing by MNCs
   o Discuss the impact of globalized financial markets on the capital structure and cost of capital of a MNC
   o Conduct capital budgeting analysis with the adjusted present value (APV) model
   o Discuss the strategic issues in financing MNCs
   o Illustrate how to restructure debts with the use of swaps

FIN341 is designed for finance students in their senior year.

CLASS PROCEDURE

Class lectures will focus on the key concepts and issues addressed for each topic. Students are responsible for reading the textbook thoroughly for details. Lectures are supplemented with demonstration of problem solving and case discussions.

Students should bring a calculator (financial calculator highly recommended) to each class and participate in working through problem solving. Students are expected and encouraged to provide active and positive contributions to the learning experience of the class.
**Course Materials**

All course materials, including as lecture notes, handouts, assignments, case studies, and etc., will be posted on Cougar Courses. Students are responsible for keeping current with course progress and deadlines.

**Sustained Learning for FIN341**

FIN341 is a quantitative finance course that covers a substantial amount of materials, and is conducted at a demanding pace. FIN341 topics are complicated and detail-oriented. FIN341 terminologies require high level of clarity and accuracy, and thus allow little room for ambiguity.

Binge studying is ineffective for FIN341: not only it does not contribute to academic success in FIN341; it creates unnecessary anxiety and stress that lead to unsatisfactory test score.

Students should adopt a sustained engaged learning approach for FIN341:

(1) Come to each class prepared---students should read lecture notes and the assigned book chapters before class to gain familiarity with the to-be-discussed topic. Such pre-class preparation will greatly contribute to the in-class learning and promote better grasp of knowledge, concepts, theories, and analytical tools introduced in class.

(2) Stay engaged in class----students should print out lecture notes and bring to class for serious note taking.

(3) Review after each class----students should refer to student learning outcomes (SLOs) to review both lecture notes and personal class notes to gauge their level of understanding.

(4) Seek help from course instructor in a timely manner--- since FIN341 topics develop in depth over time, early learning difficulty, if not addressed on time, will compound and create learning problems too big and too late to solve.

To conclude, students should conduct a continuous review of course materials to retain knowledge and develop problem-solving skills. As course instructor, I highly encourage students to meet me on regular basis to discuss their academic progress.

**Grading**

FIN341 final course grade is jointly and solely determined by a student's academic performance in the areas listed in the following table:

<table>
<thead>
<tr>
<th>Area</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Writing</td>
<td>10 pts</td>
</tr>
<tr>
<td>Active Learning Practice</td>
<td>20 pts</td>
</tr>
<tr>
<td>Mini Quizzes</td>
<td>15 pts</td>
</tr>
<tr>
<td>Exam1: Foundation Knowledge</td>
<td>18 pts</td>
</tr>
<tr>
<td>Exam2: Application: MNC’s Risk Management</td>
<td>22 pts</td>
</tr>
<tr>
<td>Exam3: Application: MNCs’ Capital Budgeting &amp; Financing</td>
<td>25 pts</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>110 pts</strong></td>
</tr>
</tbody>
</table>
FIN341 is not graded on the bell curve. As a general guideline for the assignment of final course grade:

<table>
<thead>
<tr>
<th>Total Points</th>
<th>Grade Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;=93</td>
<td>A</td>
</tr>
<tr>
<td>90-92</td>
<td>A</td>
</tr>
<tr>
<td>87.89</td>
<td>B+</td>
</tr>
<tr>
<td>83-86</td>
<td>B</td>
</tr>
<tr>
<td>80-82</td>
<td>B-</td>
</tr>
<tr>
<td>75~79</td>
<td>C+</td>
</tr>
<tr>
<td>70~74</td>
<td>C</td>
</tr>
<tr>
<td>60-69</td>
<td>D</td>
</tr>
<tr>
<td>&lt;60</td>
<td>F</td>
</tr>
</tbody>
</table>

**To pass FIN341, a student must accumulate at least 70 points by the end of the semester.**

Course instructor does not give or negotiate grades. Instead, FIN341 grade is assigned solely on the basis of the evidence presented in a student’s original work submitted before deadline.

Late or make-up submission will not be accepted.

(1) Writing

It is university policy that each course has a writing requirement with a minimum of 2,500 words. In this course, students fulfill university’s writing requirement through the completion of multiple writing activities.

The writing will be graded on the basis of on-time completion, quality (demonstrated by extensive and in-depth relevant discussion of the assigned topics), and professionalism (evidenced by appropriate format and free of spelling or grammar errors). Students may choose any format style, as long as the principles of the chosen style are followed.

(2) Active Learning Practice

To help students develop their ability of independently identifying and solving problems, there are a few active learning practice in the form of problem solving.

Active learning practice serves several purposes: (1) encourages students to reflect on the link between course materials and student learning outcomes (SLOs); (2) highlights the key finance knowledge and problem solving skills students need to review and retain to pass the class; (3) provides students opportunities to peer knowledge sharing and coaching; (4) offers immediate feedbacks on students’ problem solving skills and knowledge level.

