



UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN

College of Business  
DEPARTMENT OF FINANCE

**FINANCE 451 – INTERNATIONAL FINANCIAL MARKETS**  
**SYLLABUS – SPRING 2012**

**Instructor:** Professor Dirk Hackbarth  
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Office hours: By appointment

**Teaching Assistant:** Taehyun Kim  
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(Please contact the TA with regards to grading questions)

**Lectures:** Section C: Tuesday and Thursday 02:00 pm to 03:20 pm, 2057 BIF  
Section E: Tuesday and Thursday 03:30 pm to 04:50 pm, 2057 BIF  
(You are required to attend your scheduled section)

**Course Description:** The course's goal is to give students the tools needed to apply finance principles to international business decisions. Broadly speaking, we will explore the main features of the international financial markets and examine various aspects of multinational corporate financial management. The list of issues we will cover may include, for example, exchange rate risk management, country risk assessment, cross-border investment analysis, international taxation, mergers and acquisitions, corporate laws and governance around the world, and competitive strategy in a global marketplace. You should work hard in this course. A lot of time commitment is a necessary (but not sufficient) condition for a final passing grade.

**Required Textbook:** The required textbook used in the course is *Multinational Finance* (Fourth Edition) by Kirt Butler. It is a *required* text because our lectures can cover only a subset of chapters and topics that it contains. The textbook will complement and extend your learning and serve as an excellent reference. While there may be a few topics that are not covered in the textbook, there are topics we will not cover in class or cover with a slightly different emphasis. I think it is nevertheless the single most useful textbook as well as a valuable source for additional in-depth reading on the material that is relevant for international financial markets. Finally, a limited amount of materials might be from the business and financial press.

**Grading:** Your final grade will be based on a set of points accumulated throughout the semester. Points will first be given on a (*raw*) 0–100 scale, and, in a second step, these points will be scaled (i.e. *curved up* or *down* given the average points on the assignment) into a letter grade scale (i.e. A, A<sup>-</sup>, B<sup>+</sup>, B, B<sup>-</sup>, etc.) according to *relative* performance with the average grade being about B. That is, your final grade is based on three activities according to the following weights for each activity:

1.	First exam	30%
2.	Group project	30%
3.	Second exam	40%

All exam grades are strictly *non-negotiable*. Grade appeals for each of the assignments must be submitted within *one week* after the grade was released.

**Exams:** There are in total two exams. Exams are not optional; that is, students are required to take all exams at the specified times. The first exam is a more thorough examination on the materials covered up until mid-semester. It will be administered during class time and will account for 30% of your final grade. This exam will have two parts. In the first part, mostly multiple-choice questions will be asked (some of these questions may resemble those of the practice exams). The second part will feature a set of longer questions (here, I'll try to gauge the depth of your knowledge about more substantive issues in the course and/or more complex problems). The second exam will be administered during class time on the last day of classes. It also consists of a combination of multiple choice questions and more complex problems. This exam assumes that the student has knowledge about all course materials, but will likely focus more on the second half of the course. It will account for 40% of your final grade.

Both exams are closed-book and closed-notes. For the quantitative multiple choice questions, you won't get any credit by guessing the correct answer (i.e. the supporting calculations need to be present). For most questions, to get full credit you have to show your reasoning and/or work on the exam booklet.

The exam times are also *non-negotiable*. If you have a conflict, you must inform me by the end of the second week of the course. Hence I encourage you to check your schedules early. If you ask me to re-grade a question, I will do so. In the interest of fairness, however, I will re-evaluate the entire exam (not just the question you've selected) to ensure that the overall grade accurately reflects your performance. Re-grading requests must be submitted within one week of the grade assignment. Barring major events (like earthquakes!), there are no make-up exams. Should you have a valid reason for not taking the exam on the scheduled day, I may write a new exam for you, or re-assign the points from the missed exam to the next exam. Valid reasons typically

involve a student's illness or a death in the immediate family. (Job interviews and trips are not valid reasons for missing a University exam — sorry!) Documentation supporting the reason for missing the exam must be provided. Without any evidence, you get no credit for a missed exam.

