INTERNATIONAL FINANCIAL MANAGEMENT in Fall 2020 (BA5035)

Course Code	BA5035	**Professor(s)**	James Ward
Prerequisites	None	**Office Number**	G-30A4
Class Schedule	F: 12:40-14:15 in G-002 T: 10:50-12:25 in G-002	**Office Hours**	Mondays 9h00am – 12h00 & by appointment
Credits	4	**Email**	jward@aup.edu
Semester	Fall 2020	**Office Tel. Ext.**	803

Course Description

COURSE DESCRIPTION: The course will focus on the international and multinational aspects of Corporate Finance decision-making in the context of global financial markets and capital formation. A tentative list of topics is below. “Corporation” in this context includes non-governmental and charitable organizations (which also are corporations).

“The increasing openness and interdependence between countries” could be a simple definition of “globalization.” This process has many causes and implications (cultural, technological, political, environmental, etc.), but widely accepted is Finance is the dimension which it is most advanced. The course focuses on understanding the theory of international finance and on its real world applications from a business view. Understanding the foreign exchange markets and world capital markets (banking, debt, equity) is necessary to carry out a sound and effective management of the firm from a financial point of view. And since multinational corporations face opportunities but also risks, financial management involves the design of appropriate strategies to hedge the company from actual and potential risks through the use of the different types of financial assets (such as derivatives) available for this purpose.

Course Learning Outcomes

At the end of the semester, students are expected to be: familiar with the financial environment within which multinational corporations (MNCs) operate.
able to analyze the viability of international corporate projects.
able to make international financing decisions.
knowledgeable about the trade-offs involved when maximizing the MNC’s value or meeting mission goals.
able to effectively communicate results of financial analysis.

General Education

Course Outline

OUTLINE:

Theme 1	***International Financial Environment:*** 'Globalization', goals of International Financial Mana
Theme 2	***Balance of Payments:*** concepts and principles of balance of payments and its various com Current Account Deficit and Surplus and Capital Account Convertibility.
Theme 3	***Foreign Exchange Market:*** origin of the concept of foreign exchange, the difference betwe rates. Foreign exchange transactions and the derivatives instruments traded in foreign exch as forwards, futures, swaps, and options.
Theme 4	***Currency Derivatives:*** forward markets and the different concepts, currency futures marke options markets and functions.
Theme 5	***Exchange Rate Determination:*** Exchange rate movements, factors that influence exchang in cross exchange rates, concepts of international arbitrage, interest rate parity, and purcha and the International Fisher effect.
Theme 6	***International Financial Markets:*** basic concepts of the international money market. Interna markets (loans in various forms) from the creditors/investors.
Theme 7	***Foreign Trade Finance:*** concept of foreign trade finance. concepts of financing exports an and documentary collections, factoring, forfeiting and countertrade
Theme 8	***Nature and Measurement of Foreign Exchange Exposure:*** nature and measurement of f exposure. Types of exposures and the various types of translation methods.
Theme 9	***Management of Foreign Exchange Exposure:*** concept of exposure forward and foreign e various tools and techniques of foreign risk management and the risk management product
Theme 10	***International Capital Structure:*** international capital structure, cost of capital, the capital s cost of capital in segmented versus integrated markets.
Theme 11	***International Capital Budgeting:*** Introduction of international capital budgeting, adjusted p capital budgeting from parent firm's perspective and expecting the future expected exchang
Theme 12	***Country Risk Analysis:*** country risk factors, assessment of risk factors. Techniques throu risks can be assessed as well as measured.
Theme 13	***International Taxation:*** international tax system, principles of taxation, double taxation, tax transfer pricing. International tax management strategy and Indian tax environment.
Theme 14	***Foreign Direct Investment, International Portfolio and Cross- Border Acquisitions:*** flo of Foreign Direct Investment. ADR and GDR, concept of portfolio, cases on cross border ac

Relevant websites:

www.imf.org International Monetary Fund

www.worldbank.org	World Bank
www.bis.org	Bank of International Settlements
www.oecd.org	Organization for Economic Co-operation and Development
www.ecb.int	European Central Bank
www.federalreserve.gov	U.S. Federal Reserve System
www.fese.be	Federation of European Securities Exchanges

IBA5035 – Multinational Business Finance: My commitment to you.

1. I will come to class prepared to make the best possible use of your time.
2. I will post all my lecture materials on Blackboard so you will have access to them.
3. I will post the answers to all textbook exercises/problems from the instructor's manual, so you can check your homework and any other problems you try to do.
4. I will treat all students fairly.
5. I will not try to "trick you" on exams, but will test you on the material that I have taught.
6. I will respond to your emails as quickly as possible.
7. I will find time to meet with you within, at most, two working days of your request for an appointment.
8. I will do my very best to help you learn what's most important for you as a business student.
9. I will respect every student.

Student should committee to this to get the most out of this course and the subject matter:

1. I understand that I must fully understand the material from each class in order to understand the material for the next class.
2. I understand that being able to follow along in class does NOT indicate that I understand the material, and that I must do ALL the homework (at LEAST once) in order to understand the material.
3. I understand that this is **NOT** a course where I can catch up right before an exam.No matter how hard I try, I will certainly fail the exam if I haven't been keeping up.
4. I understand that every week I will have a "quiz and/or homework" grade.Either a quiz will be given at the beginning of the class or I will be asked to turn in a homework problem.
5. If your absence is expected, you will notify me.
6. After an exam, I will not ask for any special consideration, because I will do all that I

should do every week.

