

Foreign securities: Issues and prospects for the Ukrainian stock market

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Abstract. The analysis of the current state and identification of problems of foreign investment in Ukraine are related to various factors and aspects, including the instability of the economic environment, insufficient development of the legal framework, etc. Therefore, the study aims to analyse the circulation/use of securities and identify problems and opportunities for the development of the Ukrainian stock market. To achieve this goal, various scientific methods were used, including synthesis and analysis, formal legal and other methods. It is established that due to the implemented reforms aimed at modernisation, the financial market of Ukraine is open to investors and has expanded opportunities compared to the past. It is noted that the war initiated by Russia has led to a significant increase in the investment gap between Ukraine and other countries. It is emphasised that new measures are needed that have the potential to contribute to economic recovery in the future and strengthen its resilience to possible economic shocks. To ensure the efficiency of the investment process, it is proposed to use the most appropriate and effective strategies that should be included in the provisions of the Resolution of the Cabinet of Ministers of Ukraine “On Approval of the State Strategy for Regional Development for 2021-2027”. The author proposes an integrated mechanism for attracting foreign investment, which provides for the establishment of a favourable investment climate and intensification of investment activity. Recommendations that can be used to improve legislation on attracting foreign investment in securities have been formulated and substantiated. These proposals may be useful for the practical activities of state authorities aimed at supporting foreign investment in securities in the current stock market of Ukraine

Keywords: financial situation; international cooperation; capital market; shares; financial security legislation

Introduction

Creating a favourable investment climate is one of the most urgent needs to support economic growth in Ukraine. Ukraine has made important progress in this area. Reforms to create a favourable environment for investors have led to an increase in foreign investment. This demonstrates the effectiveness of the measures taken and their positive impact on the economy. Securities traded on international exchanges have become available not only to large investors but also to every Ukrainian (National Bank of Ukraine, 2018). On 29 July 2019, Apple shares were added to the Ukrainian stock exchange list. In addition to Apple, shares of such giants as Google, Amazon, and Facebook have become available to Ukrainian investors. In addition, foreign companies with production assets in Ukraine, such as Myronivsky Hliboproduct and Ukrproduct Group, can buy securities on the domestic exchange (Ukrainian Exchange, 2019). In the context of the Russian-Ukrainian war, the issue of foreign securities is of particular importance, as the war creates significant political and economic instability that may affect investment confidence in Ukraine as a host country. In addition, the war

may also affect the country's financial stability by reducing economic growth, worsening the investment climate and increasing financial risks (Shubalyi, 2023). This may lead to changes in the rates of accounting and placement of securities, as well as to a general decline in confidence in the country's financial system.

The scientific community actively studies the prospects for the development of the Ukrainian stock market in the context of attracting foreign assets, including securities. For instance, according to the study by V. Burianov and G. Kulish (2023), Ukrainian securities do not attract significant interest from foreign investors, but it is possible to increase their attractiveness by optimising the parameters of corporate bonds to make them similar to those of the Western market. Given this, the article proposes a model for attracting investment to restore Ukraine's infrastructure and economy. The study by O.V. Shevchenko (2022) focuses on the organisational and legal aspects of administrative services in the Ukrainian stock market. This market functions as a space where its participants communicate, which gives rise to

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various legal relations aimed at issuing, circulating, fulfilling obligations, redeeming and accounting for securities, including derivative financial instruments. This demonstrates the importance of the stock market as a key element of the financial sector of any country at the present stage.

M.S. Mishchuk and R.S. Butko (2022) consider the legal essence of the stock market as a complex socio-economic system, which is the foundation for the effective functioning of the market economy. With proper development, a highly developed infrastructure and effective legal protection of the interests of all participants, this market is a powerful catalyst for economic progress in any country. Therefore, securities enable companies and governments to raise funds for the development and implementation of projects, and for investors to receive a return on investment, and are an important element of the financial system of each country and contribute to its economic development (Sraieb, 2022). According to S.Y. Shyshkov (2022), Ukraine faced numerous difficulties in attracting individual investors to the stock market and increasing their confidence in financial instruments. Even with certain positive trends, such as increased investment in government bonds and the spread of technological expertise, some problems require systemic solutions. Some of these challenges, such as financial constraints and low financial literacy, require a comprehensive approach and overall economic development.

