

BOWEN UNIVERSITY, IWO, OSUN STATE

COLLEGE OF LAW

SECOND SEMESTER EXAMINATION, 2022/2023 ACADEMIC SESSION

COURSE CODE: PCL 518 COURSE TITLE: CAPITAL MARKET LAW II
INSTRUCTION: ANSWER ANY FOUR QUESTIONS. TIME ALLOWED: 3 HOURS
EACH QUESTION IS WEIGHTED 17^{1/2} MARKS

1. In the Nigerian context, discuss 'collective investment schemes' and their types. Of the latter, examine unit trusts and the structure for their administration.
2. Nichodemus is the Chief Executive Officer of a printing and publishing company registered as Amigo PLC. The company has much competence in glossy prints of prospectuses, annual reports, and similar documents. In the process of printing documents for Andola PLC, Nichodemus obtained an information that Andola PLC was about to sell its shareholding in Mambila PLC, a subsidiary of Andola PLC, at the price of N100 per share. Nichodemus passed this information to his wife Amina who promptly sold her substantial shareholding in Mambila PLC and thereafter informed her friends to unbundle their shares in the latter company. Consequently, the price per unit of Mambila PLC shares fell to N75 because investors were apprehensive that the flurry of sales suggested that something was going wrong in Mambila PLC. Andola PLC's plan to sell her shares has been frustrated, and it recently discovered Nichodemus' action. 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 Andola PLC if it successfully proved its case.

3. "In the scheme of investor 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. "Antifraud regime of investor protection places much premium on materiality of information in securities transaction. This goes with other elements that must be proved to establish culpability." **Discuss.**
5. Incaster is the managing director of Sachet Limited, a firm of broker/dealers. He gave the staff of the firm a closely guarded instruction to be buying and selling the ordinary shares of Kola PCL ("Kola") aggressively. Through their activities, the shares of Kola appreciated in

value progressively as investors joined in purchasing the shares. Before he gave the instruction, Incaster had been buying the shares by himself while at the same time painting a gloomy picture of Kola's earnings in public domain. In June 2022, Incaster and his team sold their entire holdings in Kola at a profit of N150 million. Many shareholders of Kola 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 the demand for it on the stock market. A shareholder of Kola, who is adversely affected by the fall in the share price and has discovered that the root cause was Incaster's activities, intends to take legal action against Incaster and his firm. Another investor intends to join in instituting the action on the ground that he would have bought the shares of Kola but for the gloomy picture that Incaster painted.

Advise the complainants with the aid of the relevant judicial authority and provisions of the Investments and Securities Act.

6. Cambria Africa PLC ("Cambria") has traded profitably and distributed attractive profits over the past five years. It has approached you as a corporate Counsel in an underwriting firm to do due diligence for the offer of more of its shares for subscription so as to fund its business expansion plan. All indices in your findings point to private placement of Cambria's shares.

Write a brief to the board of directors of the Cambria 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.