



OFFICE OF THE DEPUTY VICE CHANCELLOR
ACADEMICS, STUDENT AFFAIRS AND RESEARCH

UNIVERSITY EXAMINATIONS

2023/2024 ACADEMIC YEAR

THIRD YEAR SECOND SEMESTER MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BBM 313

COURSE TITLE: LAW OF FINANCIAL MARKETS

DATE; 23RD APRIL 2024

TIME; 9.00 A.M TO 12.00 P.M

INSTRUCTION TO CANDIDATES

- **SEE INSIDE**

MAIN EXAM
BBM 313; LAW OF FINANCIAL MARKETS

STREAM: BBM

DURATION: 3 Hours

QUESTION ONE COMPULSORY (30 MARKS)

- (a) Discuss the various GROUNDS for the termination of an agency contract. (10 Marks)
- (b) Explain FIVE components of Legal Framework governing Capital Markets in Kenya. (10 Marks)
- (c) Explain the role of the Retirement Benefits Authority (RBA). (10 Marks)

QUESTION TWO (20 MARKS)

- a) In line with the Insolvency Act CAP 53 of the laws of Kenya, state and explain FOUR alternatives to bankruptcy. (8 Marks)
- b) Discuss the current challenges facing the Nairobi securities exchange that has led a flight of about 6,000 foreign investors (12 Marks)

QUESTION THREE (20 MARKS)

- a) Explain the term insider trading? (2 Marks)
- b) Harvard Business Review 113, Prof Henry Mann argues that, insider trading should not be regulated in that it serves certain purposes. Whereas other authors justify the intervention by regulation, explain any four arguments for and against insider trading (8 Marks)
- c) The RBA is a body that oversees all pension funds in Kenya. explain any five primary functions of retirement benefit authority (RBA) (10 Marks)

QUESTION FOUR (20 MARKS)

The attainment of political independence in Kenya in 1963 provided a strong impetus in favor of the establishment of the Central Bank as the National Monetary authority. Explain any ten functions of the central bank (20 Marks)

QUESTION FIVE (20 MARKS)

- a) Explain four persons who constitute the board under CMA (4 Marks)
- b) Stock was registered in the joint names of T and H. T forged H's signature on a transfer and added his own. T delivered the transfer to B (who was unaware of the forgery) and B obtained registration of the transfer to himself. B later transferred the shares to C to whom B delivered a transfer and the certificate issued to him. When the forgery was discovered, H claimed to be restored to the register as holder of the shares (T had died meanwhile) and the corporation, being estoppel against C, purchased shares in the market for registration as replacement in the name of H. The corporation claimed compensation from B. Advise the corporation (5 Marks)

c) Janet and Jackson Onyango are forming a Limited Liability Company. They are seeking your legal advice on the issues listed below. Respond to the enquiries by Janet and Jackson Onyango on:

- i. Distinguish between the Memorandum and Articles of Association (6 Marks)
- ii. Explain the details you would expect an Articles of Association to contain (5 Marks)