



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS JANUARY –APRIL 2025 SEMESTER

BACHELOR OF COMMERCE

COURSE CODE: BCFI302

COURSE TITLE: FINANCIAL LAW

DATE:

TIME:

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **TWO** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: *All exam rooms are under CCTV surveillance during the examination period.*

SECTION A: COMPULSORY

Question One

Financial regulation refers to laws and rules that govern what financial institutions do;

- a) In reference to the statement above, discuss the 4 rationale for financial regulation
[8 marks]
- b) Explain the 3 benefits for and against self-regulation
[6 marks]

Capital market is a market for financial assets that have a long or indefinite maturity:

- c) From this statement, discuss the 4 functions of the capital market
[8 marks]
- d) Distinguish with four reasons between primary and secondary markets
[8 marks]

SECTION B: ANSWER ANY TWO QUESTIONS

Question Two

A negotiable instrument is a written document which represents money, the property in such documents passes from the transferor to a transferee free from any defects affecting the title of the transferor, provided the transferee takes it in good faith and for value

- a) In reference to the statement above, discuss the 6 essential characteristics of a bill of exchange
[12 marks]
- b) Explain the 4 differences between a cheque and a bill of exchange
[8 marks]

Question three

A number of avenues are open to public and other not for profit organizations to finance borrowing needs for capital projects or long life assets;

- a) With reference to the statement above, discuss the six features of long term debt
[12 marks]
- b) Explain the six roles of the Chief Executive officer of NSE
[8 marks]

Question Four

a) Discuss the 4 theories of financial deregulation

[12 marks]

b) Discuss the 4 functions of the Kenya's Bankers Association [8 marks]

Question Five

A customer is any one who deals with a bank in relation to a banking service and includes account holders, borrowers and other bankers;

a) In relation to the statement above, explain 4 ways termination of Banker and customer contract happens

[12 marks]

b) Discuss the 4 various offences related to financial securities

[8 marks]