7. Missing a class does not give me any excuses to not be prepared for the subsequent class.I will find out what was missed in class as well as the homework assignments on Blackboard.
8. I understand that to pass a four credit course I will need to spend 4-8 hours OUTSIDE of class every week reading the textbook, reviewing the slides, redoing the class problems and doing the homework.

Professor Biography: James Noel Ward began his academic career as a Financial Aid Officer at Boston University while earning a Bachelor of Arts in Philosophy and Religion (1985). He attended lectures at the Universities of Munich and Tubingen on a fellowship before returning to B.U. for one year, after which he was a commercial fisherman in Sitka, Alaska. He served as a Youth Minister at Christ Church, Greenwich, Connecticut, (1987-88), while attending Berkeley Divinity School, New Haven, before testing a vocation as a Benedictine monk. Upon leaving religious life without profession he worked as an analyst and futures trader at the Chicago Board of Trade, before devoting himself to applied economic and statistical research and consulting in Washington, D.C. From 1999 to 2003 he was a partner at Alternative and Derivative Investments, then France’s largest hedge fund, and was Head of High Yield Investments for AXA Investment Management until 2009, when he joined AUP full time after teaching Computational Finance at AUP since 2001. He earned a Master of Science in Finance from The George Washington University (2000) and is

completing a Ph.D. in Mathematics applied to Finance at Sorbonne.

Professor Ward’s research interests are in sub-optimal price formation in markets under differing efficiency regimes, corporate capital structure, price psychology, and asset pricing under asymmetric information. He teaches Corporate Finance, Investment Analysis, and Computational Finance and has taught Financial Accounting, Operations Management, Business Information Systems for Competitive Advantage, Statistics, and Entrepreneurship. Professor Ward is married to Mrs. James Noel Ward (Chantana), an AUP alumna (MSF ’07).

Textbooks

This course doesn't have any textbook.

Attendance Policy

ATTENDANCE: You are in graduate school, and graduate school is expensive. I am a very knowledgeable world famous expert on this subject. This is your chance to learn some of what I know.

AUP ATTENDANCE POLICY:

Students studying at The American University of Paris are expected to attend ALL scheduled classes.

A maximum of four (4) *excused* absences per semester may be requested for all 4-credit courses. Two (
per semester per 1or 2-credit course may be requested.

The French Department has its own attendance policy. Students are responsible for compliance.

Attendance at all exams is mandatory.

Student Affairs will *recommend* that a professor excuse an absence for the following reason only:

Involuntary absences due to illness or personal emergencies, upon presentation of documentary proof of

Religious and National Holidays:

Due to the large number of nationalities and faiths represented at the University, religious and national h
those on the academic schedule) will not be excused by Student Affairs.

Academic Affairs will excuse an absence for students' participation in study trips related to their courses.

Lateness to course meetings:

If a student arrives at course meetings more than 10 minutes late without documentation for one of the a
be considered an *unexcused* absence.

All documentation must be submitted to the Office of Student Affairs within ONE WEEK following the firs

IN ALL CASES OF MISSED COURSE MEETINGS, THE RESPONSIBILITY FOR COMMUNICATION W
PROFESSOR AND FOR ARRANGING TO MAKE UP MISSED WORK RESTS SOLELY WITH THE STU

Whether an absence (excused or unexcused) is accepted or not is ALWAYS up to the discretion of the p
department. Unexcused absences can result in a low or failing participation grade. In the case of exces
unexcused absences, it is up to the professor or the department to decide if the student will receive an "F
instructor may recommend the withdrawal of a student whose absences from any course, ***excused or n***

impossible to continue in the course at a satisfactory level. The professor may consult with Student Affai
information.

 Students must be mindful of this policy when making their travel arrangements, and **especially during t
Exam Periods**.

Covid-19 temporary amendments: Students studying at The American University of Paris are STILL EXP
ALL scheduled classes. Due to the Covid-19 pandemic, students will have the option of attending classe
special circumstances apply. For example when students are placed under quarantine by the French aut
doctor, or when students present symptoms of Covid-19 and are directed, by their doctor or the AUP Hea
home. It is still the student's responsibility to be aware of any specific attendance policy that their profess
the course syllabus. In particular, Students attending remotely from distant Time Zones should check wit
the specific attendance policy for remote learners.

Electronic files

- E-documents should also include student's name and ID number (top of first page) a
  page numbers, font size 12, saved as Word document, and e-mailed to me on or be
  deadline.
- File name should start with student's last name, first name, course number, and typ
  assignment. Any file with wrong file name and format will be automatically rejected a
  graded. For example, John SMITH's final paper will be named as:

Smith-John-BA4010-FinalAssignement

Communication: We use Blackboard and Teams for this course. Students are responsible for checking the Blackboard website and their AUP email for updates. I have all sorts of stuff on Blackboard and will be putting up more.

***Content Modification:** In the Anglo-American academic tradition a professor has full control of the content and organization of a course, materials, classroom, and grading practices and may modify it at any time based on assessment and progress of the students. It is more likely I will have to do that than not.

Grading Policy

ASSESSMENT: Two TESTS (10% each) and Final (30%)**,** 50% Homework and Projects/Case Studies. A reminder, in graduate school to make adequate academic progress a “B-“ or better is required to remain in good academic standing.

Submitting assignments to me late is rude. If you need to do so, please negotiate an alternate due date with me *before* the deadline passes.

NOTE: Regular homework assignments (solutions provided) will be graded with: check, check minus or check plus. LETTER GRADED exercises, including case studies will be average to comprise the H.W. grade. Non-letter graded assignments will aid in cases of borderline grades.

Other