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1 “Total Points” refers to the nearest integer before rounding up.
Students should use active learning practice as the chance to comprehensively review course materials, and to adjust their study strategies and time commitment.

Students are expected to do the followings during their active learning practice: identify the link between the assigned practice and topic SLOs; review course materials and book chapters related to the identified SLOs; solve assigned problems with reference to class and lecture note examples; document their problem solving process and make a list of questions; get immediate feedbacks from course instructor and peer coaching in class.

Students will receive full credits if all the following requirements are met: (1) complete the entire task; (2) provide detailed working that demonstrates problem solving process; (3) submit original work by deadline; (4) provide correct answers.

Proliferation of solutions to problems solving exercises is a growing problem in college courses. In no circumstances under which students are permitted to use a resource intended for the instructor or made available by another instructor or found on the Internet. To avoid contributing to this problem, course instructor will not post the complete solutions to the problems used for active learning. Instead, students will receive immediate feedbacks on their problem solving in class as part of the active learning process.

The originality of student work will be checked by Turnitin. Since Turnitin only accepts and checks work typed in EXCEL or WORD, all submissions must be typed and handwritten work will not be accepted or graded.

Please notice that instructor only grades original work---submissions with individual match percentage of $\geq 15\%$, or a total match percentage of $\geq 30\%$ will not be graded. In addition, such submission will be investigated for the violation of academic honesty policy. Once identified, such violation will be reported to the Dean of Students.

(3) Mini Quizzes

Students are expected to conduct both pre-class reading and after-class review of assigned course materials. Mini quizzes assess whether students have completed both. Mini quizzes will not be announced ahead of time and will be held in class.

(4) Exams

Exams evaluate a student’s comprehensive understanding of course materials. Students are expected to independently identify and solve problems within the given timeframe.

Exam questions are in the format of problem solving and short essay questions. The scope and depth of exam questions are based on the student learning outcomes provided for each topic.

Students are allowed to bring in a one page single-sided note. It should not contain any numerical example or reprint of lecture notes. A $50\%$ grade penalty will be applied upon rule violation.

There are three close-book class exams to be held on the following dates: Oct 5, Nov 7, and Dec 12.
Students should have a valid excuse to miss any class exam. Make-up exam will be granted only if a student is unable to take the exam as scheduled due to serious illness or injury, a significant personal or professional commitment.

To request a make-up exam, students should notify course instructor of the absence before the scheduled class exam and provide documentations to justify such absence. A doctor office note indicating that a student was seen at the health center the day of the exam does not in and of itself provide sufficient justification.

Make-up exam is normally scheduled before or within 2 days after the class exam date.

Students are responsible for honest completion of their work including examinations. There will be no tolerance for infractions. If you believe there has been an infraction by someone in the class, please immediately bring it to the instructor’s attention.

(4) Final Course Grade

According to departmental grading guidelines, the final grade of this course would average 2.5 with a permissible margin of +/- 0.3 pt. To pass FIN341, a student must accumulate at least 70 points by the end of the semester.

INCREASE THE LIKELIHOOD OF PASSING FIN341

Some facts about FIN341, which could be the most difficult course you take in college:

(1) FIN341 covers a substantial amount of materials and will be conducted at a demanding pace.
(2) FIN341 deals with numbers, a lot of numbers.
(3) FIN341 terminologies do not leave room for change or ambiguity.
(4) Most FIN341 topics are abstract.
(5) All FIN341 topics are complicated and detail-oriented.
(6) FIN341 students are expected to conduct comprehensive and rigorous quantitative analysis under time pressure.
(7) “Finance is not a field where you give 50% and get away with it. You need to give 100%.”----Serious time commitment is necessary. It is suggested 3 to 4 hours outside classroom for each hour spent in class. That is an average of 12 to 16 hours per week, excluding class time.

Prepared, engaged, and sustained learning will increase your chance of passing FIN341:

(1) Attending class is must for gaining a thorough and deep understanding of course materials.
   • The chance of pass is minimal if you miss 20% of class lectures or more.
   • You do not want to miss any homework review session.
(2) Get prepared ahead of class:
   • Print out and read lecture notes
   • Read assigned book chapters
(3) Stay engaged in class:
   • Take serious personal class notes
   • Ask questions
   • Participate in-class discussions and problem solving (bring in your calculator all the time)
(4) Review and retain after class:
• Review class materials and personal notes after each class.
• Identify knowledge and skill gap based on the student learning outcomes provided for each topic
• Seek help in a timely manner

(5) Binge studying does more harm than good! Study continuously instead.

Committing enough time is necessary for FIN341 success. However, it does not guarantee a student with 90 hours spent on study receives better course grade than a peer with 60 hours spent. It is important that you study effectively rather than around-the-clock. Take every opportunity to reflect on the outcome of your invested time, and revise your study strategy accordingly.

Forming a study group with fellow students who are committed and disciplined is helpful. Peer coaching is a sign of a student’s mastery of knowledge and skills. However, for the best result from group study, there must be fair share of intellectual contribution from each individual. Since students are expected to conduct independent problem solving in exams, a student who is a passive listener in the study group may not get the same grade as the student who is an active leader of the study group.