T.G. Kovalchuk and D.O. Vara (2024) argue that attracting foreign direct investment is key to Ukraine's economic development in the current environment. This requires active measures to remove obstacles and create a favourable climate for investment. The development of an appropriate strategy should include mechanisms aimed at attracting stable investment in the domestic economy, which will be crucial for sustainable development even in difficult times. According to A. Kiruba and M. Chandra (2023), under certain conditions, attracting foreign investment can contribute to positive economic development, manifesting itself in increased capital investment, the introduction of new technologies, and an increase in foreign exchange. This becomes especially important in times of economic instability.

The Russian-Ukrainian war is a complex situation with many aspects that require deeper understanding and research. Although a considerable amount of analysis and discussion has already been conducted on this issue, additional research is needed. Further research could help identify promising ways to attract foreign investment in the current situation. Therefore, the study aims to identify problematic aspects and prospects for improving the legal regulation of foreign securities in the Ukrainian stock market.

Materials and methods

Various methodological approaches and research tools were used to study potential opportunities for the development of the Ukrainian stock market, in particular concerning attracting foreign securities. This included a review of current financial data, an assessment of the regulatory environment, a study of international experience, and economic forecasting. In addition, financial modelling tools, statistical methods of analysis and expert opinions were used. This comprehensive approach was used to study various aspects of market dynamics in detail and to identify possible ways to develop the stock market given foreign investment opportunities.

The analysis method was used to address this issue in the context of regulatory and legal support, identifying the interrelationships and influence of various factors on the formation and development of the Ukrainian stock market through the prism of attracting foreign securities. The article also uses a systematic method to organise various concepts of understanding foreign securities in the context of the functioning of the Ukrainian stock market in the context of the Russian-Ukrainian war for further analysis. In addition, the method of descriptive analysis was used to determine the factors influencing the development of the stock market in the context of attracting foreign investment in the context of war.

The formal legal method was used to determine the basis for regulating foreign investment in securities on the Ukrainian stock market. This method included the study of relevant legal acts, agreements, standards and other documents regulating relations in this sector. The method of classification was used to study various aspects of the state's activities and compliance with legal norms relating to foreign investment, securities circulation and stock market operations. This method involved systematising and dividing aspects into groups or categories for further analysis. The method of specification was used to identify the main problems and gaps that exist in ensuring the successful implementation of foreign investment in securities in the current stock market of Ukraine and to consider each aspect in detail, identifying solutions to improve the efficiency of the stock market.

Various specification and generalisation methods were used in the study to identify the main problems that complicate foreign investment in securities in the current environment. A variety of legal sources were analysed in the study and for a deeper understanding of the issues, in particular Resolution of the Cabinet of Ministers of Ukraine No. 695 "On Approval of the State Strategy for Regional Development for 2021-2027" (2020), Decision of the National Securities and Stock Market Commission No. 34 "On Approval of the Regulation on Admission of Securities of Foreign Issuers to Circulation in Ukraine" (2021), Resolution of the Verkhovna Rada of Ukraine No. 342/95-VR "On the Concept of Functioning and Development of the Stock Market of Ukraine" (1995), Civil Code of Ukraine (2003), Law of Ukraine No. 93/96-VR "On the Foreign Investment Regime" (1996), Law of Ukraine No. 1560-XII "On Investment Activities" (1991), Law of Ukraine No. 3480-IV "On Capital Markets and Organised Commodity Markets" (2006), Law of Ukraine No. 1116-IX "On State Support of Investment Projects with Significant Investments in Ukraine" (2020), Law of Ukraine No. 3497-IX "On Amendments to the Law of Ukraine "On Financial Mechanisms for Stimulating Export Activity" on Insurance of Investments in Ukraine against Military Risks" (2023). A variety of sources were also used, such as academic articles, books, dissertations, reports and other publications related to the topic.

Results

The introduction of the Resolution of the Verkhovna Rada of Ukraine No. 342/95-VR (1995) opened new perspectives for analysing and assessing the economic importance of the Ukrainian stock market and its exchange segment. According to the Resolution of the Verkhovna Rada of Ukraine No. 342/95-VR (1995), the main goal of the stock market is to ensure efficient circulation and rational allocation of fi-

financial resources, which creates an opportunity for an objective assessment of the management efficiency of enterprises, promotes fair competition and prevents monopolisation. The Resolution of the Verkhovna Rada of Ukraine No. 342/95-VR (1995) also emphasises the importance of using international standards and principles of stock market functioning to ensure the high quality and efficiency of the securities market in Ukraine. To make the Ukrainian stock market an effective instrument for trading securities, promoting economic growth and providing reliable investor protection, it was necessary to build its structure and mechanisms of oper-

ation based on established principles.

