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**McGill University****Fall 2017****FINE-482: International Finance**

Prof. Sergei Sarkissian

<http://sergei-sarkissian.com>

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Class Time:	TUE 18:05-20:55
Class Location:	SBB 151
Office Hours:	TUE 5:00-5:45pm & by appointment
Office Location:	SBB 572
Phone Number (Voicemail):	398-4876
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**Required Materials:**

1. Textbook: *Multinational Business Finance*, D.K. Eiteman, A.I. Stonehill and M.H. Moffett, 14th edition, Prentice Hall, 2016.
2. Miscellaneous readings, primarily from *The Wall Street Journal* or *The Financial Times* handed out in class.

**Course Description:**

International finance is the science of cross-country, cross-currency money management and the study of the structure and process of institutions that use global capital. This course gives a survey of international financial markets and a comprehensive introduction to the foundations of global finance including but not limited to spot and forward exchange markets, international monetary system, currency and interest rate risk management, and international diversification. Such topics as global market integration and financial crises will also be discussed. In short, in this class you will learn how firms and individuals operate in a global environment and manage their capital flows, and you will be able to recommend ways to make this system more profitable.

**Grading:**

There are three graded components in this class:

Midterm 1	40%
Midterm 2	40%
Quiz	10%
Participation	10%

## **General Policy:**

Midterms are closed book. However, you are allowed to have a one-page “cheat-sheet”. Don’t forget to bring your calculators. The quiz is a closed book, closed notes, no-calculator exam.

A make-up option of the midterm or the quiz is not available. If your absence on the midterm day was legitimate, the percentage of the second midterm in your course grade will double. If your absence on the quiz day was legitimate, then your scores on each of the midterms will increase by 5%. An example of a valid document is a clear statement by your doctor that you are unable to take the exam or come to school for the full duration of the exam date (a note about your visit to a doctor is insufficient, irrespective of your symptoms).

A re-grading will be considered if a written and signed petition is handed to me within a week from receiving the exam/course grade and seeing the actual exam. It will be a “symmetric” procedure; that is, the new grade may be higher or lower than the old one, or remain the same.

Your full participation mark is guaranteed with your basic contribution to class even without your physical presence in the classroom. Disrespectful or disturbing behaviour (coming late to class, talking to other students during class time, etc.) will reduce your participation mark by 2%, 3%, and 5% for the first, second, and third notice, respectively.

There is no homework. However, you should attempt to understand and solve as many problems at the end of each chapter as you can. I will not collect and grade your solutions but working on those problems will definitely help you on exams.

The final course grade may be higher (lower) than the sum of four graded components if the class average is too low (high) relative to the recommended level.

## **Honor code:**

McGill University values academic integrity. All students must therefore understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see [mcgill.ca/integrity](http://mcgill.ca/integrity) for more information).

## Course Schedule

<b>Date</b>	<b>Topic</b>	<b>Remarks</b>
Sep. 5	Introduction	Chapter 1
Sep. 12	Determination of Exchange Rates	Chapter 9
Sep. 19	Foreign Exchange Market	Chapter 5
Sep. 26	International Parity Conditions	Chapter 6
Oct. 3	International Parity Conditions	Chapter 6
Oct. 10	Currency Forwards and Futures	Chapter 7
Oct. 17	Review, <b>MIDTERM 1</b> (Topics: Sep. 5 – Oct. 3)	
Oct. 24	Currency Options	Chapter 7
Oct. 31	Interest Rate Risk and Swaps	Chapter 8
Nov. 7	International Monetary System, Financial Crises	Chapters 2
Nov. 14	Review, <b>MIDTERM 2</b> (Topics: Oct. 10 – Oct. 31)	
Nov. 21	International Diversification	Chapters 13, 14
Nov. 28	Review, <b>QUIZ</b>	