



**Syllabus**  
**FIN 414 Derivatives and**  
**International Finance**  
**Spring 2025**

Instructor: Rick Learman, MBA, CPA

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Held: Monday 9:00-11:50 am

Location: Ojai Hall Room 1986

Office: MVS Hall 2174

Office Hours: Monday 12:15-  
1:15 pm

**Course Description:** This upper-level finance course is one of the required courses for completing the finance concentration or an elective course for a business major. The course will cover international finance, the derivatives and foreign exchange markets, encompassing forward/futures securities, option strategies, the valuation of forwards and options; and forex and interest rate risk management.

At minimum, students are expected to dedicate 8-10 hours outside of class on average per week for successful completion of the course.

Prerequisites: FIN 300, working knowledge of algebra, statistics, calculus, and Microsoft Excel.

**Learning Outcomes**

Students completing this course will be able to:

1. Understand the functionalities and uses of the derivatives markets and the system in which this market operates. (1, 5)

2. Analyze various derivative positions and strategies and understand their return and risk. (1,2,5,6)
3. Describe and perform the valuation of a derivative instrument. (1, 5)
  - i. Explain and perform the binomial option pricing.
  - ii. Explain and perform the Black-Scholes option pricing.
4. Explain the foreign exchange markets (1, 5). Specifically, be able to:
  - i. Distinguish between the spot and the forward market.
  - ii. Discuss the role of arbitrage in the forex markets.
5. Describe the benefits of currency and interest rate swaps (1, 3, 5)
6. Explain balance of payments and the international parity relationships and their implications for the forex markets. (1, 3, 5)
7. Discuss how derivatives can be used by corporations in the foreign exchange markets for risk management purposes. (1, 3, 5)
8. Explain the international bond and equity markets and the concept of international portfolio optimization. (1, 3, 5)

\*Above Learning Outcomes aligns with MVS' Program Learning Outcomes for: 1) Critical thinking, 2) Oral communication, 3) Written Communication, 4) Conduct (Ethics), 5) Competencies in discipline, 6) Collaboration

### ***Course materials:***

- I. **Textbook:** We will use the following textbook:

*International Financial Management:* Author: Eun, Resnick & Chuluun, Publisher: McGraw Hill, 10<sup>th</sup> Edition

**It is highly recommended that you purchase the Eun textbook.** New or used or rent/hard copy or electronic copy **without** Connect. (You can find used versions of the textbook for purchase for \$25-50 on Amazon). It is best to read the chapters prior to the in-class discussion of the topics.

- II. **Canvas Readings:** There will be 2 chapters provided on Canvas that students should read when we discuss Options. These readings will be assigned when those topics are to be discussed. It is best to do the readings prior to the in-class discussion of the topics.

- III. **Harvard Business Publishing:** We may be using Harvard case studies throughout the course. If so, the cost will be less than \$20. Information as to how to acquire the case studies will be provided on Canvas.
- IV. Microsoft Excel and Word: This course will rely on Excel, especially for Currency and Derivative calculations. Make sure you are comfortable using basic functionalities on Excel.
- V. **Accepi** – The course will use Accepi for many homework assignments. A link will be provided to students in Canvas to access Accepi for an estimated cost of \$15 for course access.
- VI. Calculator: The same calculator that you have used for FIN 300 should be sufficient. For this class, financial applications that support the time value of money computations are NOT necessary.
- VII. Canvas and CI email: Students must have access to course canvas and CSUCI email accounts. ***Please turn on the email notification for announcements.***
- VIII. Business/Finance/Economic news: From time to time we will discuss current events. You can find the latest issues of The Wall Street Journal and BusinessWeek at the university library, or find daily business/finance news on websites such as <http://www.bloomberg.com/>, <http://money.cnn.com/>, <http://finance.yahoo.com/>.

### ***Course Grade Composition:***

- I. Assignments – Accepi and Canvas (200 points, 20%)
- II. Attendance and In-Class Participation (200 points, 20%)
- III. Quiz 1 (100 points, 10%)
- IV. Midterm Exam (200 points, 20%)
- V. Quiz 2 (100 points, 10%)
- VI. Final Exam (200 points, 20%)

