

Студент 3 курсу  
фінансового факультету ХНЕУ

**PECULARITIES OF THE UKRAINIAN  
STOCK MARKET DEVELOPMENT**

*Annotation. Some problems and prospects of the Ukrainian stock market development was considered.*

*Анотація. Розглянуто деякі проблеми та перспективи розвитку фондового ринку України.*

*Аннотация. Рассмотрены некоторые проблемы и перспективы развития фондового рынка Украины.*

*Key words: stock market, securities, market, development, investment, problems and prospects.*

The Stock Market is one of the most important parts of the economy of any country, including Ukraine. When the Ukrainian Stock Market came into existence, it was proposed to have a centralized and unified market. But with the entry of new entities and the need for the Ukrainian Stock Market development it was soon divided into two independent stock exchanges: the Ukrainian Stock Exchange (or USE) and the PFTS. The Ukrainian Stock Market is based on bonds which main contributors to the Stock Markets are banks, registrars, stockbrokers and trading systems. With the lack of a unified Stock Market in Ukraine, there is no centralized index in regard to stock either. Therefore companies, which work on the Stock Exchange, have their own individual indices. The activity of the Stock Market in Ukraine experiences the periods of lower trade, which are connected with the drop of energy power trade. Currently, the Securities Market in Ukraine is not as active as it was in the mid-90s. It is associated with many problems: gap of development, imperfection of current legislation, various restrictions imposed by the government, lack of the market international standards etc. All these negative features have an impact on the domestic Stock Market [1].

Thus, the aim of this article is to consider the main problems and prospects of the Stock Market in Ukraine.

Members of the Stock Exchange accounted over 150 companies in 2010, headquarters of most of them are located in Kyiv. The Stock Exchange accounts for nearly 800 entities; eleven of them are classified under the first level of listing, 143 – the second level of listing, and the rest have assigned zero level of listing.

The most expansive securities has Agra LLC (ЗАТ "Агра") based in Dnipropetrovsk. Its 13 bonds were nominated at 770000.00 (UAH) in 2010. Swedbank has the most securities with 215,910,025,800 shares nominated at 0.01 (UAH).

To develop a coherent and effective functioning of the Stock Market in Ukraine is impossible without the presence of specialized financial institutions that operate in the field of public investment. There are certain problems interfering with the activities of

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uncertainty of accounting. Sometimes they lead to incorrect display of financial results [4].

Having analysed the literary resources connected with this problem, we identified the following disadvantages of the Ukrainian modern Stock Market:

1. Lack of the effective infrastructure that provides the accumulation of investment capital and does not contribute to the efficient allocation of financial resources;
2. Lack of experience in the accounting system performance, lack of transactions and property rights;
3. Lack of common shares and proper payment system, which leads to the decrease of foreign investments;
4. Stagnation of the Security Market due to low Ukrainian security companies investments and high taxes;
5. Lack of practice in the formation of Ukrainian depository accounts;
6. A large number of laws and regulations governing securities and property rights, as well as the absence of necessary ones.

These issues have been discussed in details in the internal mass media for a long time, and are thought to be "chronic" [2].

Further development of the Ukrainian Stock Market depends on the state specific actions connected with the restructuring of the financial system, further self regulation of the Stock Market. These actions may be rendered as the following governmental steps:

- To expand the securities with high rate of investment activity;
- To increase the transparency of the Stock Market of Ukraine;
- To improve the functioning principles of the Stock Market and to introduce its new tools;
- To support both foreign and domestic investors;
- To increase the professional Stock Market participants;
- To improve and optimize securities' transactions control in Ukraine;
- To provide favourable market participants' tax climate [3].

Thus this article examines the existing problems of the Stock Market development and the ways of its improvement.

*Наук. керівн. Бутковська Н. О.*

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