

**BOWEN UNIVERSITY**  
**(of the Nigerian Baptist Convention)**

**IWO, OSUN STATE**

**COLLEGE OF LAW**

**SECOND SEMESTER EXAMINATION, 2024/2025 ACADEMIC SESSION**  
**COURSE CODE: PCL 518      COURSE TITLE: CAPITAL MARKET LAW II**  
**INSTRUCTIONS**

**ANSWER ANY FOUR QUESTIONS      TIME ALLOWED: 3 HOURS**

**EACH QUESTION IS WEIGHTED 17<sup>1/2</sup> MARKS**

1. Rejoice PLC made initial public offer ("IPO") of its shares in March 2023. The IPO attracted so much investment that it was oversubscribed. A group of those who subscribed the shares have just discovered that the prospectus that Rejoice PLC issued when it made the IPO contained a false statement, which deceived and defrauded them. They have briefed you to cause an action to be instituted on their behalf for remedy.  
**You are to write an advice examining the elements that must be proved to sustain an action for deceit in the IPO.**
  
2. Debates by scholars of securities regulation include the rationale for disclosure of information in issuer and trading transactions in securities. All the scholars agree that information disclosure is important so as to reduce, if not totally eliminate, informational asymmetry or inequality between issuers of securities and investors as well as create a level playing field of play for them. However, the scholars do not agree on the nature of the disclosure that regulators should require. While some argue for compulsory disclosure, others make a case for permissiveness of disclosure.  
**You are required to join the debate, stating the merits and demerits of each position before siding with one.**
  
3. Django is a partner in the law firm of Django, Okey, and Co. who was the solicitor to Iyamapo PLC ("Iyamapo") in a tender offer for the ordinary shares of Okuku PLC ("Okuku"), a company that is based in Lagos. Both Iyamapo and Okuku took adequate precautions to keep the tender offer confidential. In Django, Okey, & Co., it was Okey that was handling the tender offer brief, leaving Django to handle some other briefs. While their firm was still representing Iyamapo, Django began to buy call options for the ordinary shares of Iyamapo. At the end of December 2023, Django had acquired 50,000 of unexpired Iyamapo options and 2,000,000 of its ordinary shares at N100 per unit. In January 2024, Django's law firm withdrew from representing Iyamapo. In February 2024, Iyamapo announced the tender offer that it had kept confidential, and the price of Okuku's ordinary shares rose to N200 per unit. Django sold his ordinary shares and made a profit of N100 million. The Securities and Exchange Commission (SEC) has become aware of Django's dealings and called for

your advice as an officer in its Compliance Unit on Django's dealings under the Investments and Securities Act.

**Advise the SEC with the aid of statutory provisions and judicial authorities.**

4. Camil is the managing director of Dongari Limited, a firm of broker/dealers. He gave the staff of the firm a marching order to be buying and selling the ordinary shares of Kongo PCL ("Kongo") aggressively. Through their activities, the shares of Kongo appreciated in value progressively as investors joined in purchasing the shares. Before he gave the marching order, Camil had been buying the shares by himself while at the same time painting a gloomy picture of Kongo's earnings in public domain. In May 2024, Camil and his team sold their entire holdings in Kongo at a profit of N100 million. Many shareholders of Kongo have been rushing to the market to sell their shares, and there has been a progressive fall in the prices of the shares because the supply of the shares has been exceeding demand.

A shareholder of Kongo who is aware of Camil's activities has called at the Enforcement Unit of the Securities and Exchange Commission (SEC) to report the matter. Another shareholder has also called to allege that he would have bought the shares of Kongo but for the gloomy picture that Kamil painted in public domain.

**As an Enforcement Officer at the SEC, advise the complainants with the aid of the relevant judicial authority and provisions of the Investments and Securities Act.**

5. Craw PLC has hired you as a financial analyst and corporate lawyer to do due diligence for the offer of its shares for subscription. Your findings show that Craw PLC has traded profitably over the past few years, and with such a reputation, it would be appropriate for the company to make private placement its shares.

**Your assignment requires you to write a brief on the following:**

- (a) The meaning and justification of private placement;
  - (b) The conditions for private placement;
  - (c) The convictions that the issuer must have of the offeree; and
  - (d) Book building.
6. Discuss the following:
    - (a) Gun jumping, its background and penalty; and
    - (b) Shelf registration of securities.