Currently, one of the defining features and issues that are relevant to the Ukrainian securities market is the fact that a significant part of share trading is carried out outside the official exchange platform, which significantly undermines the transparency, liquidity and attractiveness of the exchange segment. For example, the total trading volume on the Ukrainian Exchange in 2024 was UAH 4,781,316,767.60, but only a very small share of this turnover was accounted for by equities, which indicates a lack of activity on the exchange (Fig. 1).

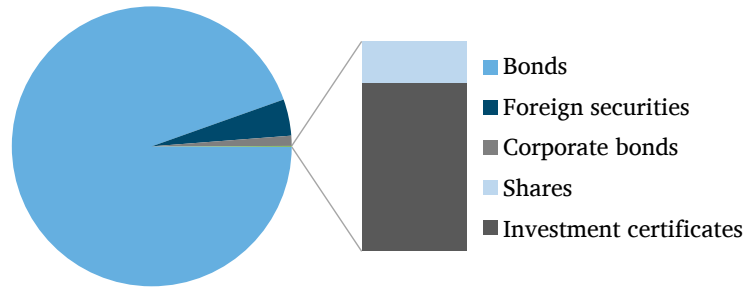


Figure 1. Structure of securities trading on the Ukrainian Exchange in January 2024

Source: compiled by the author(s) based on Ukrainian Exchange (2024)

According to Article 194 of the Civil Code of Ukraine (2003), securities are documents of a certain format with certain characteristics that indicate the existence of financial or other property rights, regulate the relationship between the issuer (the person who issues them) and the holder, provide for the fulfilment of obligations arising from them, as well as the transfer and use of the rights they grant. This confirms that Ukrainian law classifies securities as movable property. Ukrainian legislation, in particular Law of Ukraine No. 93/96-VR (1995) and Law of Ukraine No. 1560-XII (1991), establishes general principles for the regulation of foreign investment. According to Article 1(2) of Law of Ukraine No. 93/96-VR (1995), foreign investment is capital investment by foreign investors in projects that fall under the laws of Ukraine to make a profit or achieve a social effect.

At the same time, in the absence of a legislative definition of the term “foreign securities”, Ukrainian legislation leaves the understanding of this concept at the level of generally accepted practices and international standards. Thus, according to the Law of Ukraine No. 93/96-VR (1995) and other relevant regulations, foreign securities are financial instruments issued by companies or governments of one country to raise capital in another country. These instruments can take a variety of forms, such as shares, bonds, depository certificates and others. The main types of foreign securities are shares, bonds and depository certificates.

Foreign securities represent an opportunity for investors to expand their investment portfolios and gain from their value appreciation and dividend or interest payments. However, there are risks associated with foreign securities, such as currency, political and economic risks, which should be considered when dealing with them. According to the Decision of the National Securities and Stock Market Commission No. 34 (2021), a foreign legal entity or professional capital market participant must apply to the National Securities and Stock Market Commission (NSSMC) for admission of the relevant issue of securities to circulation in Ukraine.

The NSSMC can decide on the admission within 30 calendar days from the date of receipt of all necessary documents. The admission of securities of foreign issuers is carried out through a central depository or a relevant depository institution. Given the recent reforms undertaken to modernise the securities and financial instruments market, it can be assumed that the financial instruments market in Ukraine is open to foreign securities and offers investors a wider choice of financial instruments than ever before.

A major advance in this direction is the capital market reform of 2020. This initiative, including the adoption of the Law of Ukraine No. 3480-IV “On Capital Markets and Organised Commodity Markets” (2006), caused significant changes in the structure of the financial instruments market, which significantly increased its cross-border nature, openness and attractiveness to investors. Among the key benefits of this reform are the approximation of the market structure to European standards, the possibility of trading financial instruments on different exchanges, the introduction of a trade repository and other initiatives.

