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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR THREE**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 313**

**COURSE TITLE: LAW OF FINANCIAL MARKETS**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 05/04/2021 TIME: 12.00-2.00 PM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of TWO (2) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

1. Mohamed agreed to paint Bashir’s house at an agreed price. When Mohamed had finished the work. Bashir discovered that although most of the painting was satisfactory, Mohamed had forgotten to apply a coat of gloss paint on one of the doors. Mohamed fell ill and could not complete the work. Bashir refused to pay Mohamed the contractual price, claiming that the contract had not been fully executed and that therefore he was entitled to be paid only a reasonable sum for the work he had actually undertaken. This, Mohamed claimed, was much less than the contract price. Advise Mohamed. (**14 marks)**
2. Explain various ways in which a contract can be terminated. (**10 marks)**
3. Differentiate between the following terms; -
4. Valid and void. **(2 marks)**
5. Offer and Acceptance. **(2 marks)**
6. Express contract and Implied contract. **(2 marks)**

**QUESTION TWO**

1. what are the principal functions of retirement benefit authority? **(5 marks)**
2. Discuss the licensing requirements of central depositories and the duties of central depositary agent **(10 marks)**
3. In reference to the provision of the insurance Act Cap 487, highlights the specific steps taken by insurance regulatory authority to stabilize the industry **(5 marks)**

**QUESTION THREE**

1. Briefly discuss the aims of regulation of financial services. **(10 marks)**
2. Discuss the challenges facing an ordinary investor in the securities market in Kenya **(10 marks)**

**QUESTION FOUR**

1. Briefly explain The regulatory functions of the Capital Markets Authority as provided by the Act and the regulations **(10 marks)**
2. In reference to the provision of the insurance Act Cap 487, explain the functions of insurance regulatory authority and state the specific steps taken by IRA to stabilize the industry **(10 marks)**

**QUESTION FIVE**

1. What is cooperate governance **(1 mark)**
2. Discuss the Importance of practicing good cooperate governance practices as espoused in the capital markets Act guidelines on corporate Governance practices by public listed companies in Kenya (2002) **(10 marks)**
3. Money laundering happens in almost every country in the world, and a single scheme typically involves transferring money through several countries in order to obscure its origins. Clearly discuss the money laundering process. **(9 marks)**