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## **THE SITUATION ON THE UKRAINIAN STOCK MARKET AND SUGGESTION ON ITS IMPROVEMENT**

The stock market in our country is very young comparing to the majority markets in the world. However, we created something that needs to be further developed. The securities market of Ukraine consists of an organized trading system PFTS. It is Ukrainian abbreviation and it means “перша фондова торгова система”, (The First Fund Trading System). There are also 4 other securities exchanges: the Ukrainian Stock Exchange, The Donetsk Stock Exchange, the Ukrainian Interbank Stock Exchange, the Kiev International Stock Exchange. In reality trading activity is concentrated mostly in PFTS. PFTS has been acting as an organizer of securities trading since 1997. It consists of “Quote-driven” and “Order-driven” markets. Quote-driven market is used for the secondary trade of stocks. Order-driven market is used for selling government securities and liquid stocks.

The Ukrainian stock market is not very attractive for investors. The reasons of this situation are:

1. The secondary market is used very poorly. Low volume of trade makes it impossible for issuers to get profit from the issues of shares.
2. There is a problem of loosing capabilities of the world capital market. The very few of domestic companies use foreign markets to get capital.
3. The large problem is personnel. The top managers of companies are mostly interested in keeping the control over the certain blocks of shares rather than using issues and offerings to get new capital.

These are the most important problems of our stock market. It is difficult to solve them, but it is not impossible.

We have a few suggestions which, in our opinion, can improve the Ukrainian stock exchange trading system. So they are:

1. Continuation and improvement of the privatization process. Ukraine needs further privatization. It is important for companies trading.
2. Development of mutual funds. Mutual funds can be very important market players, which can move banks from their “sweet nests”. They accumulate money from population to invest them into stocks.
3. Disclosure and timing of corporate and other information. Maybe somebody could get abnormal profits using private information in their advantage, but in general, this harms the market. All market players must have an opportunity to get information about the stock market itself and the shares traded on it.
4. Increasing the role of banks. German securities market system is a good example how banks could be involved in the process of the stock market development. Our banks have this potential.