## *Details on the Grade Components*

- Assignments:
  - Acepi – There will be regular homework assignments in Acepi, giving students multiple attempts for each question.
  - There will be a number of graded assignments on Canvas, throughout the course. Each assignment will be different in format and the number of points, so please read the instructions for each assignment carefully.
  - If you are unable to meet an assignment deadline, you must notify me in advance to make alternative make-up arrangements. It may not be possible to always provide an alternative make-up assignment or extension if an assignment is to be missed and there may be times students may not be able to receive credit for missed assignments.
- Attendance and In-Class Participation:
  - Attendance and participation in the classroom are important elements of the learning experience.
  - Students are expected to complete quizzes and exams in class as well as attend the other class sessions. While full attendance is expected, it is understandable that things may come up that make attending difficult from time to time. Therefore, students may miss 1 non-quiz, non-exam session without grade penalty.
  - **Please let the instructor know in advance, where possible, should you need to miss a session.**
  - Participation benefits in the classroom are based on quality of participation as well as frequency. Participation grading is necessarily subjective.
- Quizzes:
  - There will be two quizzes taken during class time.
  - Quiz 1 covers material since the class began.
  - Quiz 2 covers material since the midterm exam.
  - Please make sure you note the quiz dates and be sure to take the quiz in class on those dates.
- Midterm Exam: **Covers material up to the midterm exam date.**
  - Please plan ahead and take the exam on the designated date and time.
  - Please **schedule a meeting at least 10 days in advance** if you cannot take the exam on the designated date. If you fail to notify me at least 10 days in advance, you agree that you forfeit the right to take the make-up exam. The make-up exam needs to be taken during the 1-week period *before* the actual exam date.

- If a sudden illness prevents you from taking it on time, you *have to* send me a doctor's note from the university clinic visitation, to stay aligned with the university policy.
- Final Exam: **Covers material since the midterm Exam.** Will take place on the university's designated final exam day and time.
  - **Final exam date: May 12<sup>th</sup>, 8-10 am**
  - All exams must be taken in the classroom.

## Topics and Readings.....

Please take note of the topics and readings for each week below. Students are encouraged to complete the readings prior to each week. Note the university holiday weeks as well.

		Topic	Reading	
Week 1	Monday, January 20, 2025	<b>No class - Martin Luther King Holiday</b>		
Week 2	Monday, January 27, 2025	Introduction to the Course		
		Globalization, Investing & the Multinational Firm	Eun	Chap 1
		International Bond Markets	Eun	Chap 12
Week 3	Monday, February 3, 2025	International Equity Markets	Eun	Chap 13
		Foreign Direct Investment	Eun	Chap 16
		Quiz 1 Review		
Week 4	Monday, February 10, 2025	<b>Quiz 1 (10% of course grade)</b>		Chap 16
		International Monetary System		Chap 2
Week 5	Monday, February 17, 2025	Foreign Exchange Markets	Eun	Chap 5
		Balance of Payments	Eun	Chap 3
Week 6	Monday, February 24, 2025	International Parity Conditions	Eun	Chap 6
		Types of Multinational Exposures	Eun	Chap 8 intro and
		Midterm Prep		
Week 7	Monday, March 3, 2025	<b>Midterm Exam (20%)</b>		
Week 8	Monday, March 10, 2025	Midterm Review, Intro to Derivatives and Option Basics	Harvard & Eun	Chap 7
			Harvard & Eun	Chap 7
	Monday, March 17, 2025	<b>Spring Recess - No Class</b>		
Week 9	Monday, March 24, 2025	Option Basics, continued	Harvard & Eun	Chap 7
		Option Valuation: Binomial	Harvard & Eun	Chap 7
Week 10	Monday, March 31, 2025	<b>No class - Cesar Chavez Holiday</b>		
Week 11	Monday, April 7, 2025	Option Valuation: Binomial	Eun and Canvas Readings	Chap 7
		Option Valuation: Black-Scholes	Canvas Readings	
Week 12	Monday, April 14, 2025	Option Applications	Eun and Canvas Readings	Chap 7
		Quiz 2 Review		
Week 13	Monday, April 21, 2025	<b>Quiz 2 on material since the midterm (10%)</b>		
		Forwards/Futures Basics & Arbitrage	Harvard & Eun	Chap 7
Week 14	Monday, April 28, 2025	Forwards/Futures Valuation	Eun and Supplemental Materials	Chap 7
		Swaps (Interest, Credit-Default, Currency)	Harvard & Eun	Chap 14
Week 15	Monday, May 5, 2025	Managing Transaction and Operational Exposure	Eun	Chap 8 and 9
		Final Exam Preparation		
Week 16	Monday, May 12, 2025	<b>Exam - Covers material since the Mid Term (20%)</b>		
Final Exam		<b>8-10 am</b>		

**Letter Grade:** The course letter grade will be determined based on the percentage of your points out of 1000. An example of a grading scheme is presented below (our course may vary slightly). The “ABCD” grading system will be used with the addition of “+” or “-” to any grade except “F.” By adding a “+”, the grade points earned shall increase by

0.33 (except that A+ shall still be 4.0 grade points). By adding a "-", the grade points earned shall decrease by 0.3.