The current state and problems of foreign investment in Ukraine are characterised by several different factors and conditions, primarily the instability of our country’s economy, the lack of necessary and effective legal provisions in the current legislation of Ukraine, and perfect state guarantees for investment in Ukraine, not only to provide guarantees to foreign investors. For a long time, the political situation in Ukraine has not been conducive to the proper development of investment activity and entrepreneurship in general. This was due to a series of changes in society that led to the redistribution of property, transformations in the activities of the Cabinet of Ministers of Ukraine and numerous personnel rotations in the government.

Most potential foreign investors still refrain from investing in Ukraine’s agricultural sector due to the instability of legislation and significant tax burdens. That is why it is particularly important to create favourable conditions for

domestic investors in Ukraine, as their start of operations can serve as an important catalyst for both domestic and foreign investors. The country's investment attractiveness has reached its lowest level. This situation has been shaped by various factors. Among them are the ongoing war in the country and the declared martial law, high levels of corruption in government structures, instability in European integration processes, and others. Among the factors that slow down investment attraction and harm this process are the following:

- insufficient guarantees for investors to protect against changes in legislation, which creates risk and uncertainty;
- lack of developed infrastructure, which limits business and production opportunities;
- high inflation, which complicates financial planning and management;
- slow privatisation, as foreign investors and financial institutions prefer private companies due to greater stability and control;
- limited integration into the overall financial system of Ukraine, which leads to low activity of residents and non-residents;
- low capitalisation, which complicates its role in the economy;
- insufficient transparency for the general public due to poor quality of information disclosure and limited access to stock market-specific media;
- limited choice of investment instruments, which makes them less attractive to potential investors;
- insufficient compliance with European standards, which undermines stakeholder confidence and limits the number of potential investors.

Ukraine does not have a special tax regime for investments, as there are no specific mechanisms and guarantees for their effective implementation. Therefore, to ensure the stable development of the agricultural sector in Ukraine, it is necessary to amend the current legislation to consider the possibility of including this sector in the list of those that enjoy preferential taxation for investors, including foreign ones. It is also necessary to emphasise the priority of the agricultural sector in state and regional programmes, as attracting foreign investment is essential for the implementation of these programmes, contributing to the improvement and sustainability of the domestic industry.

Therefore, to ensure the efficiency of the investment process, it is necessary to use the most appropriate and effective areas, which may include: attracting foreign partners to implement investment projects aimed at developing industrial and innovation potential; expanding investment opportunities based on the current level of innovation; introducing modern organisational models to attract industrial and financial capital; efficient use of private and public resources in investment projects; development and implementation of investment programmes at the regional level; optimisation of state regulation in the market; increasing the availability of information on the stock market; use of advanced technologies to improve services to market participants; improving legal regulation for market participants.

Therefore, it is advisable to include these areas in the provisions of the Resolution of the Cabinet of Ministers of Ukraine No. 695 (2020). It is also necessary to highlight the areas of state support aimed at priority sectors where investments can lead to significant results in economic development. The proposed integrated mechanism for attracting

foreign investment involves the establishment of a favourable investment climate and the intensification of investment activity. Its foundation consists of an economic and organisational component based on the conceptual framework and strategic planning for attracting foreign investment, determining priority areas for the use of foreign investment, a system of tax incentives, and expanding opportunities for foreign entities to be involved in the process of formation and privatisation of state-owned enterprises.

Economic strategies aimed at attracting and stimulating foreign investment focus on several key aspects: improving the international competitiveness of the national economy in the high-tech sectors; integration of the latest technologies; development of infrastructure and optimisation of telecommunication networks; provision of grants for scientific research; financial support for investors investing in research and technological development to promote the development of production, in particular, export-oriented production and to facilitate innovation processes.

The overall goal of implementing a comprehensive mechanism for attracting foreign investment is to ensure investment development both at the level of the country as a whole and at the level of its regional units. To increase the attractiveness for investors, it is necessary to take appropriate recreational and incentive measures that will encourage potential investors to consider investing financial resources in enterprises of the respective regional unit. The proposed measures should increase investment attractiveness at different levels of state support for foreign investment, and scientifically based recommendations will establish the importance of attracting foreign resources in the context of their impact on the relevant strategic and national investment development benchmarks.

The development, adoption and effective implementation of international standards reduce information inequality in financial markets and bring benefits to individual countries and the world as a whole: strengthening national financial systems by promoting adequate regulation and supervision, ensuring greater transparency and improving institutions, markets and infrastructure; enhancing international financial stability by promoting sound lending and investment decisions, improving market discipline, and reducing the risks of financial turbulence and market contagion due to the spread of negative information.

