



**STRATHMORE LAW SCHOOL
MASTER OF LAWS (LL.M)
SUPPLEMENTARY EXAMINATION
LLM 8314: LEGAL ASPECTS OF INTERNATIONAL FINANCE**

Date: **Monday, 11th May 2026**

Time: **3 Hours**

Instructions

1. This examination consists of **FIVE** questions. Answer **THREE** questions in total.
2. Question **ONE** in Part A is **COMPULSORY**.
3. Please answer any other **TWO** questions in Part B.
4. All questions carry equal marks (20%). The mark obtained in this examination (up to 60%) will be added to the coursework mark (up to 40%) to give the total mark in this module.
5. This is a closed-book examination.
6. You should spend a fair amount of time organizing your thoughts before starting to write.
7. Careful organization and clarity will be highly valued.
8. Please start each question on a new page.

Part A.

Question 1 is compulsory.

Acme bank arranged a \$50 million syndicated loan for Kenco Ltd in Nairobi and was later appointed as the agent bank. All the lenders committed to provide their respective shares of the loan, while some of them advanced their shares to the borrower at the outset in the following amounts: Acme bank provided \$20 million, Langata committed to provide \$10 million, Mathare bank provided \$10 million, Nyayo bank provided \$5 million, while Matata bank provided \$5 million.

Please advise the parties on the issues that arise from the scenarios below, basing yourself on the Loan Markets Association (LMA) documentation and other legal authorities.

- (a) Soon after signing the facility agreement, Langata bank failed to raise its share of the loan, whereupon the borrower demanded that the remaining syndicate lenders should top up their lending to cover for the missing commitment.
- (b) Six months after the loan money had been disbursed, Nyayo bank complained that Acme was conducting a separate foreign exchange business with the borrower to the exclusion of the remaining syndicate banks, and was thus breaching its fiduciary duty to the lenders. Kenco, the borrower, also complained that Acme had breached its fiduciary duty to the borrower by failed to make up for the shortfall arising from the amount that was not advanced by Langata bank.
- (c) The syndicated loan documents provided that any default by Kenco on any of its obligations to any party under any arrangement would amount to a default under the syndicated loan. Because of the shortfall in the loan amount disbursed by the syndicate lenders, however, Kenco defaulted on the large payment for the installation of a new Information Technology (IT) unit at its headquarters in Nairobi. Mathare and Nyayo banks have demanded that Acme should terminate the loan to Kenco Ltd since it defaulted on the payment for the IT services.
- (d) In a concerted effort to obtain further funds for its operations, Kenco Ltd arranged a separate loan of \$15 with City bank and gave to the new lender security over its entire real estate in Nairobi. Yet, the syndicated loan contained a provision that restricted Kenco's ability to create a secured loan in the absence of equal security provided to the syndicate lenders.

[20 marks]

Part B

Answer Two Questions from this part.

2. Credit Rating Agencies are known as the gatekeepers of international finance. What issues have arisen in the performance of their role, and what recommendations would you make for the better functioning of the credit rating function in your country?

[20 marks]

3. What are the respective roles of the arranger and the agent bank in syndicated loans, and what are their potential legal liabilities?

[20 marks]

4. What are the protective provisions in financial documents, and what issues have arisen in recent case law concerning those provisions?

[20 marks]

5. Your client, Fantasia, is considering raising funds through a bond issue and requires advice on the following matters:

- (a) The advantages of borrowing by way of bonds instead of obtaining a loan;
- (b) whether to use a trustee or fiscal agent;
- (c) the role of Euroclear and Clearstream.

[20 marks]

END OF EXAMINATION