



BUSINESS LAW BUS33B3
24 NOVEMBER 2016
SUMMER EXAMINATION

EXAMINER: SS NKOSI
MODERATOR: IR Nel

TOTAL: 100
TIME: 2 HOUR

INSTRUCTIONS TO STUDENTS

1. **SWITCH OFF YOUR CELL PHONE!**
2. **Write your name, student number and you lecturer's name on the UJ answer sheet.**
3. **Answer in the UJ examination book, leave a line open between answers and draw a neat line after each question.**
4. **Number the questions clearly.**
5. **Write big and legibly with a black pen.**
6. **Answer all the questions.**
7. **Do NOT use TIPP EX.**
8. **Do NOT use "SMS speak".**

QUESTION 1

Banks are important institutions in the economy of any country. However, very few people know or understand what banks really do and what some of their obligations are; and thus, they need to be educated in this regard. As a knowledgeable person, please explain the following:

- 1.1 The "business of a bank". (8)
- 1.2 The bank's duty of secrecy. (6)
- [14]**

QUESTION 2

Mr Joe Soap, a businessman, is a customer of Moolla Bank Ltd, a commercial bank in terms of the laws of South Africa. Mr Joe Soap is not certain about the nature of his relationship with the bank, and the extent of his rights and obligations in relation to Moolla Bank.

- 2.1 Discuss, with Mr Joe Soap, the unusually complex nature of the legal relationship that exists between him and Moolla Bank. (12)
- 2.2 Set out the provisions of the Banking Code of Practice with regard to the duties of the staff or employees of a bank. (10)

2.3 Inform Joe Soap about the list of requirements that the Registrar of Banks had to be satisfied with, if any, before authorising the registration of Moolla Bank, as a bank, in terms of the Banks Act 94 of 1990.

(8)

[30]

QUESTION 3

3.1 Discuss the powers of the Financial Intelligence Centre in terms of the Financial Centre Act 38 2001.

(5)

3.2 Uchendu Efemi, a foreign national, intends to open a bank account with Londoloza Bank Ltd in order to start up a business in South Africa. Set out the documents, and the purpose for which a representative of Londoloza bank is required to obtain them from Uchendu.

(9)

[14]

QUESTION 4

K, R and a few of their associates would like to form themselves into a Financial Service Provider in terms of the Financial Advisory and Intermediary Services Act 37 of 2002. They are not certain as to what is legally required of them, as individuals, and their entity as well. Please, advise them on the following:

4.1 The categories into which Financial Service Providers (FSP's) are divided, and the legal purpose for which they are required to be divided.

(10)

4.2 List the factors that K, R and their associates must consider in order to determine whether they, and their associates, are fit and proper to be appointed as Key Individuals of the entity.

(4)

4.3 List the eight (8) Acts of Parliament, which are administered by the Financial Services Board.

(8)

[22]

QUESTION 5

Even though the cheque is no longer one of the most common forms of payment in South Africa, it is still necessary to understand its legal nature, as a negotiable instrument. In the light of this statement, please explain the following in relation to the cheque:

5.1 The traits (characteristics) of a bearer-bill.

(6)

5.2 Explain the concept of "indorsement", and how an order-bill is negotiated.

(4)

5.3 The travellers' cheque as a mode of payment.

(10)

[20]

GRAND TOTAL: [100]