Thus, the new commitments will help restart the country's economy in the long run and increase its resilience to further shocks from the micro and macro environment. In the context of these circumstances, increasing foreign investment in Ukraine becomes a strategic objective aimed at supporting a sustainable and comprehensive post-war recovery. This goal is becoming a priority for both Ukrainian society and the global community. Increasing direct investment in the economy, social and environmental spheres to ensure Ukraine's stability will help improve the well-being of citizens, develop various industries, balance the political landscape, etc.

When formulating the prospects for foreign investment in the context of post-war recovery, the Ukrainian government should first carefully address the following issues that create obstacles to investment and identify measures that will ensure the country's investment attractiveness. The key tasks are to tackle corruption, ensure a level and transparent playing field for business, and implement a system that guarantees the fair operation of the judiciary, which requires

critical scale, and transparent public administration and public funds management based on new standards. Faith in Ukraine will be crucial in attracting more investment into the national economy.

Discussion

Assessing the peculiarities of the stock market development in Ukraine, it should be noted that despite the presence of a significant number of institutional participants, such as stock exchanges and brokerage companies, the market efficiency remains low. This points to the need to implement state economic policy aimed at regulating and reforming the market to improve investor protection and ensure transparency of participants. Thus, international cooperation in the field of legal regulation of the securities market is an important area for improving its functioning in the current environment.

As mentioned above, the stock market is considered unpredictable due to its dynamic nature, which is determined by many external factors and/or environmental influences. The complexity of its functioning is exacerbated by the fact that key events affecting the market do not occur very often. According to T. Muhhamad *et al.* (2023), experienced financial knowledge investors believe that in many cases, stock market behaviour is not completely unpredictable, and making informed investments can predict future events to a certain extent. However, it is worth noting that although sophisticated investors may have a significant level of financial knowledge and skills, there is no guarantee that their predictions of the market will be accurate. The stock market is a very complex and dynamic environment that is subject to a variety of factors, such as economic and political events, new technologies, geopolitical conflicts and other unexpected circumstances (Fesina, 2023). Even the best analytical methods and strategies cannot guarantee the success of investments, as risk is always present in the market. Therefore, while prudent investments can reduce risk, they cannot eliminate it and provide a steady return.

Scientific sources actively address the claim that foreign investment defines and dominates the economic life of a society. According to N.V. Hung *et al.* (2023), it is foreign investment that is the main channel through which innovation is introduced. As H.B. Meier *et al.* (2023) point out, such capital is of interest to entrepreneurs, as they can use best practices in doing business, which contributes to improving living standards and labour productivity, as well as the spread of innovation. According to M.T. Kartal *et al.* (2022), foreign investment in a country's economy is a catalyst for accelerated social and economic development, while M.I. Marobne and J.M.P. Kansheba (2022) and C.R. Weiss (2022) emphasise the importance and role of investment in the context of global integration and the impact of the COVID-19 pandemic. In support of this, it should be noted that foreign securities are an important component of investment for a country, as they provide an opportunity to attract foreign investment and develop the economy. Often, these investments take the form of modern equipment, which allows for the introduction of new technologies and increased production efficiency. For example, foreign investors may invest in equipment to expand production capacity, introduce new technologies or improve infrastructure. Such investments help to modernise production processes and improve product quality and international competitiveness. Furthermore, foreign securities can provide access to new technologies and

knowledge, fostering innovation and stimulating economic growth in a country (Kudrina & Ivchenko, 2023). Thus, their role in attracting foreign investment and ensuring economic development is extremely important.

At the same time, I.O. Spatacean and M.C. Herteg (2023) believe that the standards developed by the Organisation for Economic Co-operation and Development are aimed at protecting the interests of joint stock companies and their competitive position. While these standards provide a framework, each country is free to develop its own general rules for disclosure and interpretation. However, the necessary preconditions for the full implementation of international financial disclosure standards have not yet been created. However, it is worth noting that at the current stage, the necessary preconditions for the full implementation of international financial disclosure standards have not yet been determined. However, new reporting rules are being gradually introduced and a corporate governance programme is being implemented to improve the mechanisms for disclosing information on the activities of joint stock companies. In addition, one of the main tasks is to define the concept of the international financial space, where countries and individual economic entities interact to manage financial resources and pursue the business interests of participants (Ismayilov *et al.*, 2023).

