MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
SUMY STATE UNIVERSITY
Educational and Research Institute of Business, Economics and Management
Department of International Economic Relations

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QUALIFICATION PAPER
It is submitted for the Bachelor's degree

Specialty 292 "International Economic Relations"
on the topic " STOCK MARKET CRISES AND THEIR IMPACT ON THE WORLD STOCK MARKET "

Student 4 Course ______________ V.A. Yolshyn
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(group's code)

Qualifying Bachelor's paper contains the results of own research. The use of the ideas, results and texts of other authors has a link to the corresponding source

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Sumy, 2024

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TASKS FOR BACHELOR'S DEGREE QUALIFICATION PAPER

(specialty 292 " International Economic Relations ")
student ___4___ course, group ___ME-02a.ан__
(course number) (group's code)
Vladyslav Anatoliyovych Yolshyn
(student's full name)

1. The theme of the paper is STOCK MARKET CRISES AND THEIR IMPACT ON THE WORLD STOCK MARKET
approved by the order of the university from « 11 » May 2024 № 0484-VI
2. The term of completed paper submission by the student is «6» __June 2024
3. The purpose of the qualification paper is to determine the main aspects and characteristics of stock exchange crises. Describe the concepts and theoretical aspects of stock exchanges and stock market crashes. Determine the analysis of the history and state of the exchange and problems on the exchange in Ukraine.
4. The object of the research is stock market crises.
5. The subject of research is the study of various stock market crashes, their causes, and analysis of the stock exchange in Ukraine.
6. The qualification paper is carried out on materials from the electronical sources.
7. Approximate qualifying bachelor's paper plan, terms for submitting chapters to the research advisor and the content of tasks for the accomplished purpose is as follows:

Chapter 1 theoretical basis of stock crises: 05.05.2024
(title, the deadline for submission)

Chapter 1 deals with deals with basic concepts and theoretical aspects of stock market. It deals with crisis on the stock market and legal regulation of stock market crises:
(the content of concrete tasks to the section to be performed by the student)

Chapter 2 Analysis of the international experience of fund crises: 23.05.2024
(title, the deadline for submission)

Chapter 2 deals with assessment of the development of the world stock market in the system. Deals with causes and features of crisis phenomena on the securities market. Deals with current state of development of the stock market of Ukraine:

(the content of concrete tasks to the chapter to be performed by the student)

Chapter 3 Mechanisms for improving stock market development 01.06.2024

(title, the deadline for submission)

Chapter 3 deals with deals with alternative markets for raising capital on stock exchanges. Deals with the problems and directions of development of the stock exchange market in Ukraine.

(the content of concrete tasks to the chapter to be performed by the student)

8. Supervision on work:

Chapter	Full name and position of the advisor	Date, signature	
		task issued by	task accepted by
1	Inessa Yarova, Ph.D., Associate professor	05.04.2024	05.04.2024
2	Inessa Yarova, Ph.D., Associate professor	24.04.2024	24.04.2024
3	Inessa Yarova, Ph.D., Associate professor	06.05.2024	06.05.2024

9. Date of issue of the task: « 05 » April 2024

ABSTRACT
on bachelor's degree qualification paper on the topic
« STOCK MARKET CRISES AND THEIR IMPACT ON THE WORLD STOCK MARKET »
student Vladyslav Anatoliyovych Yolshyn
(full name)

The main content of the bachelor's work is laid out on 49 pages, including the list of used sources from 45 titles, which is placed on 4 pages. The work contains 1 table, 6 figures.

The purpose of the qualification paper is to determine the main aspects and characteristics of stock exchange crises. Describe the concepts and theoretical aspects of stock exchanges and stock market crashes. Determine the analysis of the history and state of the exchange and problems on the exchange in Ukraine.

The purpose of the work is realized by performing the following tasks:

- to analyze basic concepts and theoretical aspects of stock market.
- to study crisis on the stock market and legal regulation of stock market crises.
- explore assessment of the development of the world stock market in the system.
- identify causes and features of crisis phenomena on the securities market.
- to analyze current state of development of the stock market of Ukraine.
- to study alternative markets for raising capital on stock exchanges

The general scientific research method was applied in the theoretical part of the work. This method was used for the purpose of theoretical analysis and clarification of theoretical aspects related to the selected research topic. Using this method, the main business models and pricing strategies were investigated.

According to the results of the study the following conclusions are formulated:

1. The causes of crises on stock exchanges have been studied. It has been established that the reasons are the general cyclical nature of economic development, the imbalance of international trade and capital flows, as well as overheating of the credit market.

2. What problems the Ukrainian Exchange has are identified. It has been established that the main problems of the Ukrainian stock market are low liquidity, dependence on external platforms, overregulation, poor technical equipment and poor awareness of citizens about the stock market.

3. The measures necessary to improve the stock exchange in Ukraine were considered. It has been established that the basis for market consolidation can be a discussion of the stock market development strategy for the next five years. Thanks to such a strategy, it is possible to determine goals, tasks in order of priority and a list of specific activities to achieve them.

Keywords: stock exchange, stock exchange in Ukraine, crises on stock exchanges, stock market, crash.

The year of qualifying paper fulfillment is 2024

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CONTENT

INTRODUCTION

The stock market is one of the most important elements of a market economy. In countries with a transition economy, the turnover of securities becomes one of the main branches of the financial sphere, without which it is futile to hope for the normal functioning of the complex mechanism of the market economy. As you know, property reform is accompanied by the structural restructuring of the national economy and leads to the creation of the stock market, and the latter contributes to the consolidation of the results of this reform.

The role of the stock market, one of the leading components of the financial market, in today's globalized world is extremely important, because the stability of both an individual state and the world economy in general depends on the effective functioning of the stock market. Economic development of countries involves a continuous process of mobilization, distribution and redistribution of financial resources. Active participation in the implementation of these processes is taken by stock exchanges, through which agreements on the purchase and sale of securities and their derivatives are concluded.

In the securities market, temporarily free financial capital accumulates with the aim of redistributing it among the participants of the process and transferring it from one sector of the economy, where there is an excess of it, to another - where there is a shortage of it, through transactions for the purchase and sale of a specific product - securities, with the aim of profit.

The current state of the world stock market is characterized by the quantitative assessment of its volume, dynamics and structure of various types of securities. The total volume of the world stock market is almost 70 trillion dollars. USA. At the same time, 42% falls on the stock market and 58% on debt obligations.

Half of the entire world market for stocks and bonds is in the USA. Turnover on the stock market is 800 billion dollars. per day, and on the bond market - 950 billion dollars.

The ratio between the volumes of the stock and bond markets generally reflects the situation in the markets of developed countries due to their absolute dominance of the world stock market. These proportions can vary significantly from country to country. So, the majority of the market is in the countries of East Asia on shares, and in the countries of Latin America - on debt securities.

1. THEORETICAL BASIS OF STOCK CRISES

1.1 Historical aspect of stock market

In a market economy, exchange activity is an important and integral component of organized trade on the international markets of goods and services.

Modern exchange activity was the result of the historical development of forms of wholesale trade from the bazaar to an organized form of exchange trade. Therefore, the processes of emergence and development of stock market activity must be considered based on the practice of the international experience of countries with a market economy, where the stock market is active trading on commodity and stock exchanges was formed and changed in stages.

First, the bazaar was formed, then the fair, then the auction, and then the exchange trade.

In its essence, the stock exchange is one of the variants of the organized market, a certain trading platform. This is the name given to complex financial institutions - legal structures that ensure communication between sellers and buyers.

According to historians, the first steps towards the creation of regulated exchange-type trading platforms were made in the 13th century. Even then, among business people there was an understanding that it is necessary to organize a place where potential participants in trade deals can meet, discuss and agree on the prices of goods, in particular, without the physical presence of the latter. This is how the first commodity exchanges appeared, a little later - stock and, finally, currency - their analogues. It should be noted that the first prerequisites for the creation of such trade institutes arose in ancient Rome. Even then, traders came to the conclusion that an agreement on the price and supply of goods can be concluded without their physical delivery to the place of trading. It is believed that the history of the development of stock trading as we understand it today begins in the Belgian city of Bruges.

At the beginning of the 15th century, the Van der Burse family lived here, which, according to experts, founded the world's first stock exchange. Back in 1409, the head of a highly respected family organized regular meetings of merchants from all over Europe. The parties met on a small site in Bruges near the hotels owned by the Van der Boers. They negotiated and concluded wholesale trade agreements, and promissory notes were used as settlement documents. More likely, the name of the stock exchange form of trade is directly related to Van der Burs. Translated from Greek, this word means bag, purse.

The first official stock exchange opened in Antwerp. Initially, it was an ordinary market square where merchants entered into contracts for the purchase of various goods. At the same time, buyers ordered the necessary products according to a sample: they did not take the entire batch, but a certain part - a sample. In 1531, a specialized building of the Antwerp Stock Exchange was opened. Goods and government bonds were traded here. The prosperity of the stock exchange ended in the 80s of the 16th century due to the consequences of the Dutch revolution: Antwerp was destroyed. But international stock trading did not stop - its history continued in Amsterdam. In the Netherlands, a new financial instrument has appeared - shares. The East India (1602) and West India (1621) companies were the first companies to list their shares on the stock exchange.

