

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

BACHELOR OF LAWS (LL.B) EXAMINATIONS
FIRST SEMESTER, 2022/2023 ACADEMIC SESSION
PCL 517 – CAPITAL MARKET LAW I

INSTRUCTIONS: ANSWER ANY FOUR QUESTIONS

EACH QUESTION CARRIES 17^{1/2}

TIME ALLOWED: 3 HOURS

1. Ten of your classmates in the High School run a business organization, which they incorporated in 2021 as Mercury PLC. Within the first year of operation, the company has experienced so much patronage that there is an urgent need for expansion of its scope of operation. This calls for a capital that the ten proprietors and initial shareholders cannot raise amongst themselves. While some of them are of the opinion that the company could approach the money market for a loan to be secured with the assets of the company, the others believe that the company should explore an alternative means of financing the business expansion at a cost that would afford the company ease of doing business. All the proprietors have sought your advice on the issue.
Write an advice on the proprietors' inquiry educating them on the most suitable capital raising forum, the functions of the forum that make it suitable, and a summary of its evolution in Nigeria.
2. You have been recruited to head the Enforcement and Compliance Department of the Securities and Exchange Commission (SEC), the apex regulatory authority and regulator of regulators of the Nigerian capital market. Most of your staff members will be working in that Department for the first time. SEC has organized an induction for the staff members and charged you with the duty of explaining to them the operation of the Department. You are to begin with ten enforcement and compliance functions of the SEC before educating them on their departmental operation.
Write your brief.
3. A group of broker/dealers and their clients are in dispute over the handling of the clients' initial public offer (IPO) and the commission receivable by the broker/dealers. The parties have held dispute resolution meetings but could not resolve their differences. Thereafter, they referred the matter to the Administrative Hearing Committee (AHC) of the Securities and Exchange Commission (SEC) but are still dissatisfied with the outcome of the hearing. One of the parties has come to you for an advice on the next step to take so as to obtain an enforceable remedy.

Advise the party on the forum to take the matter to, the functions, composition, and nature of proceedings of that body as well as further course of action if its verdict is unfavorable.

4. Okonkwo was called to the Nigerian Bar five years ago. He became a Chartered Stockbroker last year and has an excellent knowledge of capital market law and some of the practice of stock brokerage. Okonkwo could choose to be a capital market operator. In the alternative, he could be a capital market solicitor as an aspect of his law practice. As a capital market law expert, Okonkwo has approached you for advise on who capital market operators are and what his registration obligation would be if he elected to be one or, in the alternative, chose to be a capital market solicitor.

Okonkwo is also interested in knowing the functions of a capital market solicitor. **Advise Okonkwo with the aid of judicial authorities, the provisions of the Investments and Securities Act as well as the SEC Rules and Regulations.**

5. Securities as choses in action may not necessarily be exoteric. Apart from the fact that the list is not closed, what appears to be securities may not necessarily be so under the Investments and Securities Act as well as the SEC Rules and Regulations and other rules that the SEC makes from time to time. For example, recently, it classified digital assets, including Crypto, as securities and made rules on them. **With the aid of statutory provisions and case-law authority, examine the legal meaning of securities.**

6. Ajax PLC is a manufacturer and exporter of chemical and allied products. It plans to offer its securities to the public for subscription and charges its legal department, which you head, with the duty of doing due diligence on the public offer. The board of directors of the company requests that you advise on the followings:

- (a) Registration obligation and the rule on gun jumping; and
- (b) Shelf registration and the conditions precedent and subsequent.

Advise the board on the applicable law.