The implementation of these strategic objectives is considered a prerequisite for Ukraine's successful integration into the global economic system, especially in the context of its accession to the European Union. According to W.W. Yeoh (2023), the effectiveness of public policy depends on the efficiency and rationality of key measures aimed at developing the non-banking sector of the financial market and implementing an effective system of state regulation and control. Given the above, it is possible to note that the measures aimed at eliminating the shortcomings in the regulation of financial services markets are reflected in the Strategy for the Development of the Financial Sector of Ukraine until 2025 (National Bank of Ukraine, 2021), meet the requirements set out in the Association Agreement between Ukraine and the European Union (2014). If properly implemented, the programme will achieve the main goal of creating a developed, efficient and stable financial services market in Ukraine, balanced in all sectors, developing infrastructure and strengthening resilience to possible risks, as well as ensuring the adequacy of the actions of the authorised bodies in the control and supervision of the securities and other financial services market.

A study by C.S. Mpamugo *et al.* (2021) states that the government and regulators formulate policies to encourage companies operating in the domestic economy; including education and healthcare institutions, to list on the domestic stock exchange. While agreeing with this thesis, it should be elaborated that such policies should include the removal of obstacles to listing, as well as a public education campaign on the capital market. These measures will build investor confidence, increase investment instruments, reduce transaction and information costs, and provide quality and health education programmes that will contribute to economic development.

Achievement of key strategic goals is a critical condition for the successful integration of our country into the global economy. However, over the past decades, Ukraine has been actively reforming and transforming this area. According to J. Petry *et al.* (2023), the model of public administration of economic processes used in Europe is recognised as one of the

most effective. Summing up the positive experience of developing the global fund infrastructure, J. Inatilloevich (2023) emphasises the need to adapt and use market mechanisms of instruments that have been successfully tested by European investors to promote the fund infrastructure. While partially agreeing with the above theses, it is worth noting that there is currently a massive outflow of large European investors from the Ukrainian securities market. There has also been a decline in trading volumes on domestic exchanges and a lack of proper stock market infrastructure. Other problems in Ukraine's financial sector include low levels of financial literacy among the population and limited powers and independence of financial regulators in controlling the sector's participants (Khodakivska *et al.*, 2022). In general, there are no effective mechanisms for removing troubled financial institutions from the market. Addressing these gaps in the legislation requires developing the institutional capacity of financial regulators. The key issue is the legislative definition of a mega-regulator or the adoption of a sectoral model of regulatory policy and a clear definition of the competencies of the responsible authorities.

According to J. Li *et al.* (2023), the use of machine learning algorithms in long-term inventory forecasting models proposed by artificial intelligence (AI) and deep learning requires more attention than traditional support vector regression, especially given the high efficiency of AI and deep learning. According to N. Belevadi (2024), investors should adopt a rational approach to technical signals rather than blindly trusting or rejecting them. The concepts of rational and value investing are essential. The use of machine learning is key to the continued successful and sustainable development of the entire stock market. This practical technology helps investors make informed decisions based on a realistic assessment of the intrinsic value of shares and other financial instruments (Barlybayev *et al.*, 2023). In conclusion, the use of machine learning algorithms in long-term forecasting models can be a useful tool for investors, but their effectiveness should not be overestimated. Traditional methods, such as support vector regression, can remain important tools for market analysis and decision-making. Investors need to approach technical signals with caution, analyse them carefully and consider all possible risks. The use of machine learning should be accompanied by a rational and informed approach to investing, and not treated as the only and most effective strategy. It is also important to keep in mind the need to diversify the portfolio and avoid overestimating risks.

Thus, the Ukrainian stock market faces various problems and challenges concerning foreign securities, but they also open up new prospects for development. The growth of foreign investment can contribute to the modernisation of the economy and the attraction of new technologies but requires a careful analysis of risks and a proper market development strategy. Therefore, it is important to continuously improve regulation and stimulate investment activity for the stable and successful functioning of the Ukrainian stock market.