In 1637, when the Dutch economy collapsed, the London Stock Exchange (LSE), which is still active, became world-famous and popular.

Today, there are several hundred commodity and stock exchanges in the world. [1]

1.1 Table – Stages of development of exchange activity in the world [2]

1 stage	2 stage	3 stage	4 stage	5 stage
The birth of the first commodit y exchanges , on which contracts are	The beginning of the conclusion of transactions on commodity exchanges for real goods with future	The emergence of futures contracts on commodity exchanges and the beginning of	Development of a price risk insurance mechanism and the beginning of hedging operations on	The emergence of option contracts on commodity exchanges and the beginning of trading in options on real goods and futures contracts

concluded for real goods with immediate delivery.	delivery of purchase agreements	contracts for the term	commodity exchanges	
2nd half of XVI cm. (since 1531)	1st half of XIX cm. (31730)	2nd pewter XIX cm. (since 1865)	1st half XX cm (from 1920)	2nd half (3 1980)

Already closer to our days, Marseille merchants in 1553 demanded a special place for organizing meetings, so as not to feel discomfort when they were constantly trading on the street.

Gradually, the rules for carrying out exchange trading in spot contracts were formed. Later, the sellers came to the conclusion that it is not necessary to bring goods to places for trade. It was enough to agree on the supply of goods and their prices. All other conditions should be included in the terms of contracts.

At meetings, traders and merchants could also resolve other issues related to insurance, circulation of bills, etc. With the development of the stock market, the medieval stock market began to acquire modern features.

Historians and economists consider the origin of the term "stock exchange" to be a trading post in Flanders - the city of Bruges. Here, stock trading began to take place near the hotel called Burse." The owner of the hotel at that time was Van de Bourse. He built a hotel for rent, and the gable of his hotel decorated with a coat of arms depicting three purses.

Foreign merchants, arriving in Bruges, often stayed at the Burse Hotel, where they could get to know other merchants, make deals there, and learn about the latest news. Hotel "Bourse" was liked by merchants because the representative office of the large trade centers of Florence and Genoa was located near it.

Many merchants for the purpose of making deals often come to of this hotel. This explains the expression "go to Bursa", which often sounded from the mouths of traders. Therefore, the modern word "exchange" originates from the name of the owner of the Burse hotel.

The concept of "exchange" as a place for traders' meetings spread in world practice quite quickly, but the old names were also preserved in many cities. Yes, in Lyon it is the Exchange Square, in the Hanseatic cities it is the Chamber of Commerce, in Barcelona it is the Loggia.

The first specialized stock exchange building was built back in 1556 in the city of Antwerp, which was a competitor of the city of Bruges. At the entrance of the stock exchange there was an inscription: "For business people of all countries and languages."

In the 17th century Amsterdam became the center of trade and financial activity. In 1602, the largest exchange in the world was created.

Thanks to the success of the stock exchanges, the Netherlands has turned into a global one financial center at that time. In Amsterdam, all business operations merged into one stream. Every day from 12:00 to 14:00, five thousand traders gathered at the local exchange to trade. The order of exchange trading was clearly regulated by the stock exchange. Each branch of trade was assigned a certain place. More than a thousand brokers served their clients on the exchange. In such a jostling, buyers and sellers sometimes had a hard time finding each other. At that time, a large part of Europe was indebted to Amsterdam. Historically, the securities market was created in Amsterdam. In the 17th century the first stock exchange was established, despite the fact that government bonds were traded much earlier in Venice and Florence. An active market for receipts and payment cards has been created in Genoa. Shares were traded at the Leipzig fairs German deposits.

At the beginning of the XVIII century. London became the main center of world exchange activity. The stock exchange also became a meeting place for traders who wanted to speculate and make money.

Of particular note is the fact that stock exchanges ensured a rapid transition from securities trading to monetary instruments.

The real development of stock market activity occurred in the 19th century, when The London Stock Exchange has already taken the lead.

However, later the most prestigious and largest stock exchange became the New York Stock Exchange, which is still located on the well-known street - Wall Street.

The first US commodity exchange was opened in 1848 in Chicago, SWOT. Its founders wanted to ensure a regulated system of exchange trade in grains, as well as provide protection for producers and buyers from the consequences of price disparities.

The Chicago Commodity Exchange - SWOT played a special role in the development of exchange activity on the global commodity market. The city of Chicago in the years 1830-1840 became one of the largest centers of grain trade. Thanks to the industrial revolution, the American Middle began to develop rapidly

West, one of the largest agricultural regions in the USA. In addition, the city of Chicago had a strategic location near the Great Lakes, which ensured the rapid population of the city and its transformation into a transport hub - a grain terminal. At the same time, water and transport facilities made it possible to quickly deliver grain from Chicago to other areas.

The increase in the volume of grain trade on the spot market took place precisely in Chicago, farmers came to this city with grain and hoped to sell it at higher prices. But the hopes of farmers often did not come true.

After all, if the year was sufficiently fruitful, then the farmers did not receive the expected profit and came to Chicago almost in vain. There were years when farmers spilled their grain near the lakes in protest, as falling prices made it impossible to compensate even for transportation costs. In addition to problems related to the balancing of demand and supply, there were also logistical problems related to transportation and storage of grain.

In 1848, at the decision of 82 merchants, the Chicago Stock Exchange (SWOT) was opened to stabilize the grain spot market. The first agreements concluded on this commodity exchange were spot contracts for grain.

It should be noted that trading on the vast majority of exchanges began with the conclusion of spot contracts or agreements for the supply of real products: agricultural, energy resources, metals, timber and other assets of industrial nature. The mechanism of exchange trading of real assets was the delivery of sold goods from one of the exchange warehouses, where the buyer could receive his goods. Thus, contracts with the immediate delivery of real assets on the stock exchanges were called spot contracts.

The seller of exchange assets delivered his goods to one of the collection warehouses, receiving in exchange a warehouse certificate confirming the quantity and quality of his goods. Having concluded a spot agreement, the seller could transfer his certificate to the buyer and received a payment document for it.

Thus, stock exchange activity in that historical period, thanks to stock exchange trading, provided only an organized place for concluding spot contracts, but all legal relations regarding the execution of concluded contracts were regulated outside the stock exchange. The exchange could not guarantee spot agreements and their execution. Another feature of spot deals was that the volume of goods, their quality and calculations were determined personally by buyers and sellers, in fact contracts were individual in nature. The purpose of spot contracts for buyers was the real purchase of the product and its real immediate realization - for sellers of goods. The terms of immediate settlements and the short-term nature of spot contracts did not create opportunities for speculation on price fluctuations.

The main function of exchange activity at that time was to provide real price information and create organizational conditions for the purchase and sale of assets. That is, the exchange ensured the centralization of supply and demand. Traders were able to learn quickly on the exchange market, especially about the moods and desires of its participants.

The need to stabilize prices throughout the calendar year on the market of agricultural products ensured the search and development of new types of contracts with a future delivery date. Forward contracts became the next stage in the development of exchange activity in the world.

The forward contract provided an opportunity for the delivery of goods of the appropriate quantity and quality in the future period at prices fixed at the time of conclusion. It is interesting that the first forward contracts were used on European and Asian stock exchanges. The first rice tickets were signed in the 1700s at the Dojima Rice Exchange in Japan.

In the XVI–XVIII centuries. contracts for tulip bulbs with future delivery were concluded on European exchanges. Specific forward trade involved buying and selling goods throughout the year.

The formation of the spot market can be considered a prerequisite for the development of exchange activity on the market of contracts with remote delivery - derivatives precisely on commodity exchanges, where they have been successfully implemented. [3]

For the first time in the USA, forward contracts were made on the Chicago Mercantile Exchange, the object of trade was corn. Merchants of corn grain received it in the fall and had to store it until it was loaded on the ship, which was not before spring. During this period, the price often changed. In order to reduce price risks, grain traders went to the Chicago exchange to enter into contracts there for the supply of corn in the spring, but at the price at the time of concluding the contracts. The first forward contract for corn on the World Trade Organization dates back to 1851.

1.2 Content of the crisis on the stock market

A stock market crash is a collapse in stock prices on stock exchanges. Along with various economic factors, panic is also the cause of stock market crashes. Speculative economic bubbles often end with stock market crashes.

There is no strict definition of a stock market crash; the term is often used to refer to sharp drops in stock market indices by tens of percent within a few days. A crash is distinguished from a trivial downtrend (Bear market) by panic selling and sharp, dramatic price declines that then persist for months. [4]

When considering a crisis, it is necessary to take into account that the consequence of crisis phenomena may be imbalances in the stock market. It should be noted that there is a misconception that imbalances are the cause of the crisis in the stock market - this is not the case. The anticipation of a crisis can be predicted through individual emerging phenomena, such as a reduction in market capitalization, a significant reduction in investor funds as a result of sales of shares, etc. It is these phenomena that are most clearly manifested and noticeable in emerging markets.

The main task when the preconditions for a crisis arise in the stock market is to eliminate the first difficulties in order to avoid the emergence of new turns of the crisis. Each cause of the crisis has its own consequences and methods for eliminating them.