Last but not least, do not hesitate to approach course instructor for help.

CLASS POLICIES

(1) Course instructor reserves the right to modify course syllabus as the semester proceeds. Changes will be announced in class and on Cougar Courses. It is students’ responsibility to be aware of any announced changes, regardless of whether you attended or missed classes.

(2) Class policy, especially the minimum requirement for passing the class, will be strictly enforced.

(3) Students should honestly and independently complete their work as guided by the university’s Academic Honesty Policy (See Academic Honesty Policy section for details). There will be no tolerance to academic dishonesty and plagiarism. If you believe there has been an infraction by someone in the class, please bring it to the instructor’s attention.

(4) College is a professional setting and your e-mails are formal communications with other professionals. Always use your CSUSM e-mail account when e-mailing me. Messages sent from private accounts will not be opened or read. Each message should have an informative subject (e.g. question about class topic), a proper greeting, and a salutation that includes your name and my class you are attending (e.g. Your Name, FIN341). I will try to respond in 24-48 hours on weekdays. If you have not heard from me by that time, resend your message.

(5) Submit all work to Cougar Courses. Late, E-mail, handwritten, or hard copy submission will not be accepted.

(6) Grading will not be discussed over the phone or via E-mail. Students should attend class review sessions or meet with course instructor for that matter.

(7) Grade is assigned on the basis of the evidence provided by a student’s work. Course instructor does not give out free credit or negotiate grades. Students are assumed to agree with the grade assigned to their work, unless they notify course instructor in writing within 3 working days of receiving such grade.
(8) Final course grade is solely determined by a student’s academic performance in the listed FIN341 grading areas. Special consideration concerning a student’s general academic status cannot be granted.

(9) No bonus assignment is offered to individual student for the purpose of improving final course grade.

(10) Students who disagree with the assigned final course grade should submit a written grade appeal with supporting documentations in accordance with university grade appeal policy and process. Course instructor only responds to written grade appeal.

**COURSE SCHEDULE (TENTATIVE)**

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Chapters</th>
</tr>
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<tbody>
<tr>
<td>Aug 29</td>
<td>Course Introduction</td>
<td>Ch1</td>
</tr>
<tr>
<td>Aug 29-Sept 12</td>
<td>Foreign Exchange Market</td>
<td>Ch5</td>
</tr>
<tr>
<td>Sept 14-28</td>
<td>International Parity Conditions</td>
<td>Ch6</td>
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<tr>
<td><strong>Oct 5</strong></td>
<td><strong>Exam 1 (Ch5 &amp;6)</strong></td>
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<tr>
<td>Oct 10-17</td>
<td>Foreign Currency Derivatives</td>
<td>Ch7</td>
</tr>
<tr>
<td>Oct 19, 24</td>
<td>Management of Transaction Exposure</td>
<td>Ch8</td>
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<tr>
<td>Oct 26-Nov 2</td>
<td>Management of Economic Exposure</td>
<td>Ch9</td>
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<tr>
<td><strong>Nov 7</strong></td>
<td><strong>Exam 2 (Ch7, 8 &amp;9)</strong></td>
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<tr>
<td>Nov 9, 14</td>
<td>International Financing, Interest Rate &amp; Currency Swaps</td>
<td>Ch14</td>
</tr>
<tr>
<td>Nov 16-Dec 7</td>
<td>Cost of Capital and International Capital Budgeting</td>
<td>Ch17&amp;18</td>
</tr>
<tr>
<td><strong>Dec 12</strong></td>
<td><strong>Exam 3 (Ch14, 17, 18)</strong></td>
<td>11:30am-1:30pm</td>
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</tbody>
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**ACADEMIC HONESTY POLICY**

“Students will be expected to adhere to standards of academic honesty and integrity, as outlined in the Student Academic Honesty Policy. **All written work and oral presentation assignments must be original work. All ideas/material that are borrowed from other sources must have appropriate references to the original sources. Any quoted material should give credit to the source and be punctuated with quotation marks.**

**Students are responsible for honest completion of their work including examinations. There will be no tolerance for infractions.** If you believe there has been an infraction by someone in the class, please bring it to the instructor’s attention. The instructor reserves the right to discipline any student for academic dishonesty, in accordance with the general rules and regulations of the university. Disciplinary
action may include the lowering of grades and/or the assignment of a failing grade for an exam, assignment, or the class as a whole.”

Incidents of Academic Dishonesty will be reported to the Dean of Students. Sanctions at the University level may include suspension or expulsion from the University.

ADA POLICY

“Students with disabilities who require reasonable accommodations must be approved for services by providing appropriate and recent documentation to the Office of Disability Support Services (DSS). This office is located in Craven Hall 5205, and can be contacted by phone at (760) 750-4905, or TTY (760) 750-4909. Students authorized by DSS to receive reasonable accommodations should meet with me during my office hours in order to ensure confidentiality.”

COURSE GRADE APPEAL POLICY

If a student disagrees with the assigned final course grade, a written grade appeal should be submitted with supporting documentations. Please follow university’s grade appeal policy and process as follows: http://www.csusm.edu/policies/active/documents/student_grade_appeals.html