

MDMF

**FINANCIAL INSTRUMENTS LAW**

FINAL EXAM

15 January 2019

18:00h

Duration: 3h / grace period: 30min

**GROUP I** (12 points)

Please consider these elements:

- **Company A** holds 55% of the share-capital (and respective voting rights) on **Company X**
- **Company A** holds 30% of the share-capital (and respective voting rights) on **Company Y**
- **Company X** holds 9% of the share-capital (and respective voting rights) on **Company Y**
- **Company Y** holds 55% of the share-capital (and respective voting rights) on **Company B**
- **Mrs. Betty** holds 12% of the share-capital (and respective voting rights) on **Company A**
- **Mr. Morgan** holds 9% of the share-capital (and respective voting rights) on **Company B**
- **Company X** and **Company Y** are both EU-listed companies
- **Company A** and **Company B** are non-listed companies

You should answer the following questions in a separate manner, *i. e.*, without considering previous answers and conclusions.

1. Mr. Morgan acquired 6% of the share-capital of Company Y. *Is there any communication duty under the Transparency Directive? Why?*
2. Mrs. Betty pledged 100% of her shares in Company A in favour of Mr. Morgan. *Is there any communication duty under the Transparency Directive? Why?*
3. Company Y issued 50.000 warrants giving the holder the unconditional right to acquire, at his/her own discretion, shares of Company Y. Mrs. Betty subscribed 2.500 of those warrants, giving her the possibility to acquire up to 12% of voting rights of Company Y. *Is there any communication duty under the Transparency Directive? Why?*
4. Mr. Morgan and Company Y concluded a shareholder's agreement in which they establish joint control rules regarding Company B. *Is there any communication duty under the Transparency Directive? Why?*
5. Company B needs funds to buy a factory. It issued 10.000 zero-coupon bonds with a "good" redemption premium and a maturity date of 5 years. In addition, it issued 10.000 redeemable shares for a period of 10 years. It is expected that the return of the investment should start around year 7. Mrs. Betty would like to choose one of these investments. *What are the advantages and disadvantages of both investments? What type of legal relationships/positions arise from such investments? What investment would you recommend and why? (please assume that the nominal value of the bonds and the shares is the same)*
6. During this year, Company Y would like to acquire 250 crude barrels. It is expected that the value of the oil price will rise during this period. *How can Company Y cover the price risk?*

**GROUP II** (4 points each – 4+4)

Please answer/address **two – and only two** – of the following questions/topics

1. Compare and contrast the concepts of regulated market, MTF and OTF taking into account MiFID II's provisions
2. Comment this statement: *'In essence, a call warrant and a call option have both the same legal nature'*
3. Define and compare the terms 'investor' and 'client' under EU financial markets' law (in your answer, take special attention to Annex II to MiFID II)
4. Explain the legal concept of 'underlying asset' within the context of financial instruments law
5. Compare and contrast the concepts of (transferrable) securities with money-market instruments

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