The most well-known causes of stock crises are the actions of such mechanisms as: soap bubble, speculative attack, liquidity crisis. [5]

Studying the stock markets, one can note a sequence of phenomena that prevent a crisis: the phenomenon of “hot money” consists in a very rapid transition of short-term speculative masses of money from one market to another. In the USA, in March 2000, the Nasdaq stock index reached its maximum values, and over the following years fell exactly five times. [6] The rapid development of the Internet led to the creation of an industry - the “dot-com” economy, into which investors invested huge amounts of money. But the companies were unable to “recycle” the raised capital and published articles about losses. Cash inflows, i.e. “hot money” became the impetus for the most sensational stock crisis in the United States.

Another phenomenon of “market errors” caused investors to invest money without hesitation funds to any companies that belong to e-commerce. This happened due to the fact that high-tech companies were positioning themselves as representatives of the “new economy”, and this sounded extremely tempting to investors. Capitalization on the Nasdaq market significantly exceeded net income by 200 times. Thus, the assets acquired by investors were able to pay off in at least

1200 years. The behavior of investors in this case cannot be called rational. The Nasdaq collapse, in a domino effect, led to a worldwide stock market decline from 2001-2003. [7]

By 2005, interest rates had risen and the real estate market had stalled. This situation led to the insolvency of borrowers and losses to investors. The crisis consumed the Bear Stearns bank, and later Lehnmans Brothers. [8] These crises were large-scale and unique because crisis phenomena in the financial sector had a chain reaction and absorbed developed stock markets. As for stock crises in developing countries, these include the Asian crisis of 1998. Initially, the crisis affected Thailand and Malaysia, later Singapore, Indonesia, Hong Kong, South Korea. [9] Since 1997, the currency began to fall rapidly, banks were closed one after another. It is important to note that the investment was foreign. The situation that occurred in the Asian market is associated with a massive sale of assets, which resulted in the collapse of stock exchanges.

1.3 Legal regulation of stock market crises

The main principle of legal regulation of relations in the financial market is the principle of free movement of capital or financial assets.

It is enshrined in the constitutional norms of some federal states (Part 4 of Article 1 of the Constitution of Bosnia and Herzegovina 1995) [10], as well as international and European law (Articles 56–60 of the Treaty on the European Union (Maastricht Treaty) 1992 [11], Treaty on the Customs Union and the Common Economic Space of February 26, 1999 [12], Treaty establishing the Eurasian Economic Community of 2000. [13]

But if, within the framework of constitutional and legal regulation, this principle serves to ensure the unity of the economic space of the state and the development of the economy, thereby ensuring state sovereignty, then its widespread use in international legal regulation is not so clear.

According to the famous Hungarian jurist and judge of the European Court of Human Rights A. Szajo, “modern democracies have to serve a much larger and more socially important state; they must solve social problems that require a more dynamic, rapid response than in Tocqueville's time. In the era of electronic quotation, a stock exchange can collapse in ten minutes, taking the national and global economy with it. Therefore, for greater efficiency, the mechanism of constitutional decisions must satisfy new requirements” [14] An example of such a situation is the crisis in the financial market, which began in the United States in 2007 in the mortgage market and spread to other countries, which J. Soros called the strongest in the last 60 years. [15]

There is a discrepancy between the powers of traditional state decision-making institutions and international institutions or supranational bodies in whose hands control over basic resources and economic processes quickly passes. The scope of powers is increasing, delegated from the state to supranational bodies and universal global organizations. The functions of conducting independent monetary, export-import and foreign exchange policies will be the first to be curtailed” [16]

The process of unification of public legal mechanisms of state and legal regulation of relations in national financial markets is increasingly developing. The activities of international economic organizations play a major role here. In the field of banking supervision, these are the “Fundamental Principles of Effective Banking Supervision” 2006 [17], developed by the Basel Committee on Banking Supervision. In the field of securities market regulation, these are the “Objectives and Principles of Securities Regulation” of 1998, developed by the International Organization of Securities Commissions [18]. In the insurance industry - the “principles” and “guidelines” of the International Association of Insurance Supervisors.

A number of works by well-known legal scholars contain proposals for the widespread use of foreign and international regulation of relations in the financial market. A significantly smaller number of works address issues of ensuring national interests, national security and state sovereignty in the formation and implementation of policies for the legal regulation of relations in financial markets.

Thus, in modern legal science, when studying the processes of globalization in the field of financial markets, insufficient attention is paid to its negative factors, including threats to state sovereignty. As already noted, a comprehensive analysis of these issues has not been carried out in legal science to date.

2. ANALYSIS OF THE INTERNATIONAL EXPERIENCE OF FUND CRISES

2.1 Assessment of the development of the world stock market in the system world economy

Functions of the Stock Exchange:

1. Coordination. Exchanges change and adjust their trading procedures in response to changes in the technological base and trends in the global Sunday.

2. Arbitration. An important function is to provide all parties of the process with comfortable and secure conditions for trading valuable stocks and securities. For this reason, the papers are put into circulation on the stock exchange, which supports the liquidity and wide availability of investors.

3. Timely reflection. Provide reliable forecasts and reliable trading on exchanges where the value and attractiveness of different types of securities are determined. In developed countries, the stock market copes well with these characteristics due to the efficient and optimal way to attract capital to the domestic economy. Filling the most promising and competitive industries of the country with financial resources will give impetus to scientific and technological progress and contribute to economic growth and positive change. Securities that are dangerous for investors are also sold over the counter. The name of this trading method is OTC. However, since over-the-counter transactions are not monitored and are not protected from fraud, participants of such transactions are at significant risk. Participants can be parties operating on the stock exchanges: brokers, investors, investment companies, banks, etc. A stock exchange is usually created in the form of an association or as a joint stock company. A distinctive feature of the stock exchange is its non-commercial nature. The stock exchange is a legal entity. The main purpose of the Stock Exchange is to create favorable conditions for

large-scale and efficient securities trading, which is incompatible with the commercial approach to its work. The income of the exchange is limited to the amount necessary to ensure its normal functioning and development and is used to pay dividends to organizations that fund the authorized capital of the exchange. Therefore, the stock exchange is the place where it is both the regulator and the guarantor of transactions for sellers, intermediaries and buyers. "As of 2022/7, the Ukrainian stock exchange market is represented by exchanges such as PJSC PERSPEKTIVA, PJSC "Ukrainian Interbank Foreign Exchange Exchange", PJSC “Ukrainian Stock Exchange", PJSC "PFT"[19]. The demand and supply of securities are concentrated in the stock exchanges, where market rates are formed. The stock exchange receives the rights of legal entities from the moment it is registered in the country. "[19]. At the beginning of the century there were 4 commodity exchanges. - In Kiev, Lviv, Kharkov and Odessa." [20]. The newly created stock exchange has been registered in accordance with the laws of Ukraine in order to obtain the official right to conduct its activities. The legal norms and rules on the stock exchange determine whether a citizen (individual) or an organization (legal entity) can work professionally on the stock exchange, the requirements for the qualifications of employees, the size of fixed and working capital, the possibility of participating in the transaction of the stock value of a foreign company.Determine other conditions of commercial banks.

International investors analyze a large amount of information about the state of the global stock market. "According to the S & P scale, Ukraine's rating is currently at the SD level (selective default) and the eurobond level is at the D level"[21]. Global stock markets are rising right now. According to the World Stock Exchange Federation, the market capitalization of the stock exchange has now reached 994 trillion. The comparison does not support the world GDP, which will be 88.75 trillion in 2020.

The landscape of this Sunday is currently formed by several countries: the United States, the United Kingdom, Canada, European countries, China, India and Japan.

The United States is the country with the most developed stock exchange in the world. The trading platforms are the New York Stock Exchange (NYSE) and Nasdaq, and together they make up almost a third of the world's stock exchanges. The New York Stock Exchange was founded on 17 May 1792, and 24 New York brokers who traded and traded financial instruments signed a contract to establish the New York Stock Exchange. The shares of the Bank of New York were the first to be quoted in it. The stock exchange has belonged to the Intercontinental Stock Exchange since 2013.

A network of exchanges and clearing houses for financial and commodity markets in the United States, Canada and Europe. Currently, more than 2,400 securities are traded on the New York Stock Exchange worldwide, and the average daily trading volume is about 11 billion at 1230. The market value of the stock exchange is 28.8 trillion.

The NYSE Composite, the main index of the New York Stock Exchange, is one of the most popular stock indexes in the world. Securities reflect a change in the value of more than 2,000 of the largest companies traded on this exchange, so this could be an indicator of the state of the U.S. economy since 2020, the index has peaked at total capital for June 2021: 25.3 trillion.

