

BOWEN UNIVERSITY
(Of the Nigerian Baptist Convention)
IWO, OSUN STATE
COLLEGE OF LAW

2023/2024 ACADEMIC SESSION SECOND SEMESTER EXAMINATION
CORSE CODE: PCL 518 **COURSE TITLE: CAPITAL MARKET LAW II**

INSTRUCTIONS

ANSWER ANY FOUR QUESTIONS

TIME ALLOWED: 3 HOURS

EACH QUESTION IS WEIGHTED 17^{1/2} MARKS

1. Adinkra is a printer by vocation. Between 2020 and 2023, he worked as a graphic designer in the composing room of a financial market printer in Lagos. He handled, among other documents, five announcements of corporate takeover bids. When the bid documents were delivered to the printer, the identities of the acquiring and target companies were concealed by blank spaces and false names. The printer received the true names on the night of the final printing. However, Adinkra was able to deduce the names of the target company from the other information in the documentation before the final printing. Without disclosing his discovery, Adinkra purchased stock in the target companies and sold the shares immediately after the takeover attempts were made public. By so doing, the Adinkra realised a gain of more than N30,000,000 within 12 months.

Appraise Adinkra's action with the aid of statutory judicial authorities as well as the misappropriation theory.

2. Kokoma is the Chief Executive Officer of a printing and publishing company registered as Kokoma Limited. The company has much competence in glossy prints, including attractive prospectuses, annual reports, and similar documents. In the process of printing documents for Abana PLC, Kokoma came across an information that Abana PLC was about to sell its shaholding in Congo PLC, a subsidiary of Abana PLC, at the price of N100 per share. Kokoma passed this information to his wife Dutsy who promptly sold her substantial shareholding in Congo PLC and thereafter informed her friends to unbundle their shares in the latter company. Consequently, the price per unit of Congo PLC shares fell to N50 per share because investors were apprehensive that the flurry of sales of the shares suggested that something was going wrong in Congo PLC.

Abana PLC's plan to sell her shares has been frustrated, and it has approached you for counsel.

Appraise the central issue raised by the facts above, the nexus of relationships that could establish liability for the issue, and the remedies that would be available to Abana Plc if it successfully proved its case.

3. In the scheme of investors' protection, securities markets operate systems of mandatory and permissive disclosure of information.

With the aid of the relevant provisions of the Investments and Securities Act, 2007 and existing codes of corporate governance in Nigeria, evaluate the two systems, bringing out their advantages and disadvantages

4. A group of students of economics and financial regulation has invited you to deliver a guest lecture on the conduct of securities business in Nigeria from legal perspectives. Some members of the group are interested in becoming underwriters.

Through statutory provisions, write a brief, discussing types of underwriting as well as the functions and duties of underwriters respectively.

5. In the persuasive decision in the case of *TSC Industries, Inc. v Northway, Inc.*, the court ruled importantly as follows:

An omitted fact is material if there is substantial likelihood that a reasonable shareholder would consider it important in deciding how to vote. This standard is fully consistent with...general description of materiality as a requirement that 'the defect have a significant propensity to affect the ...process.' ...What the standard does contemplate is a showing of substantial likelihood that, under all circumstances, the omitted fact would have assumed actual significance in the deliberations of reasonable shareholder. Put another way, there must be a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the "total mix" of information made available.

Appraise materiality of fact in securities information disclosure in the light of the statement above.

6. Distinguish between public offer and private placement of securities in Nigeria, emphasizing the suitability of each mode of capital raising.