**Group Project:** Groups ranging from 1 to 4 students (depending on class size) are required to turn in a professionally-prepared report towards the end of the semester. Groups are also required to give a 10 to 20 minutes presentation (depending on class size) of the assigned project. This will account for 30% of your final grade. The project consists of a detailed study of the economic/political/legal/financial environment of a cross-border deal or current/recent events with economic/political/legal/financial implications in a country of your choosing. The idea is to simulate the role of an advisory service to a multinational corporation considering the possibility of investing in that country, which requires careful evaluation of a particular deal or event. Students are required to provide the names of the people in their groups as well as the country, deal/event they want to study by the 8th week of the semester. The grade of this project will be assigned equally to all group members. The only exception to the same-grade rule in this assignment applies to cases where a group member is referred to me by all other group members as unwilling to work, disruptive, or uncooperative. That student will get a lower grade. The guidelines about the final project will be available in the course's website. You should consider that document as part of the syllabus. Review it before deciding to take this course. Note: Group presentation dates will be randomly assigned on the spot, and class attendance is absolutely required for all presentation dates.

**Holidays:** If you won't be able to attend an exam because of a religious holiday, please let me know during the first two weeks of the semester.

**Attendance and Participation:** You are encouraged to attend classes if you can and, in particular, to actively participate in class if you have questions. This should enhance your learning experience. However, participation does *not* affect your grade and hence it may not be necessary to attend all lectures.

**Class Communication:** If you have questions or need individual assistance, you can contact me and make an appointment to see me at a mutually convenient time at my office. In addition, I will occasionally post answers to *Frequently Asked Questions (FAQs)* to the course home page. Although e-mail is a convenient way for you to reach me (and I always try to respond reasonably quickly), the best and most reliable way to interact with me is during or before/after class.

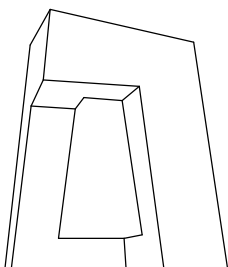
**Special Needs:** Any student with special needs should bring this to my attention as soon as possible, but not later than the second week of classes.

**Final Grade Review/Grievance:** I teach a large number of students. Hence it is possible but rare that mistakes occur when computing your final grade. If after you receive your final grade you believe an error occurred, you can ask for a review of your grade. However, I hereby request that we abide by the following guidelines in a grade review/grievance case. First, notice that given the text in prior items in this syllabus, we are unable to discuss the grades of earlier assignments; any questions about those assignments should have been resolved within one week after their grades were given to you during the semester. Second, if we have a meeting for a final grade review/grievance, it will have to be productive. Hence, we will have to focus only on either of the following: a) the second exam, or b) the computation of the final grade. I reserve the right to have someone else present at any such meetings (typically the grader or the Department's secretary). Finally, I expect that any request for a grade change will be made before I dispose of the course materials (exams, assignments, etc.), which according to University rules can happen as early as six weeks after the semester is over.

**Academic Integrity:** Strict adherence to the highest standards of academic honesty is essential for a productive and trusting learning environment. Violations undermine the value of *your* degree. I expect that you will explicitly inform me (via proper references, etc.) of any ideas, calculations, etc. which appear in your work but which have been produced by someone else. I expect that you will work with others only when stated in this syllabus. Any violations of academic honesty will be dealt with severely under University of Illinois' regulations. Plagiarism, cheating, or any other form of academic dishonesty will result in a final grade of "F." You are responsible for knowing, understanding, and abiding by the "Code of Policies and Regulations Applying to All Students" available at [http://www.uiuc.edu/admin\\_manual/code/](http://www.uiuc.edu/admin_manual/code/). Any violation of academic integrity as described in § I-402 of the student code will be pursued according to the University's procedures.

**Important Dates:** The following is a list of important dates for this course during the semester.

MIL Sessions:	January 31 and February 16 (BIF 1029C)
First Exam:	March 8 (Administered during class time)
Spring Break:	March 20 and March 22 (No classes)
Presentations:	April 17 to April 26 (Depends on class size)
Second Exam:	May 1 (Administered during class time)



# Multinational Finance

Kirt Butler, 4e (2008)

John Wiley & Sons Inc.

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