4,000 companies NYSE Composite index in June 2021 16,643 points. The 2nd largest in the United States and the world, its platform is the NASDAQ Stock Exchange, founded in February 1971. The main feature of this site is that it is the first fully electronic exchange, unlike others that introduced digital technologies gradually, step by step moving away from traditional trading in the halls of the exchange. Currently, this trading platform is owned by NASDAQ OMX Group Inc. - an American company that, in addition to NASDAQ, manages several other exchanges in Northern Europe, bought in 2007. The average volume of daily trading at the beginning of November 2020 reached $207.1 billion. By the end of October, the capitalization of the stock exchange was $19.87 trillion, and the number of listed companies was 4,298. The key index of NASDAQ - NASDAQ Composite - includes securities of more than 3 thousand companies and is considered an important indicator of the dynamics of high-tech and fast-growing securities rates companies. Canada also has a developed stock market, represented mainly by the country's largest trading platform - the Toronto Stock Exchange. It was created in 1852, and then in 1934 it merged with its main competitor - the Canadian Stock and Mining Exchange. Since 2002, the stock exchange has been owned by TMX Group Inc. By the end of August 2020, the official list of the stock exchange included the securities of 1,620 companies, and the capitalization amounted to $2.4 trillion. The average daily trading volume on this platform was $8.5 billion at the end of September. The main index of the Toronto Stock Exchange – S&P/TSX – reflects the value of shares of 280 companies, the weight of each of which is not less than 0.05% of the index's capitalization.

One of the largest stock exchanges in Europe is the pan-European Euronext exchange, which unites the stock markets of Belgium, France, Ireland, the Netherlands, Norway and Portugal. This group of companies appeared in 2000 as a result of the activity of the president of the Paris Stock Exchange, Jean-Francois Théodor, who initiated the merger of platforms in Amsterdam, Brussels and Paris to give the combined exchange an advantage in the financial market of Europe. In October 2020, the securities of 1,466 companies were listed in the Euronext infrastructure, the total capitalization was 3.8 trillion euros, or $4.4 trillion. On average, the volume of trade per day until the end of 2021 was at the level of $9.7 billion. The most important index of the pan-European stock platform is Euronext 100 – is formed on the basis of data on the largest and most liquid assets. The UK market against the background of its exit from the EU should be singled out separately. "In Great Britain, the London Stock Exchange, which currently ranks seventh in the list of world exchanges, arose at the end of the 18th century." [22]. LSE (London Stock Exchange Group) - joint-stock company, according to the stock exchange, currently in its main list there are securities of 1,124 companies, and the total capitalization is about $3.8 trillion. According to the results of September 2020, the average daily trading volume was 4.59 billion euros, or $5.3 billion. One of the most important indices of the London Stock Exchange is the

FTSE 100, which includes the shares of the 101 largest companies traded on this platform. China's stock market is known for its three largest stock exchanges - Shenzhen, Shanghai and Hong Kong. The first, the Shenzhen Stock Exchange, mainly trades in securities of state-owned companies. Due to the peculiarities of regulation in the country, stocks here are divided into two categories: those traded in yuan and those denominated in Hong Kong dollars and created for foreign players.

Until December 2016, only large institutional investors who received a special license could buy shares of the first category from foreigners. then the restriction was partially lifted and now private players can also buy such securities but in limited volumes. By the end of October 2020, 2,310 companies had their securities listed on the platform, and the total capitalization amounted to $4.6 trillion. The average daily trading volume in September 2020 was $96.2 billion.

Among the large companies whose shares are listed in Shenzhen, one can note, for example, the BYD car manufacturer or Contemporary Amperex Technology - the largest Chinese manufacturer of lithium and lithium-polymer batteries. The main index of this exchange - SZSE Component Index - tracks the dynamics of shares of 50 of the most liquid and large companies on the platform. Unlike the United States and Canada, the stock market in China did not feel such strong pressure from the pandemic thanks to the country's success in the fight against the coronavirus. The most famous of the Chinese stock exchanges is the Shanghai Stock Exchange, founded in 1990 and under the supervision of the China Securities Commission. In 1984, securities and bonds began to be issued in Shanghai and other regions. As in the case of the Shenzhen Stock Exchange, shares were divided into two categories: shares denominated in yuan and shares denominated in US dollars. Shares of the first type from foreigners were available only to large institutional investors, but since 2014 access to them was opened to small investors - they were allowed to trade shares through brokers of the Hong Kong Stock Exchange for more than 500 largest companies of the Shanghai Stock Exchange.

The Hang Seng Index of the Hong Kong Stock Exchange is a weighted average value of the shares of 50 companies whose securities are traded on the stock exchange and make up more than half of the capitalization

Hong Kong Stock Exchange. Total capitalization on the Shanghai Stock Exchange in October 2020 reached $6.2 trillion. On average, trading on the main platform amounted to $383 billion per day. The key index of the exchange is the SSE Composite Index, which includes all listed securities and is calculated based on their total capitalization. In contrast to the Shenzhen Stock Exchange, the Shanghai Stock Exchange index in March 2020 showed a "fall" to 2,745.62 points due to strong integration into the global market.

The Hong Kong Stock Exchange is the fourth largest stock exchange located in the Hong Kong Special Administrative Region. The trading platform is owned by the financial holding Hong Kong Exchanges and Clearing Limited, the major shareholder of which is the Hong Kong government. By the end of Money, Finance and Credit on September 5, securities of 2,518 companies from around the world were registered on the stock exchange, and the total capitalization amounted to $41.64 trillion. At the same time, the average daily turnover is about $123 billion.

Conclusions. Having analyzed the methods of formation and development of foreign stock markets, it is possible to emphasize the stable factors of the development of the domestic stock exchange:

- the creation of a specialized place equipped with the necessary technical means for trading operations.

- provision of guarantees for the conclusion of agreements with securities, supply of securities and mutual settlements.

- ensuring information openness and transparency of the stock market for all participants.

- increasing the number of educational events with the aim of increasing the number of bidders and awareness of the potential benefits of participating in the stock market.

It is worth noting that despite all the benefits of the changes carried out in the stock market, this does not mean that immediately after all the reforms are implemented, foreign investors will immediately come to our market with long-term investments. "This is explained by the fact that the country's stock market has not yet been fully formed due to a number of factors".

In order for this to happen, it is necessary to fundamentally change the Ukrainian economy, as well as carry out an effective fight against corruption and reduce political risks in the country to change everything that worries foreign investors in our economy, in addition to the underdevelopment of the stock market. And then the flow of foreign investments to Ukraine will really increase.

However, given the potential, we can talk about the possibility of a gradual development of the domestic securities market in the future, an increase in its capitalization and a return to its role as a tool for attracting investments into the economy.

Therefore, the rise and development of the stock market is possible only under the condition of an exit economy from the crisis.

2.2 Causes and features of crisis phenomena on the securities market

Ukraine is the world leader in terms of stock market growth - 80% per year! Yes, thanks to the low base - too.

In 2018, the stock market of Ukraine jumped by more than 80% according to the original statement of analysts of the Refinitv group, which is part of the world's leading information concern Thomson Reuters Corporation. Ukraine has become the best in the world ranking of stock markets according to the indicator of its key index, which since 1997 has been calculated by one of the two largest domestic stock exchanges PFTS (First Stock Trading System). The index shows the rate of increase in trading volumes on the market, and according to this indicator, this year Ukraine has overtaken such countries as Macedonia, Qatar, the UAE and Saudi Arabia.

Moreover, Ukrainian indices lead the stock "hit parade" for the second time. According to the results of 2017, the PFTS index topped the similar ranking of Bloomberg (an American company, a provider of financial information). It is interesting that last year Ukraine "wrestled" victory from Kazakhstan, where the index grew by 64%, and Mongolia (63%). Bloomberg cited the long-awaited growth and recovery of Ukraine's economy as the main reason.

When delayed demand creates stock "miracles"

As the PFTS press service explained to Ukrinform, during 2018 the growth of the PFTS index reached an even higher value recorded in the rating - up to 92% (as of November 13). However, the sale of securities in December led to a decrease in its annual value - the actual growth of the PFTS index over the entire year amounted to 75.3% (rising to 552.27 points).

It should be noted that the PFTS index basket currently includes 7 companies: Donbasenergo, Centroenergo, Kryukov Carriage Works, Motor Sich, Raiffeisen Bank Aval, Ukrnafta, Ukrtelecom. It is by comparing the prices of the shares of these leading companies that the indicator that characterizes the demand for financial assets rotating at a specific moment in the market is determined. The current "plus" of tens of percent means that the demand for securities in the market was extremely high, and they increased intensively in price after a period of deep decline in 2015-2016.

According to the PFTS, the positive result was achieved primarily due to the rapid growth in the value of the shares of JSC Raiffeisen Bank Aval (+169%), PJSC Donbasenergo (+145%) and PJSC Kryukov Carriage Works (+96%). The shares of Centernergo PJSC (+14%), Ukrnafta PJSC (+12%) demonstrated more modest dynamics. At the same time, the value of JSC "Turboatom" securities generally fell by 4.65%.

"It should be noted several factors that caused the rapid growth of the Ukrainian market in 2018. This is both the delayed demand for shares of domestic enterprises and the positive results of the activity of issuers (for example, JSC "Raiffeisen Bank Aval" in 9 months of 2018 received a profit of more than UAH 4 billion). At the same time, it should be taken into account that the stock market in Ukraine is quite small (in the structure of trades on the PFTS, their share is 0.25%, or UAH 328 million) compared to other financial instruments. Therefore, under such circumstances, one cannot talk about an investment boom. But at the same time, the value of all exchange contracts almost doubled and amounted to UAH 114.09 billion. and this is a record indicator for the more than twenty year history of the exchange's existence," the PFTS press service reported.

