

Rutgers University, School of Business – Camden  
**52:390:350:01 Multinational Corporate Finance**  
Spring 2018

Meets Monday and Wednesday 9:35 a.m. – 10:55 p.m. in ATG121

**Professor Contact Information**

Professor Gene Pilotte, Ph.D., FRM  
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Office Hours: **To be announced**

**Course Overview and Objectives**

The purpose of this course is to provide a firm grounding in the financial skills required of corporate executives in companies engaged in international business. The perspective throughout is on the firm and the challenges it faces doing business across borders. Emphasis will be on the practical application of modern techniques and concepts. Topics covered include understanding exchange rates, balance of payments accounting, the international monetary system, foreign exchange markets, measuring and managing foreign exchange exposure, international capital budgeting, and financing international projects.

**Required Textbook**

Alan Shapiro and Atulya Sarin, Foundations of Multinational Financial Management, John Wiley and Sons, sixth edition. ISBN 978-0-470-12895-4.

**Online Resources at <http://sakai.rutgers.edu>**

Sakai is a higher education community project that has special facilities for courses. By registering for this course (and paying your bill), you will automatically have access to the Sakai site for this course. All you need to log onto Sakai is your Rutgers NetID and password. When you log onto Sakai you will see a tab associated with this course. Clicking on the tab takes you to the course homepage. Once you are there, you will see in the **left margin** links to all of the content and tools in the site. There are three key links for this course:

Announcements – An area where I may periodically post announcements related to the course.

Resources - An area where you will have access to lecture outlines, homework problems and homework solutions.

Syllabus – An area where you can access the course syllabus.

***You should log onto the Sakai site and download the lecture outline for Part 1 of the course and bring it to the next class.***

## Grading Policy

There are three required exams (noncumulative) and an individual Bloomberg project (see below). Grades will be assigned according to the following weights:

Exam 1	100 points
Exam 2	100 points
Exam 3	100 points
Individual Bloomberg project	<u>40</u> points
Total points possible	<u>340</u> points

Grades will be assigned based on each student's total points ranking relative to other students taking the course. Recurring behavior that disrupts the class will adversely affect your grade.

## Exam Make-up Policy

If, for a university approved reason, you cannot take an exam at the scheduled time you must give the professor written notice at least one week in advance so that other arrangements can be made. If the situation does not allow for advance notification (for example, emergency hospitalization), contact the professor as soon as possible. Make-up exams for non-university approved reasons are not guaranteed. The professor reserves the right to request written documentation to support your absence (such as a doctor's note, an obituary, or military orders).

## Individual Bloomberg Project (due Wednesday March 7 at beginning of class)

The Financial Markets Lab (BSB 106) hosts 16 Bloomberg terminals that provide student access to the same financial market data, news, research and analytics accessed "around the clock" by financial institutions, corporations, government agencies, and news organizations worldwide. Basic training can be accessed on the terminals and in workshops offered by lab staff. Each student in this course will be required to complete a project using basic foreign exchange functions on the system. Details will be announced later in the course.

## Homework

Homework problems and solutions are available on the Sakai site. While these problems are not collected and graded it is essential that you do them in order to do well on the exams.

## Extra Credit

There are no extra credit assignments.

## Last day to drop with a grade of "W"

Monday April 2, 2018.

**Cell Phones:** While in class, be considerate of those around you and turn off your cell phone. If an emergency may be imminent, notify me before class and an exception may be made. *All cell phones must be out of sight during exams.* I reserve the right to deduct 10 points from your score each time that I see your cell phone during an exam.

## Access to student email accounts

At times, it may be necessary to send the class an email. For instance, notices of any unexpected class cancellations will be provided by this method. These emails will be sent to students' campus email addresses using either Sakai or the Rutgers automated mail system. It is each student's responsibility to insure that they have a campus email account and to check their email account.

## Academic Integrity Policy

Policy Found at <http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers>.

*Students are responsible for understanding the principles of academic integrity and abiding by them in all aspects of their work at the University.* Students are also encouraged to help educate fellow students about academic integrity and to bring all alleged violations of academic integrity they encounter to the attention of the appropriate authorities.

