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(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2020/2021 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER

SPECIAL/SUPPLEMENTARY EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCF 335 /312/314

COURSE TITLE: FINANCIAL LAW

DATE: 17TH FEBRUARY, 2021

TIME: 2.00PM - 4.00PM

INSTRUCTIONS TO CANDIDATES

Answer Question One in Section A and Any other **W**O (2) Questions in Section B

TIME: 2 Hours



KIBU observes ZERO tolerance to examination cheating

SECTION A

QUESTION ONE

- a) Briefly explain the precondition for the existence of efficient financial laws (6 Marks)
- b) The relationship between the banker and customer creates obligations and rights on both parties. Briefly explain (4 Marks)
- c) In relation to the law governing negotiable instrument, outline the circumstance under which a banker is justified in not honouring a customer cheque (4Marks)
- d) With the aid of statutory and judicial authority explain the following terms
 - i). Bank (2 Marks)
 - ii). Bank Business (3 Marks)
 - iii). Bank Customer (3 Marks)
- e) Outline the potential sanctions or liabilities for participating in corporate or business fraud in Kenya (8 Marks)

SECTION B

QUESTION TWO

In relation to the Securities Exchange Law

- i). Discuss the powers of the Nairobi Securities Exchange (12 Marks)
- i). Explain the qualifications for admission as a trading participant or authorized securities dealer (8 Marks)

QUESTION THREE

Without appropriate regulatory framework the capital market would not thrive in any economy. Explain this statement noting to capture the historical development of capital markets in Kenya, the role played by the relevant legal framework and institutions in this sector and your recommendations for further development (20 Marks)

QUESTION FOUR

In relation to the Banking Act 2014

- ii). Explain the steps a foreign banking institution is required to follow in applying for authority to open a representative office in Kenya (12 Marks)
- iii). Discuss the four sources of laundered money (8 Marks)

QUESTION FIVE

Zambezi Ltd Company is a public company in need of capital to finance mass production of its newly invented computer software whose market research indicates possibilities of high demand in the economy. Advise the company on the following

- i). The various forms of securities(collateral) required to secure funds
- ii). The various sources of finance for a public company

(10 Marks)

(10 Marks)