Although in general, the volumes of the Ukrainian stock market on a global scale remain miniature. In total, for 2018, the volume of securities trading, according to the Securities Commission, amounted to about UAH 260 billion ($8.5 billion). For comparison, the volume of trading on the Warsaw Stock Exchange is more than $340 billion annually. And on the New York Stock Exchange every day securities worth about $54 billion are traded.

"Index growth is quite a positive signal for investors"

However, experts believe that the domestic market really shows good signs of "recovery". "The rapid growth of the PFTS index as a key indicator of the stock market of Ukraine is connected, in particular, with the increase in the volume of trades due to the additional issue and placement of securities, as well as the growth of their value. This is quite a positive signal for investors, including foreign ones.

At the same time, the significant gap in the international rating is yet another proof that the stock market of Ukraine is still at the stage of its formation, and therefore, it is necessary to continue improving the mechanisms of its functioning, using the best practices of world leaders," says Valentina Bilyk, vice president investment company A7 CAPITAL.

Dmytro Polishchuk, lawyer of the company K.A.S. Group, explains the activation of the domestic stock market primarily by the global growth in demand for goods that are the basis of Ukraine's exports. "According to information from the World Steel Association, global steel consumption in 2018, compared to 2017, increased by almost 4%, and, according to forecasts, growth is also expected in 2019, albeit less.In 2018, Ukraine increased steel exports by 5%. The consequence is the attraction of more investments in this and other areas. And, accordingly, the growth of the stock market is also observed."

However, the expert draws attention to the fact that the growth of the domestic stock market is taking place against the background of its previous significant weakening due to the annexation of Crimea and the occupation of ORDLO. "That is, growth seems large against the background of a low base of comparison. And although today the stock market of Ukraine is still not too large in terms of volumes, the world's leading economists note its rapid development and this gives hope that a stable inflow of investments in various fields will soon be formed in Ukraine. In turn, this will lead to the growth of the economy as a whole," Dmytro Polishchuk is convinced.

2.3 Current state of development of the stock market of Ukraine

Today, the stock market is one of the most important buffers for the formation and use of investment resources by all subjects of economic activity. The main prerequisite for its sustainable development and effective functioning is a favorable economic situation in the country, a widespread network of stock exchanges, a high level of trust of enterprises and the population in stock market instruments.

However, the financial market in Ukraine currently operates in an unstable state due to financial and political factors, as well as low activity of market participants. At the same time, taking into account the limited opportunities of enterprises to invest their own funds in development, the insufficient development of logistics connections and infrastructure, and the diversity of the choice of stock market instruments for attracting investment resources, the study of this problem remains relevant.

The current state of Ukraine's economy needs an effective restoration of the financial market, including developing the stock market, as it is one of its most important segments. Stock exchanges are the basis of stock market activity. Stock exchanges are organizations that carry out trade operations on the stock market and are a platform where buyers and sellers of securities meet [24]. Currently, Ukraine ranks 120th among 125 countries in terms of financial market development. Today, in developed countries, most of the stock market is occupied by initial public offerings (IPOs). Public placement of shares is used to effectively attract funds by enterprises to finance this enterprise in order to implement long-term tasks.

For the global IPO market, 2019 has become quite a significant year, as the leader in attracting financing has changed. In 2014, the largest amount of funds raised was made by the Chinese company Alibaba Group Holding Ltd., it amounted to 25.4 billion dollars. However, in 2019, Saudi Aramco (an oil company) issued IPO shares and raised $25.6 billion for them. But, despite the scale of the amount involved, the IPO market is on the decline [25].

As of 2020, 28 companies with basic Ukrainian assets entered the IPO market.

In 2005, the Ukrproduct company, which operates in the food industry, became the first Ukrainian company to raise $11 million in funding on the IPO market. In general, the food industry occupies 11% of the IRO structure of Ukrainian companies (Fig. 2.1).

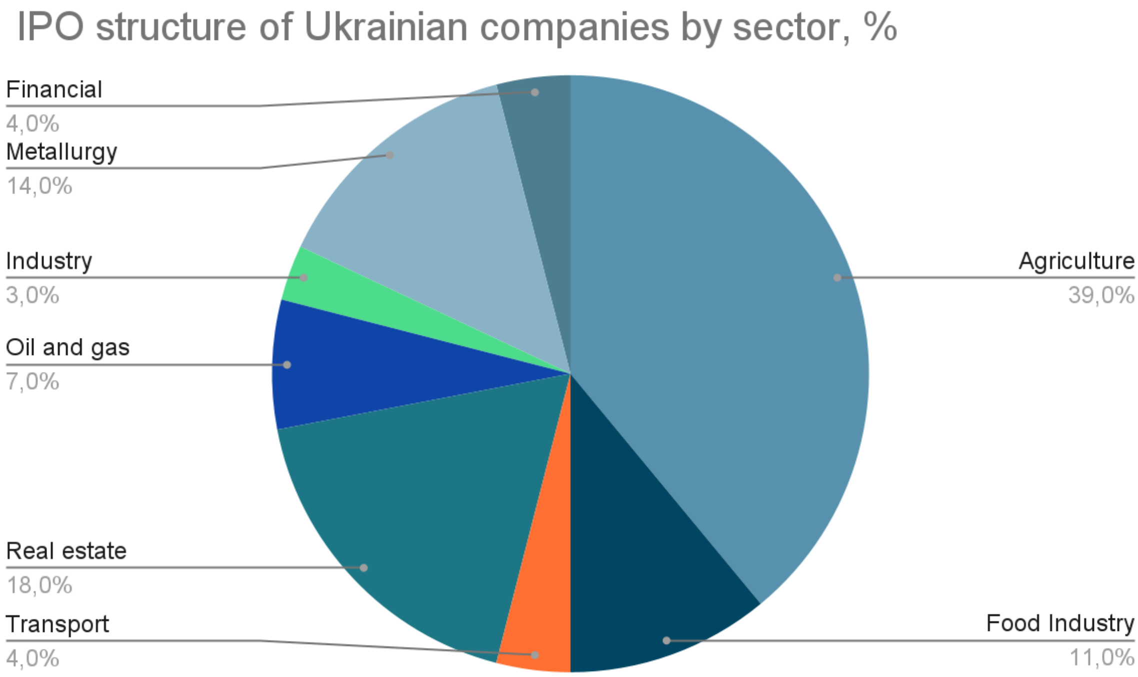


Figure 2.1 – IPO structure of Ukrainian companies by sector, %[25]

These diagrams indicate that the largest percentage in the structure of the IRO market is occupied by domestic agricultural enterprises, namely 39%. This is explained by the fact that Ukraine is an agrarian country. The majority of Ukrainian agricultural holdings are listed on the Warsaw Stock Exchange (WSE) - 6 out of 10 companies in 2005–2013. In total, 13 companies with Ukrainian capital and 2 companies with Ukrainian capital were listed on the Warsaw Stock Exchange

alternative Warsaw Stock Exchange New Connect. In 2013, the last 2 successful exits of Ukrainian companies to the IPO market took place - companies Arricano (real estate industry) and Cereal Planet (industry industry) earned 24 and 154 million dollars each.

In Ukraine, despite the crisis state of the economy, the stock market is gradually developing. This is evidenced by the positive trends in increasing the volume of exchange contracts on trade organizers. One of the indicators of the effectiveness of the securities market is the development of its organized sector. The share of the stock market in the total volume of trading on the securities market in 2010-2019 is shown in figure 2.2.

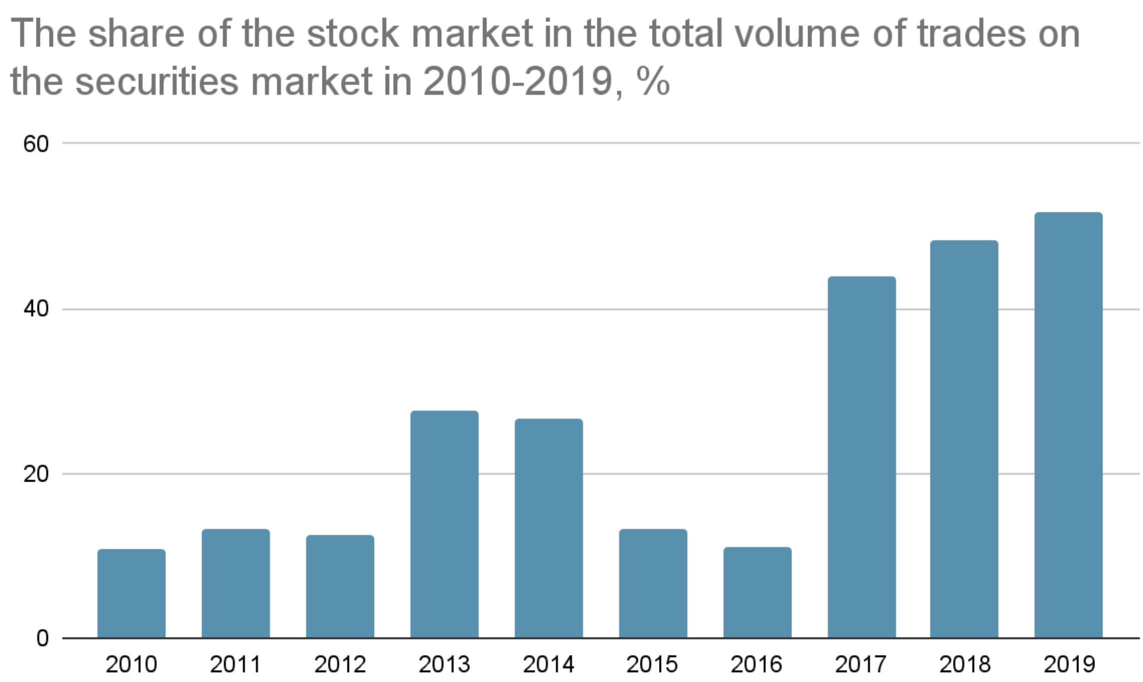


Figure 2.2 – The share of the stock market in the total volume of trades on the securities market in 2010-2019, %[26]

