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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: 20/08/2021 TIME: 09.00-11.00 AM**

**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. The preamble of the consumer protection Act (No 46 of 2012) reads “An **Act** of Parliament to provide for the **protection** of **the consumer**, prevent unfair trade practices in **consumer** transactions and to provide for matters connected with and incidental thereto. In reference to the central bank of Kenya Act, The Banking Act, the capital markets Act, the insurance Act and the Retirement Benefit Act, Discuss the framework through which consumers of financial services are protected. **(20 marks)**
2. what are the principal functions of retirement benefit authority? **(5marks)**
3. Explain the following terms as used in the law of financial markets
4. Eligible securities **(1 mark)**
5. Agent **(1 mark)**
6. Immobilization date **(1 mark)**
7. Notification date **(1 mark)**
8. Stockbrokers **(1 mark)**

**QUESTION TWO**

1. Discuss the licensing requirements of central depositories and the duties of central depositary agent **(10 marks)**
2. In reference to the provision of the insurance Act Cap 487, discuss the specific steps taken by insurance regulatory authority to stabilize the industry **(10 marks)**

**QUESTION THREE**

1. Outline the qualification for a person to be appointed as a chief executive officer of central depository **(4 marks)**
2. Explain the objectives of the rules of securities exchange **(8 marks)**
3. Argue the case for self-regulation in the financial market **(8 marks)**

**QUESTION FOUR**

1. What is money laundering? **(1 mark)**
2. 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)**
3. What are the Guidance on the risk-based approach to combatting money laundering and terrorist financing in the financial markets in Kenya? **(10 marks)**

**QUESTION FIVE**

1. What is a CDS account? **(2 marks)**
2. The capital markets authority is the sole body mandated to issue corporate governance guidelines to be adhered to by listed companies in Kenya. Discuss the principals of 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. Outline the composition of the investor compensation fund board **(8 marks)**