



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF LAW, DEPARTMENT OF COMMERCIAL LAW
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi – Abuja

COURSE CODE: CLL305

COURSE TITLE: BANKING LAWS AND REGULATIONS

CREDIT UNITS: 3

- INSTRUCTIONS:**
- (a) Indicate your Matriculation Number clearly
 - (b) Attempt Question one (1) and any other three (3) questions
 - (c) Question one (1) is compulsory and carries 25 marks; while the other questions carry 15 marks each.
 - (d) Using appropriate statutory and judicial authorities, present all your points in a straightforward, coherent and orderly manner.

TIME ALLOWED: 3 Hours

QUESTION 1.

Murphy is a staff of the United Community Bank (UCB). He has risen to become a senior staff and as part of his professional development has become a chartered stockbroker and was also recently elevated to a fellow of the Institute of Stockbrokers in Nigeria. UCB has indicated interest to go public by listing its shares on the Nigerian Stock Exchange. Murphy part of the team in charge of seeing that dream come to light. His childhood friend who is also a fellow of the chartered institute of stockbrokers has approached him seeking information on the valuation of the shares of UCB to be listed. Murphy has told him that the information is confidential but after been cajoled by his friend, he has given him some information on the projected number of shares to be listed and their valuation. UCB eventually list its shares and the share price not only skyrockets but is subscribed fully under less than an hour of its listing. The Securities Exchange Commission is suspecting insider trading and instigates investigations into the listing. The report shows that there was an information leak on the valuation, which enabled stockbrokers, tipoff their clients on buying the stock on that day. Murphy has been indicted from an internal investigation by UCB.

With your knowledge of Banking Laws and Regulations, explain:

- (a) Conflict of interest under Section 1(3) of the Bankers Code of Ethics (10 marks)
- (b) The basic principles of Professional Code of Ethics for Bank Staff under Section 1(1) (5 marks)
- (c) The Confidentiality/dissemination of Information provided for under Section 1(2) of the Bankers Code of Conduct (Professional Code of Ethics and Business Conduct) 2014 (5 marks)

QUESTION 2:

Macroeconomic Stability is essential for the attainment of price and financial system stability. Enumerate the following ways of pursuing Macroeconomic Stability

- (a) Monetary Policy
- (b) Exchange Rate Policy
- (c) Financial System Stability

QUESTION 3:

Distinguish between a Commercial Banking License and a Merchant Banking License

Question 4:

Discuss briefly the Central Bank of Nigeria's (CBN) agenda for Development Finance under the following headings and also enumerate how the CBN should promote sustainable economic growth and development.

- (a) Framework for funding SMEs
- (b) The Agricultural Sector
- (c) The Power Sector
- (d) The Oil and Gas Sector
- (e) The Health Sector

QUESTION 5:

The heart of any financial is the critical activity of financial intermediation, which is subject of stringent regulatory oversight by the Central Bank of Nigeria. As an expert in banking laws and regulations, explain the role of banking regulation in Nigeria in relation depositor protection, stability of monetary and financial system, and protection of the ultimate users of banking services.

Question 6.

Discuss the following:

- (a) Objectives of Bank Regulation
- (b) Nature of Bank regulations
- (c) Theories of Regulation