The share of the stock market in the total volume of trades on the securities market is quite small. As we can see, since 2013, the share of the stock exchange market in the total volume of trading in the securities market has been decreasing. However, in comparison with 2010, in 2013 this indicator increased significantly, there was an increase of 15.85%. In 2014, the share of the stock market in the total volume of trading in the securities market decreased to 26.59%, in 2015 - 13.35%, and in 2019 the indicator increased significantly to 51.63%.

In 2011-2014, the stock market of Ukraine was characterized by a fairly high activity of the exchange segment, but starting from 2015, the indicators began to decline and only in 2017 they began to rise again.

The dynamics of executed exchange contracts with securities on trade organizers can be followed in figure 2.3. [26]

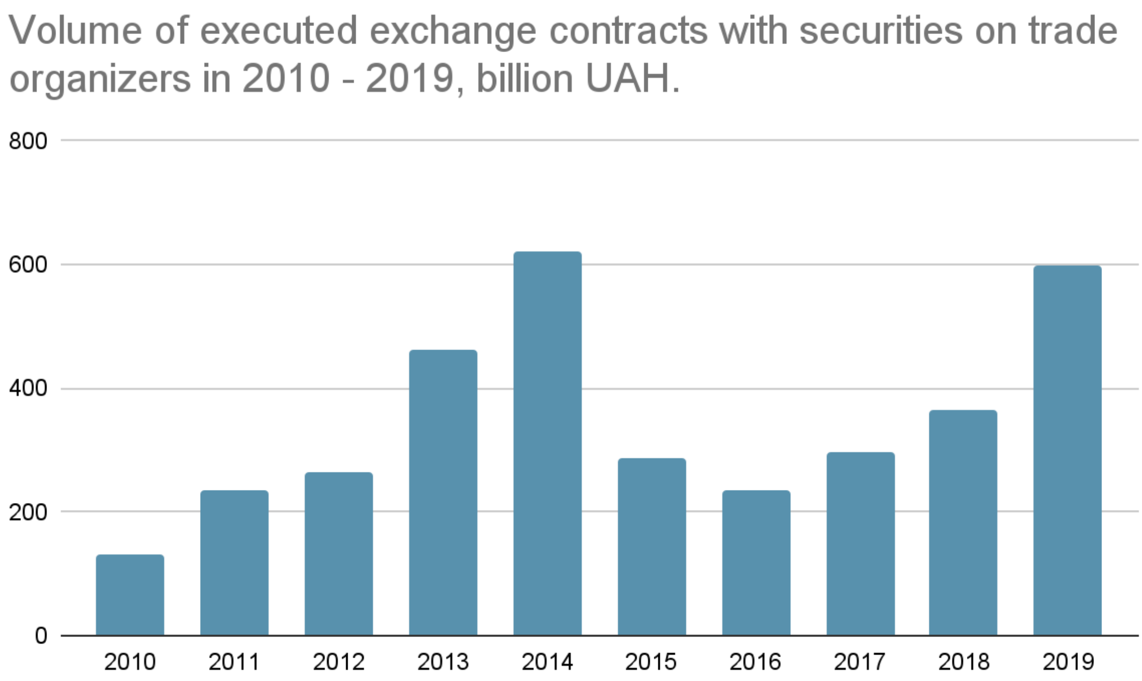


Figure 2.3 – Volume of executed exchange contracts with securities on trade organizers in 2010 - 2019, billion UAH.

Analyzing the chart, we can see that the highest rate of executed exchange contracts with securities on trade organizers was in 2014 and amounted to UAH

619.7 billion. In 2014, compared to the previous year 2013, the volume of exchange contracts with securities increased by 33.72%, which is equivalent to 39.55% of Ukraine's GDP. And already in 2015 and 2016, this indicator decreased by almost 2.5 times, compared to 2014.

This decline can be explained by the beginning of the military conflict on the territory of Ukraine, however, already in 2017, the indicator of the volume of completed exchange contracts began to grow and in 2019 approached the level of 2014, namely, it amounted to UAH 597.39 billion.

It should be noted that today the stock market of Ukraine uses a wide range of financial instruments, such as shares, state and municipal bonds of internal loans, bonds of business structures, treasury bonds, savings certificates, state and compensation certificates, housing checks, investment certificates, bonds foreign loan. Changes in the structure of trading volume on the securities market with the distribution of financial instruments are presented in table 2.1.

Table 2.1 – The structure of the volume of trading on the securities market by financial instruments in 2006-2019, UAH billion [26]

Type of financial instrument	2014	2015	2016	2017	2018	2019	2019 to 2014 %
Shares	4,15	2,09	0,97	2,45	0,47	0,12	2,89
Government bonds of Ukraine	88,21	90,14	93,73	92,10	94,20	96,81	109,75
Corporate bonds	5,31	4,88	4,09	2,97	3,94	2,87	54,05
Investment certificates	0,69	0,78	0,18	0,03	0,10	0,11	15,05
Derivatives	1,55	2,10	1,03	2,44	1,02	0,07	4,52
Other securities	0,09	0,01	0,00	0,00	0,28	0,02	22,22
Total	100	100	100	100	100	100	-

Based on the data in the table, we can see that trade in government bonds on the securities market is growing annually, compared to 2014, in 2019, trade increased by almost 10%. Share trading in 2019 decreased significantly, compared to 2014 by UAH 4.03 billion.

3. MECHANISMS FOR IMPROVING STOCK MARKET DEVELOPMENT

3.1. Alternative markets for raising capital on stock exchanges

In the practice of the functioning of the stock market, as well as in scientific economic literature, IRO is perceived as an important factor of economic development, a tool for expanding investment forms on the global market.

IPO is the first public placement of company shares, which is carried out mainly on stock exchanges. The procedure for the initial placement of shares is time-consuming due to the fact that it is carried out among a wide range of investors (issuers, financial and legal consultants, banks, auditing companies, PR agencies, depositories). At the same time, it is necessary to decide on the exchange in which the offer to buy shares should be made to investors.

There are three main purposes for conducting an IPO.

The main goal is to attract a significant amount of financial capital on a long-term basis. According to experts, for countries with high sustainable annual economic growth, the ratio of capital raised on stock exchanges and gross national income exceeds 2%, regardless of the level of economic development. Ukraine does not yet belong to these countries.

The next goal of the initial placement of shares is an objective assessment of the value of the enterprise. The main criteria of the latter are the presence of effective market regulation, regulation of corporate relations, free access of investors and high quality of competition.

Effective regulation means the exclusion of price and market manipulation, the use of insider information, and the elimination of the factor of market monopolization. Regulation of corporate relations involves the adoption of corporate governance standards and "transparency" of information. Low entry barriers for investors and a variety of investment mechanisms are fundamental for free access by investors. And the competition includes a large number of investments to high quality tors, homogeneity of issuers and high competition for investors' money.

Positioning the company as a public institution is the third goal of the IPO highlighted by experts. The initial placement of shares confirms that corporate governance in the company meets the accepted standard, information transparency has been achieved and the company has a long-term business development strategy. In addition, the IPO shows that there is public support around the company: shareholders (including foreign ones) can act as a strong lobbying resource.

According to the official definition of the New York Stock Exchange (NYSE), IPO (Initial Public Offering) is the issuance of new shares by private companies with the aim of converting them into public ones [27].

According to Art. 28 of the Law of Ukraine "On Securities and the Stock Market", the initial public offering of securities is their disposal on the basis of publication in the mass media or announcement by any other means of a notice of the sale of securities addressed to an unspecified number of persons in advance [28].

In order to successfully enter the equity capital market, the company must be a sustainable business that develops and meets certain requirements of investors. The main requirements for business are: a significant market share, stable competitive positions, sufficient business communication, profitability that is comparable to its average indicators in the industry, optimal financing structure [29].