Academic Integrity means that you (the student) must:

- properly acknowledge and cite all use of the ideas, results, or words of others,
- properly acknowledge all contributors to a given piece of work,
- make sure that all work submitted as your own in a course activity is your own and not from someone else
- obtain all data or results by ethical means and report them accurately
- treat all other students fairly with no encouragement of academic dishonesty

Adherence to these principles is necessary in order to ensure that:

- everyone is given proper credit for his or her ideas, words, results, and other scholarly accomplishments
- all student work is fairly evaluated and no student has an inappropriate advantage over others
- the academic and ethical development of all students is fostered
- the reputation of the University for integrity is maintained and enhanced.

Failure to uphold these principles of academic integrity threatens both the reputation of the University and the value of the degrees awarded to its students. Every member of the University community therefore bears a responsibility for ensuring that the highest standards of academic integrity are upheld. Violations are taken seriously and will be handled according to University policy.

**If there are questions on how to comply, please contact Mary Flaherty in the Rutgers-Camden Dean of Students office: [marykreb@camden.rutgers.edu](mailto:marykreb@camden.rutgers.edu) or contact the appropriate Associate Dean or Area Head at the School of Business.**

## Student Code of Conduct

Violations of the Student Code of Conduct are considered serious infractions of student behavior and students who violate the code are subject to penalties relative to the level of the matter. In general, students may not disturb normal classroom procedures by distracting or disruptive behavior. Examples of disruptive behavior include, but are not limited to, the following:

- Repeatedly leaving and entering the classroom without authorization
- Answering cellular phone or allowing pager to beep
- Making loud or distracting noises

- Repeatedly speaking without being recognized, interrupting the instructor or other students, or otherwise acting in disregard of the instructor's requests
- Threats or violence

Violations of the code should be reported to the Dean of Students office  
[deanofstudents@camden.rutgers.edu](mailto:deanofstudents@camden.rutgers.edu) or 856-225-6050.

If the violation is immediate and a potential threat is a concern, call the Rutgers-Camden police at 856-225-6111

## **Disability Services**

Rutgers University welcomes students with disabilities into all of the University's educational programs. In order to receive consideration for reasonable accommodations, a student with a disability must contact the appropriate disability services office at the campus where you are officially enrolled, participate in an intake interview, and provide documentation:

<https://ods.rutgers.edu/students/documentation-guidelines>.

If the documentation supports your request for reasonable accommodations, your campus's disability services office will provide you with a Letter of Accommodations. Please share this letter with your instructors and discuss the accommodations with them as early in your courses as possible. To begin this process, please complete the Registration form on the Office of Disability Services web site at:

<https://ods.rutgers.edu/students/registration-form>.

**Ajeenah Nuriddin-Little**

(856) 225-2722

Rutgers-Camden Disability Services:

Rutgers-Camden Learning Center

Armitage Hall, Room 240

311 North Fifth Street, Camden, NJ 08102-1405

Web page: <https://learn.camden.rutgers.edu/disability-services>

E-mail: [Ajeenah.nuriddin-little@camden.rutgers.edu](mailto:Ajeenah.nuriddin-little@camden.rutgers.edu)

## **COURSE OUTLINE**

- A. International Monetary System and the Balance of Payments  
Text: Chapters 1, 2, 3, and 5
- B. Spot Markets and Forward Markets  
Text: Chapter 6
- C. Parity Conditions and Exchange Rate Forecasting  
Text: Chapter 4

### **EXAM 1 Monday February 19 (tentative)**

- D. Futures and Options Markets  
Text: Chapter 7
- E. Managing Economic (Operating) Exposure  
Text: Chapter 10
- F. Managing Transactions Exposure  
Text: Pages 247 – 264 of Chapter 9

### **EXAM 2 Monday March 26 (tentative)**

- G. Managing Translation (Accounting) Exposure  
Text: pages 230-236 and 268 – 271 of Chapter 9
- H. Foreign Investment Analysis  
Text: Chapter 14
- I. Special Financing Arrangements  
Text: pages 211 – 221 of Chapter 8
- J. Portfolio Diversification (time permitting)  
Text: Chapter 13

**EXAM 3 Final Exam Period: Wednesday May 9, 8:00 a.m. – 11:00 a.m.**