The influence of governmental regulation on the stock market sales trade

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The securities market serves as an effective tool for investment processes in countries with market economies, redistribution of financial resources both within the national economy and within the framework of the world economy. Effective functioning of the stock market, the use of securities as a tool for mobilizing free funds, investments and private equity management require the creation of an appropriate economic order, the definition of leverage and instruments for effective regulation of the securities market.

The development of stock markets is of increasing scientific interest, since the expansion of its share in the overall structure is constantly increasing. It is the stock market activity aimed at creating a centralized securities market in Ukraine that is subject to state regulation and the characteristic features of which should be quoted securities, liquidity, openness, transparency, publicity of market information in order to meet the needs of each investor, trust from the general population. Also, the development of a civilized investment process in the Ukrainian economy, the further implementation of market reforms is impossible without the creation of an efficiently operating stock market, which should ensure the realization of Ukraine's national interests and promote the strengthening of its economic sovereignty, since they provide almost 70-75% of the financial resources, then as banks – only about 25%.

The largest state regulator of the activities of financial intermediaries in the securities market is the State Commission on Securities and Stock Market, which is a state body subordinated to the President of Ukraine and accountable to the Verkhovna Rada of Ukraine. The system of this body includes the central apparatus of the SSMSC and its territorial bodies. Functions and powers of this body are defined by the Law of Ukraine “On State Regulation of the Securities Market in Ukraine” and the Regulation on the State Commission for Securities and Stock Market.

The main methods of state regulation of the activity of financial intermediaries in the securities market, which are used by the State Commission for Securities and Stock Market, are:

1) maintenance of the state register of financial institutions;

2) preparation and certification of specialists in the issues of the stock market;

3) licensing of financial services;

4) normative-legal regulation of activity of financial institutions.

The developed financial sector is a key condition for the growth of the economy of any country.

To understand how government regulation affects the trading status of securities in Ukraine, consider the dynamics of sales volumes on the securities market for the period from 2012 to 2017 and the first half of 2018.

So, analyzing the total number of trading transactions, we see that the largest increase in sales was observed in 2014 – 620 billion UAH, which is a larger by 539, 13%, compared with the past, 2017, the reporting year. We can also observe that only in the first half of 2018 the number of trades on the stock market is almost the same as for the whole 2017, which already says that significant development in this area.

Consequently, there is a need for a comprehensive, improved legislative framework to ensure proper and effective control and supervision of the stock market, as well as to improve the protection of the rights of consumers and investors in financial services in the stock market.

Proceeding from the fact that regulation is necessary, on the one hand, to ensure the development of the stock market, and on the other hand – to guarantee compliance with all its participants of the established rules and norms of activity, we can formulate the following tasks of market regulation:

• First, the definition of key parameters of the country's financial system and a place in it for professional securities market participants. The “regulator” defines the basic system, the parameter helps to make a choice between the supporters of the concept of universal commercial banks and those who advocate the formation of a special group of professional securities market participants.

• secondly, creating conditions and seeking incentives for constructive behavior of market participants. It is about applying a procedure in which market participants would like to create new infrastructure organizations (or to participate in their activities) in order to increase the transparency of the market;

• Thirdly, preventing actions that have a negative impact on the market. Such a task is extremely important because of the financial market's sensitivity to systemic risks. This is a danger that arises due to insolvency or unfairness of the actions of market participants.