Requirements for corporate governance: a clear and transparent organizational structure of business management; full distribution and functional responsibilities of members of management bodies; protection of the rights of shareholders, including minority shareholders; regular reporting in accordance with IAS/US GAAP standards; a developed policy of communications with the investment community; weighted dividend policy.

Development strategy requirements:

- a clearly formulated business development strategy;
- a professionally formulated capital market strategy aimed at increasing the market capitalization of the business;
- coordinated professional management team.

The most effective strategy in the capital markets is the one by which the company consistently increases the value of the business.

Ukrainian legislation provides for a certain list of restrictions that prevent the placement of shares of Ukrainian issuers outside of Ukraine and negatively affect the state of their economic security. The main such restrictions are:

1) shares of Ukrainian issuers may be denominated only in the national currency, the nominal value of the shares must be indicated in the share certificate;

2) the preferential right of the existing shareholders of the joint-stock company to purchase shares of the additional issue (in the case of a closed (private) placement);

3) the circulation of securities of Ukrainian issuers outside of Ukraine requires the permission of the National Commission for Securities and the Stock Market (NCSCFR).

To obtain the above-mentioned Permit of the NCCPFR the Ukrainian issuer is obliged to comply with the following requirements:

— have a listing of previous issues of securities on any of the Ukrainian stock exchanges or trade information nation systems;

— the minimum amount of the authorized capital of the issuer must be at least 5,000,000.00 UAH.;

— placement outside of Ukraine may be made for an amount not exceeding 25% of the statutory amount issuer's capital;

— the issuer is obliged to comply with the provisions of the currency legislation of Ukraine;

— securities placed in foreign jurisdictions cannot be returned to Ukraine within 18 months from the moment of their placement;

— accounting for ownership rights to securities that are in circulation outside Ukraine must be carried out in accordance with the requirements of the legislation of Ukraine on depository activities (this condition is quite unattractive for foreign investors and may negatively affect the offering price), as well as some other requirements [30].

At the same time, in the process of granting the relevant permit, the NCCPFR determines at its own discretion how and on which exchanges or trading information systems outside of Ukraine the shares of the Ukrainian issuer can be placed.

The absolute inconsistency of the above-mentioned provisions of Ukrainian legislation with the requirements of foreign stock exchanges, as well as the active intervention of the NKCPFR in the process of the issuer making a decision on the placement of shares and the absence of a clear procedure for obtaining a permit for the circulation of shares abroad, lead to the actual impossibility of placing shares of Ukrainian issuers on foreign stock exchanges (when the existing legal framework).

An important stage in the initial public placement of shares is the selection of the platform for the issue. Speaking about the platform, it should be noted that the Ukrainian company has both a wide and a narrow choice at the same time. On the one hand, continental Europe can offer companies more than a dozen high-quality trading platforms (Deutsche Borse, Euronext, Milan, Warsaw, Copenhagen, Athens, and most of them create alternative investment platforms). On the other hand, London has been considered an unattainable leader for more than a year, having concentrated the majority of European and global IPOs.

The most favorable potential international exchanges for Ukrainian companies to place securities (IPO) are the following: London Stock Exchange, NYSE Euronext; Frankfurt Stock Exchange (DBG); Warsaw Stock Exchange.

3.2. Problems and directions of development of the stock exchange market in Ukraine

In modern conditions of globalization, the domestic economy is increasingly integrated into the world economic community. Under such conditions, the long-term development of the market economy with constant price instability led to the search and application of new mechanisms effective in managing price risks and establishing relationships between local and global pricing.

One of these mechanisms was the highly developed exchange commodity market with its term form of trading in exchange instruments - derivatives. In this regard, the analysis of the problems and directions of the development of the exchange commodity market in Ukraine is gaining relevance, paying significant attention to world practice in this context.

Unfortunately, the domestic commodity exchange market practically does not perform any of the functions that it provides in countries with a developed market economy. It was created and operates without a coherent state strategy for its development and the absence of a perfect legislative and legal framework. Clearly understanding the nature of the astronomical number of commodity exchanges, their primitive level of development, legislators and officials are in no hurry to make changes to the main Law of Ukraine "On the Commodity Exchange", which regulates this activity and was adopted back in the distant 90s of the last century.

The Ministry of Economic Development and Trade of Ukraine has been coordinating and managing the development of the exchange commodity market in the country for many years, together with relevant ministries and agencies. Their underestimation of the importance of its development led to the decline, discredit and complete degradation of this market.

Trade volumes have decreased sharply in recent years. The product structure of the stock market is dominated by the products of the agro-industrial complex, the specific weight of which ranges from 41 to 88 percent (Table 3.1) [31].

Years	Stock turnover, billion UAH	Including s.g. production, billion hryvnias	Specific gravity s.g. products, %	The average size of the stock exchange's authorized capital, thousand UAH	Average annual income per exchange, thousand UAH
2008	59.8	40.2	67	294	45.8
2014	25.6	21.7	84	310	98.4

Table 3.1 – Characterization of the state of the exchange commodity market of Ukraine [31]

In 2014, 582 domestic commodity exchanges provided trading turnover in the amount of 25.6 billion hryvnias, which is equal to the monthly volume of trade in agricultural products on the Chicago Commodity Exchange. By the way, the global commodity exchange turnover, which is measured in hundreds of trillions of dollars, is provided by about 80 commodity exchanges [31-33].

Practically all domestic stock exchanges do not have a modern material and technical base, electronic trading and clearing systems, are underpowered, the average size of the authorized capital of each of them does not exceed UAH 300,000, and the amount of annual income barely reaches UAH 100,000, they will continue to remain investment-oriented unattractive, staffed by specialists who have imperfect knowledge of modern exchange technologies and will continue to remain unattractive for investment, trading only in spot and forward contracts [31].

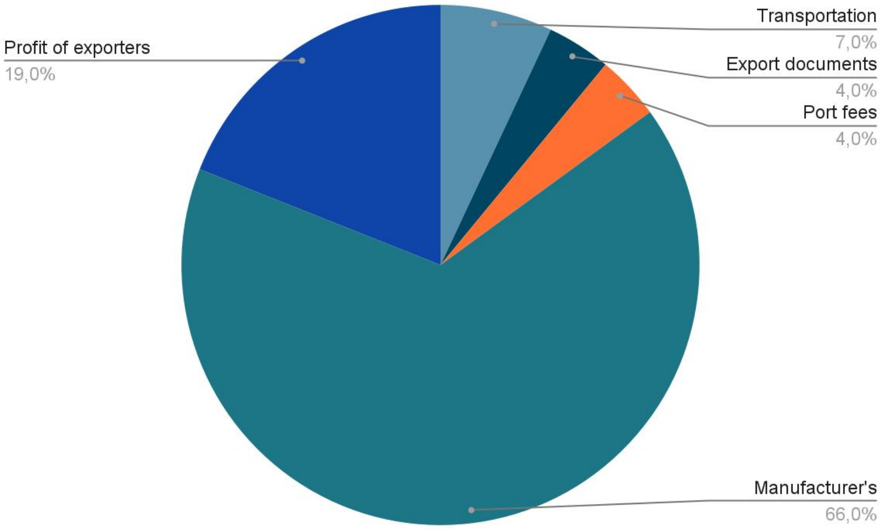
In recent years, the efforts of active supporters of the exchange commodity market have not led to an improvement in its development. The Law of Ukraine "On State Support of the Agriculture of Ukraine", which was developed and adopted in 2004, which took into account the experience of countries with a transition economy in developing the stock market, defined the foundations of state policy in budgetary, credit, price, regulatory and other spheres of agricultural development stock market.

In order to solve these goals, the creation of the Agrarian Fund, the Agrarian Exchange, and the State Intervention Fund was foreseen, and the organizational mechanisms for the creation of an organized agrarian market were substantiated. However, this law still exists without a clear development strategy, it does not develop an effectively functioning mechanism of commodity and financial interventions to maintain the balance of pricing, which led to the monopolization of the agricultural market by traders and suppliers of material and technical resources.

Until now, trading in futures and options for agricultural products has not been implemented on the Agrarian Exchange, and the corresponding infrastructure has not been created. Practically, most of the positions of this law, which provided for the development of the exchange commodity market, have not been fulfilled.

Today, four state institutions continue to participate on behalf of the state in the domestic market of grain, oil and other crops. Despite their clearly defined functions by directive documents, especially the Agrarian Fund PJSC, their presence does not affect the stabilization and regulation of pricing, increasing competitiveness on the domestic and world markets, the efficiency of managing accumulated commodity stocks, and they are marked only by the number of criminal cases initiated. The lack of persistence in the implementation of exchange pricing mechanisms, the monopolization of food markets creates conditions for the constant occurrence of inflationary processes, unjustified increases in consumer prices and leads to destabilization of the economy as a whole.

The negative consequences of the absence of a stock market are evidenced by the facts of monopolistic pricing on the grain market. Currently, prices on the domestic market, especially in the first months of harvest, are dictated by leading grain traders, as a result of which, as research by foreign experts shows, the domestic producer receives about 66% of the final sales price, without receiving billions of hryvnias annually (Fig. 3.1 and 3.2) [31].



