**BUSFIN 4252 – International Finance**  
Spring 2016, Term 1  
Fisher College of Business  
The Ohio State University  

### Class Time and Location

Monday, Wednesday, and Friday.

- **LEC 4047:** 11:30am-12:25pm in Schoenbaum Hall 300
- **LEC 4504:** 3:00pm-3:55pm in Schoenbaum Hall 320
- **LEC 4505:** 12:40pm-1:35pm in Schoenbaum Hall 200

### Professor

Steffen Hitzemann  
*Office:* 854 Fisher Hall  
*E-mail:* hitzemann.6@osu.edu  
*Office Hours:* Tuesday and Thursday from 3:00pm to 4:30pm and by appointment

### Outline

This course provides students with a framework for making corporate financial decisions in an international context. The course will discuss a spectrum of topics in the area of international financial management. Examples include: how to measure currency exposure; how to structure financial and operational hedges for currency risk; how to structure a global financing program; how to raise capital in international equity and bond markets; how to structure capital budgeting analyses for foreign direct investment; how to incorporate strategic aspects in the globalization process; and how to value target firms for cross border acquisitions. The course discussions primarily focus on solving problems facing a corporate financial manager dealing with today’s global environment. However, we also consider the challenges facing a portfolio manager or an investor allocating a global portfolio.

### Target Audience

The course is targeted primarily to upper-class undergraduates in the finance specialization within the Bachelor of Business Administration degree. This course may also be helpful for others in the College of Business not specializing in finance.

It is assumed that students are familiar with basic finance knowledge (e.g., discounted cash flows, net present value, and risk-return relationship) and basics of statistics (e.g., mean, variance, correlations, random variables, and regression analysis). Students should also be comfortable with Excel.
Requirements

The prerequisites for this course are BUSFIN 4212, BUSFIN 4222, BUSFIN 4260, BUSFIN 4230, BUSFIN 4201, BUSFIN 4250, and BUSMHR 2291. The course is not open to students with credit for BUSFIN 725. Anybody wishing to sit in on the class needs the instructor’s permission.

Pedagogy

This course uses a combination of assignments, classroom lectures, discussions, and exams to convey the material. Each student is expected to contribute regularly to classroom discussion. There will be a final exam during exam week.

Course Evaluation

The final course grade will be allocated according to the following formula:

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<tbody>
<tr>
<td>Individual Class Particip</td>
<td>10%</td>
</tr>
<tr>
<td>Problem Sets</td>
<td>20%</td>
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<tr>
<td>Case Write-up</td>
<td>20%</td>
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<tr>
<td>Final Exam</td>
<td>50%</td>
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A substantial portion of your grade (10%) will be based on class participation. Class participation will mainly be graded based on your general participation in class in the form of questions and comments. Each student will be given ample opportunity to contribute to the classroom discussion.

For the problem sets and the case write-up, students are strongly encouraged to form teams of up to 4 to work on the assignment. Each team should only turn in one copy of the assignment. The teams can vary between assignments.

All assignments must be submitted on time except in extraordinary circumstances. All late submissions are at the full discretion of the instructor and may be subject to a penalty. Any assignment that receives a lower grade than the student’s performance on the final exam will be replaced with the score from the final exam.

The final exam will be held at the university-scheduled exam time. It will be closed book and closed notes. You will be allowed to use a non-programmable calculator (not a computer, smart phone, etc.).

Course Material

Other Policies

Accommodation
Students who request help will be given reasonable accommodation through the advice and assistance of the University Office of Disability Services (292-3307, http://www.ods.ohio-state.edu/).

Academic Misconduct
All students are expected to abide by the Fisher College of Business Honor Code. Students are also expected to abide by the principles and standards set forth in The Ohio State University code of student conduct (http://studentaffairs.osu.edu/csc/).

Appeals
Grading errors should be corrected. Appeals must be in writing, within 1 week after the graded work is returned. The appeal should include a description of the question(s) that need to be reexamined as well as an explanation of why the original grade was incorrect. In general, the entire document will be checked for grading errors, and correcting these could either raise or lower the overall score.

Attendance
Absence from the final exam will not be excused, except for the most serious circumstances. Such circumstances must be validated in writing by an appropriately accredited professional (e.g., medical doctor).

Class absence does not need to be excused, but participation is a portion of your grade. Please try to be in class at every opportunity.

Seating Arrangement
To help me keep track of class participation each day and to make it easier for you to interact with each other during discussions, I ask that you sit in the same seat each day and bring your name card.

Expectations
The University and College expectation is that students spend two hours outside of class for every hour spent in class. Since this course meets 3 hours per week, you should expect to spend 6 hours per week outside of class on course-related work.
Tentative Course Outline

**Week 1: Introduction to International Finance and the Euro Crisis**
- Globalization and the Multinational Firm (Eun & Resnick chapter 1)
- International Monetary System (E&R chapter 2)
- Balance of Payments (E&R chapter 3)
- The Euro Crisis

**Week 2&3: Foreign Exchange**
- The Market for Foreign Exchange (E&R chapter 5)
- Parity Conditions (E&R chapter 6)
- Futures and Options on Foreign Exchange (E&R chapter 7)

**Week 4&5: Foreign Exchange Exposure Management**
- Transaction Exposure (E&R chapter 8)
- Economic Exposure (E&R chapter 9)
- *Homework 1 due*

**Week 6: World Financial Markets and Institutions**
- International Bond Markets (E&R chapter 12)
- International Equity Markets (E&R chapter 13)
- Interest Rate and Currency Swaps (E&R chapter 14)
- *Case write-up due*

**Week 7: Case & Review for Final Exam**
- Case discussion
- *Homework 2 due*
- Final exam review

**Week 8: Final Exam**
- Comprehensive final exam during university-scheduled exam time