Conclusions

At the present stage, Ukraine's foreign economic activity has undergone a significant decline as a result of the full-scale invasion of the Russian Federation and the ensuing negative consequences. Consequently, the Ukrainian financial market, while performing key functions to support the economy, is important in facilitating the redistribution of financial

assets. The cross-border nature of this market is crucial for cross-border cooperation in financial areas and for making the Ukrainian financial sector attractive to domestic and foreign investors. The modern capital market is open to foreign issuers, which opens up opportunities for them to enter the Ukrainian financial market, provided they comply with Ukrainian legislation.

At the moment, Ukraine has not yet established clear rules and standards for securities transactions due to the young age of the market itself and the unstable regulatory system of the stock market, which is only gaining momentum. The country's investment prestige remains low due to various factors, including the war and the introduction of martial law, high levels of corruption in government structures, the incomplete process of European integration, and others. All these events play an important role in the future of the Ukrainian stock market and the overall economic situation in the country. This unstable environment has led to Ukraine gaining the image of a region with significant investment risks.

The following factors slow down the process of attracting investment and have a negative impact on it: lack of guarantees for investors to protect them from changes in legislation, which creates uncertainty and risks for the investment climate; low level of infrastructure development, which complicates investment and increases production costs; high inflation; slow pace of privatisation, as foreign investors and financial institutions prefer private enterprises, which limits opportunities for capital investment in the state-owned sector; weak integration into the general financial system of Ukraine, which leads to low investment activity of residents and non-residents; low capitalisation, which means that the stock market is too small to play a significant role in the national economy; insufficient transparency for a wide range of stakeholders due to poor quality of information disclosure and weak development of media specialising in the stock market; limited choice of investment instruments, which makes them unattractive for potential investors; incomplete compliance with the requirements of European legislation, which reduces the level of stakeholder confidence and limits the number of potential investors. A range of measures are proposed to implement these strategic directions. One of the key tasks in this context is to develop the insurance system and integrate it into international insurance markets. This involves attracting leading insurance companies to regional markets to provide insurance for various types of investment risks and to improve the skills of specialists in this area.

For further research in the context of the topic under study, it is necessary to consider the Russian-Ukrainian war and its impact on foreign investment in securities of Ukrainian companies and government bonds, in particular, in the direction of determining changes in the investment climate and risks for foreign investors in connection with the war. An equally important area of research is to determine the potential of foreign investment in times of war, in particular in the context of analysing opportunities for foreign investors with an understanding of the volatility of the stock market to make profitable investment transactions.

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Conflict of interest

None.

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Іноземні цінні папери: проблеми та перспективи для фондового ринку України

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Анотація. Аналіз поточного стану та ідентифікація проблем іноземного інвестування в Україні пов'язані з різними факторами та аспектами, серед них: нестабільність економічного середовища, недостатня розвиненість правового поля та інші. Тому метою цього дослідження є аналіз обігу/використання цінних паперів та виявлення проблем та можливостей розвитку українського фондового ринку. Для досягнення цієї мети використовувалися різні наукові методи, включаючи синтез і аналіз, формально-юридичний та інші методи. Встановлено, що завдяки впровадженню реформам, спрямованим на модернізацію, фінансовий ринок України відкритий для інвесторів і має розширені можливості у порівнянні з минулим. Відзначається, що війна, ініційована Росією, призвела до значного збільшення інвестиційного прірви між Україною та іншими країнами. Акцентовано, що потрібні нові заходи, які мають потенціал сприяти відновленню економіки у майбутньому і зміцнити її стійкість до можливих економічних шоків. Для забезпечення ефективності інвестиційного процесу запропоновано використовувати найбільш доцільні та ефективні стратегії, які необхідно включити у положення Постанови Кабінету Міністрів України «Про затвердження Державної стратегії регіонального розвитку на 2021-2027 роки». Запропонований інтегрований механізм приваблення зарубіжних інвестицій, який передбачає встановлення сприятливого інвестиційного клімату та активізацію інвестиційної діяльності. У рамках роботи сформульовано та обґрунтовано рекомендації, які можуть бути використані для удосконалення законодавства з приводу залучення іноземних інвестицій у цінні папери. Ці пропозиції можуть бути корисними для практичної діяльності державних органів, що спрямована на підтримку іноземних інвестицій у цінні папери на сучасному фондовому ринку України

Ключові слова: фінансовий стан; міжнародне співробітництво; ринок капіталу; акції; законодавство з фінансового забезпечення