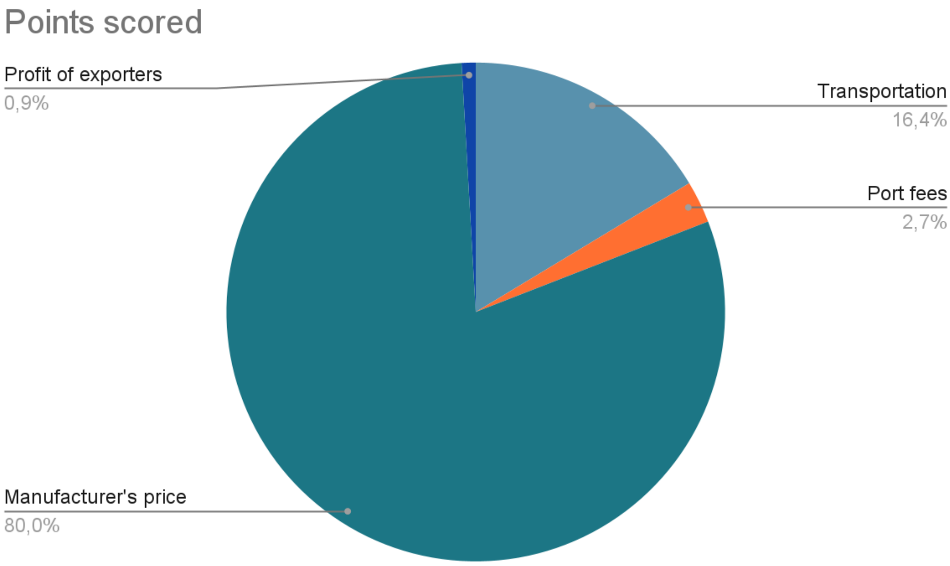


Fig. 3.1 and 3.2 – Comparative structure of income distribution from the sale of grain on the domestic and American markets [34]

Fruitless discussions about the effectiveness of the functioning of the state Agrarian Exchange and other exchanges, which are constantly provoked by supporters of the "free economy", led to the complete decline of the stock market and the majority of exchanges, regardless of their form of ownership, ceased to function.

The experience of India, China and other countries shows the high efficiency of the functioning of exchanges where the state is one of the founders. In recent years, these exchanges have been consistently included in the top ten leading exchanges in the world.

Not fully perceiving, and perhaps not even understanding, what is happening in the country on the physical markets of gas, metals, oil products, and currency, modern "reformers", unfortunately, direct the agrarian market to the same path of development, with the tacit consent of the Ministry of Agrarian Policy of Ukraine.

Therefore, the development of the infrastructure for the functioning of the exchange commodity market requires special attention, first of all, its elements such as the clearing and settlement system, stock exchange warehouses, and electronic platforms. Equally important is the work on training and retraining of specialists and providing information to producers, processors, traders and other sectors of society regarding the benefits of stock trading.

As research by USAID specialists (Table 3) shows, among the participants employed in the country's grain business, more than 90% of the interviewed respondents have only heard about the possibilities and advantages of exchange mechanisms in the development of strategies for production, storage and sale of products.

Manufacturers	Our volumes are too low I heard about the exchange, but I don't know how to use this opportunity I don't get the maximum price on the exchange
Processors	We need volumes that are too small High Exchange Fees/Excess Costs Insufficient liquidity
Traders/elevators	They do not offer the highest price Insufficient liquidity A complex mechanism for processing documents

Figure 3.3 – The main reasons given by respondents for refusing to use the services of domestic stock exchanges[34]

The answers of the surveyed respondents indicate a complete lack of understanding of the principles of the exchange commodity market and in terms of their content they correspond to the level of understanding of the 50s and 60s of the last century, typical at that time for participants in modern countries with a market economy.

One of the important functions of the stock market is to ensure the stability of tax revenues to the budgets of different levels, in the presence of transparent pricing. The absence of the latter in our country on the market of energy carriers and metals gives rise to the latest pricing schemes and, accordingly, taxation, such as for coal - according to the "Rotterdam plus" formula, for gas - "Dusseldorf plus".

We can only predict that with this state of development of the agricultural exchange market in our country, which occupies a leading place in the world in terms of export of agro-food products, other pricing schemes for fodder corn, wheat, barley, etc. indicated above may appear in the near future. Therefore, such a perspective already today makes us think.

In order to immediately correct the situation regarding the further development of the exchange commodity market in the country, it is necessary to:

– to include in the Government's activity program the issue of the development of the exchange commodity market, with the simultaneous approval of the Concept of its development until 2025;

- to submit the developed Concept for the development of the exchange commodity market until 2025 for public discussion with its further approval by the Government. Within the framework of this concept, develop and submit to the Verkhovna Rada for consideration the draft Laws "On Commodity Exchange Market", "On Commodity Derivatives", "On Clearing and Exchange Settlement Activities", which provide for the mechanism of state regulation of the exchange commodity market and the creation of a special state body its regulation;

- to introduce amendments and additions to the Tax, Economic and Criminal Codes of Ukraine, the Code of Ukraine on Administrative Offenses and the Laws of Ukraine "On Licensing of Economic Activities", "On State Support of Agriculture of Ukraine", "On Prices and Pricing", "On Banks and banking activity";

- after the adoption of the Law of Ukraine "On the Commodity Exchange Market" to conduct certification (compliance) of all exchanges and to adopt the relevant government order to provide for the creation of 3-4 specialized commodity exchanges (metal, gas, oil products, energy carriers) in the country, with mandatory participation state, as one of the founders.

With regard to the functioning of the stock market of products of the agro-industrial complex, which suffers the most from the absence of a clearly functioning system of market relations in the country, the following steps must be taken:

- to adopt the new version of the Law of Ukraine "On State Support of the Agriculture of Ukraine", which radically changes approaches to the development of an organized agricultural market, under search for the role of the state in this process, and the most important thing is to foresee the fundamental reform of the market of agricultural products;

- to reorganize and unite the state structures working in the agri-food market into a single structure, the main functions of which should be the implementation of interstate trade agreements on the sale of agricultural products, an active trading position in the domestic market, commodity and financial interventions, fundamental work on the implementation of forward purchase of agricultural products through the stock market;

- taking into account the positive experience of many countries of the world, where a highly efficient stock market has been created with the active participation of the state, we consider it necessary to reorganize the existing Agrarian Exchange, involving leading domestic grain traders, heads of agricultural holdings, investors, one of the world's leading stock exchanges, information agencies, professional association. At the same time, leaving the state (50 +1 share);

- to ensure in a short time at the reorganized Agrarian Exchange the functioning of a single national electronic trading system and clearing and settlement center, which will make it possible to carry out exchange trading simultaneously in all regions of the country for all types of exchange goods and to organize commodity and financial interventions in this market.

Taking into account the national importance of grain and oilseed markets, to ensure their stable functioning, it is necessary to develop a system of legislative acts that provide for:

- export of grain by foreign and domestic grain traders is allowed only under the conditions of formation of prices on the organized exchange market;
- purchase and sale of commodity grain, oilseeds on the domestic market in the amount of more than 400 tons is carried out exclusively through the electronic platform and the clearing and settlement center of the Agrarian Exchange;
- an excise tax is imposed on purchase and sale agreements of commercial grain, oilseeds in the amount of more than 100 tons, which are not registered on the stock exchange;
- to provide priority financial support (preferential lending, etc.) only to those producers of agricultural products who sell them through the stock market;
- VAT refund preferences are available only to those market entities that settled their transactions through the clearing and settlement system of the Agrarian Exchange;
- agricultural enterprises of all forms of ownership, specializing in the production of grain and oil crops, have the right to be taxed with a single tax of the IV group, provided that at least 70 percent of the declared volume of production of these products is sold on the stock market.

CONCLUSIONS

Representatives of different scientific schools give different explanations, definitions and justifications of the essence and causes of the development of global financial crises. In all cases, global financial crises cover financial markets, money circulation and credit, international finance, manifested by a rapid increase in interest rates, debts, credit crunches, large-scale falls in the price of securities, massive losses in the derivatives market, uncontrolled decline in currency rates, etc.

Modern financial crises have a great impact on the global economy, with changes in the patterns of its development and changes in the parameters of these crises. In the early stages of development, financial crises were not large-scale, they were local in nature due to the low level of economic ties between countries. The further development of international economic relations determines the spread of financial crises beyond the borders of national economies.

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At the current stage of the development of scientific thought, there is a significant volume of scientific and practical works related to the interpretation of world financial crises as a negative socio-economic phenomenon, depending on the direction of research and the nature of crisis phenomena.

Economists' views on understanding this phenomenon are different due to the fact that global financial crises are multifactorial and correlated with other types of crises. Representatives of various scientific schools give their explanations, definitions and justifications for the causes of financial crises.

Thus, according to modern monetarists, in particular, A. Schwartz, world financial crises arise as a result of the malfunctioning of the banking system. The financial crisis is considered as a crisis of the banking system, the main features of which are visible banking panic, falling trust of economic subjects in banks, large-scale non-return of deposits. To overcome and reduce the consequences of the financial crisis, A. Schwartz recommends that central banks support solvent banks with liquidity instruments to stop the depreciation of their assets [35].

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