Percentage grade	Letter grade	Grade points of a four-point scale
100% or above	A+	4.0
93% to 99%	A	4.0
90% to 92%	A-	3.66
87% to 89%	B+	3.33
83% to 86%	B	3.0
80% to 82%	B-	2.66
77% to 79%	C+	2.33
73% to 76%	C	2.0
70% to 72%	C-	1.66
67% to 69%	D+	1.33
63% to 66%	D	1.0
60% to 62%	D-	0.66
Below 60%	F	0

## Course Policies

A. **No late assignments will be accepted.** If you will not be able to turn in an assignment on time due to a special circumstance, **please notify me immediately.** Special permissions for late coursework may be granted due to illness, injury, or family emergencies. However, **a 33.3 percent grade deduction per day will apply to all late assignments that are accepted.**

B. **Cheating and Plagiarism:** This course will adhere to CSUCI's academic dishonesty policy. "CI values academic integrity and will not tolerate acts of academic dishonesty. If a student commits an act of academic dishonesty in a course, the faculty member shall handle the incident based on applicable campus procedures. " A student will automatically **fail** the class due to academic dishonesty.

Use of AI applications – like any other source, the use of AI to complete assignments should be footnoted or otherwise referenced appropriately. Students should take care using these applications as they are not vetted for accuracy by their creators including the generation of “hallucinations” which are presented as facts but are not fact-based.

C. **Accommodations for Students with Disabilities:** Cal State Channel Islands is committed to equal educational opportunities for qualified students with disabilities in compliance with Section 504 of the Federal Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA) of 1990. The purpose of Disability Accommodations and Support

Services is to assist students with disabilities to realize their academic and personal potential. Students with disabilities needing accommodation are required to contact the Disability Program office at (805) 437-3331. All requests for accommodations need appropriate advance notice by the student to avoid a delay in services. Please discuss approved accommodations with faculty.

## Instructor Communication Policy

1. Please contact me by emailing me at [richard.learman@csuci.edu](mailto:richard.learman@csuci.edu). **It is your responsibility to check your CSUCI email account and Canvas regularly for announcements and additional information.**
2. All email communications outside of Canvas should have the following subject heading: FIN414, followed by a brief summary of your issue or concern. I will respond to emails within 48 hours, weekends and university holidays excluded.
3. If you encounter technical issues when working on your online quizzes or other assignments, please email the University Help desk at [helpdesk@csuci.edu](mailto:helpdesk@csuci.edu) and copy me on the email. Your email should briefly and succinctly describe the problem. **Note: There are no IT technicians to help you over the weekends.** To avoid disruptive last-minute technical glitches, **please don't wait until the last minute to work on your assignments.**

\*Source: <http://blogs.lsc.edu/expectations/netiquette-guidelines/>

## Technical Support

If you run into technical problems during this course, you should do the following:

1. Clear your browser's cache
2. Try a different browser (Internet Explorer, Firefox, Safari, or Chrome)
3. Shut down and restart your computer
4. Contact the University Help desk [helpdesk@csuci.edu](mailto:helpdesk@csuci.edu) or 805-437-8552

**Note:** Information contained in this syllabus, other than that mandated by the University, may be subject to change without advance notice. Topics and assignments and their timing listed under the tentative course schedule may be adjusted during the semester depending on the pace and needs of the class.



## **Our Class Disruption Plan**

### **Disruption?**

Yes! A disruption means you, me, or all of us cannot participate in 'class as usual' for a reason we could not predict at the beginning of the semester. After COVID-19, we are well aware that disruption can happen fast. While we hope to avoid any closures due to COVID related reasons, let's face it, disruption happens every semester. You may get sick, I may get sick, or campus may close due to a wildfire - this is California afterall. Life happens! Our goal as a learning community is to do our best to keep teaching and learning with as little interruption as possible. This page explains what you can expect from me and what I expect from you when facing disruption - small or big!

### **If I am 'out'**

If for any reason I have to be absent unexpectedly for at least a week or longer, I will make sure to announce it as soon as I can through Canvas announcements. I will most likely have some materials for you to work on, such that you know what to do without my immediate instruction. Please keep an eye out for all the announcements I send out.

### **If you are 'out'**

If you know ahead of time you're going to be absent for a certain length of time, then let me know, such that I can provide directions as to how to keep pace and stick with the course without falling too behind.

If your absence is not expected (due to illness, family emergency, etc), then contact me when you can, at your earliest convenience. In case of illness, if you can keep the doctor's note from your illness, then it'd help. Once you return and resume work, contact me such that I can provide directions as you how to catch up.

### **If Campus Closes**

If all of campus closes, which has happened at least once over the last three or more academic years, I will communicate to you through the Canvas announcements, which will arrive in your email inbox.