

MONEY, FINANCES AND CREDIT

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FEATURES OF INDIVIDUAL INVESTMENT IN STOCK MARKET OTC UKRAINE

Investigated the process of signing exchange agreements, general technology management and settlement of trades in the implementation of individual activities in the OTC stock market of Ukraine. The features of the technology making deals on counter stock market. The recommendations on the choice of the future direction of the stock exchange infrastructure and technologies in Ukraine.

Keywords: stock market, OTC trading, exchange agreements, individual investment activities, exchange technologies

Statement of the problem. Individual participants of fund market are physical persons (households), that differ in inter se an amount and types of securities, they own that; by the degree of activity with that they prove at the market; by purposefulness; by the method of choice and making decision in relation to the purchase-sale of securities. Although individual participants does not prevail at the fund market, however due to their great number issuers have the opportunity to mobilize monetary resources, dispose of them in economic aims, to produce necessary to the population material welfares.

In developed countries, the foundation of the stock market makes it millions of small investors – individual members, who carry on it the individual activities of buying and selling securities. Population (household) sector is a significant financial relationship for forming the overwhelming majority of cash savings in the society. The wealth of the state is derived from the well-being of the general population and increased primarily due to savings in the household sector. Such increase is the certificate of stability and increase real to the sector of economy. At the terms of market relations economies have clear economic maintenance – investment capital. In the developed countries

a decision role an investment process is played by the economies of population. Thus, the U.S. population owns 70% of financial assets; their share is almost 5 times higher than that of the state. For an overview NYSE, in 1990 over 51 million individual investors owned shares directly, which is about a quarter of the adult population were shareholders [1, p. 131].

Analysis of recent research and publications. Some aspects of the individual investors in the stock markets covered in the works of many local authors. Thus, the theoretical basis of positioning the investor in the stock market are presented in the Revised V. Radzievska, issues investor protection are considered by economists such as AS Moskvin, P. Grom, A. Portnov, the process of transformation of savings into investments revealed in the works of Ramskoho, M. Savluk, S. Panchyshyn, marketing aspects of the process of exploring LA Novoshynska legal – V. Pospolitak, D. Fedorchuk and many others.

Bold unsolved aspects of the problem. Despite the significant contribution of these scientists and a certain degree of elaboration of the theme, severity and urgency of the problem requires further in-depth analysis, rethinking traditional concepts and develop advanced tech-

nologies to implement individual investment in the stock markets of Ukraine. In the theoretical and practical bases of formation mechanism for implementing individual activities of investors – individuals, residents of Ukraine on the OTC stock market of Ukraine no single view on the meaning and function of its basic elements, there is no single scheme of interaction. The needs for the invention of new approaches in the implementation of individual investment in the stock markets of Ukraine under current conditions and justify the relevance of the research topic.

The purpose of the article. The purpose of the article. The purpose of this study is that based on the theoretical positions of management and summarizing practical research experience of individual investment in OTC equity markets of the world to follow the features of these activities for individual investors and offer basic directions of further development of the stock exchange infrastructure and technology in Ukraine

The main material. Let us consider in more detail on the features of stock market activity in Ukraine just individuals, who are self- investment activities. The conclusion of the exchange transaction involves the following steps:

- 1) The introduction of applications in a stock trading system;
- 2) An agreement;
- 3) Verification of the parameters of the agreement;
- 4) Settlements (clearing);
- 5) Implementation of the agreement, that provides cash payments and counter- transfer of securities. Consider the overall technology maintenance and settling trades on the OTC stock market of Ukraine.

In terms of legal and legal registration of trade on the stock exchange and OTC market has significant differences. Just work on the individual investor can exchange only through a broker or trader. With the difference that a trader to act independently on the OTC market in terms of registration permits much easier. However, there are some organizational issues, which, in our opinion, should stay in more detail.

Tech bidding is common to all trading platforms that carry out trades on the OTC stock market. In general terms, it is presented in Fig.

As you can see, there are total technology elements whose implementation requires the involvement of special tools, especially information and communication, providing a unified system and information space. Consider these elements in more detail.

The term “electronic trading system” covers a wide range of different kinds of systems applied Marketplace on financial markets for trading on the stock market. In the Marketplace we mean the exchange, alternative trading systems (ATS) and collective shopping community (MTF – Mutual Trading Facilities). Electronic brokerage of some brokerage firms, which are also sometimes called “ electronic trading system,” despite some similarity to the trading system trade organizations have a number of specific features.

Currently, the economy, including the fact the stock market, there is, in fact, technological revolution, characterized by its radicalism and efficiency. Stock transactions can now be entered on the computer screen, information about deals and prices send an unlimited number of investors. They establish many competing dealers who transfer rates of purchase and sale for communication networks.

Thus, in electronic trading system meant an aggregate software (trading platform), computer systems and telecommunications infrastructure that provides standardized tendering various financial instruments for various standard rules.

Establishment of the Ukraine national electronic and telecommunication systems affected primarily on the legislation which defines trade information system (TIS) and electronic trading information network (ETIM). TIS – is a legal entity registered securities dealers, which owns and manages any system or means to facilitate securities trading in the OTC market. TIS includes ETIM, which is intended to link market intermediaries in different places and providing them with means of exchange quoted securities in real time.

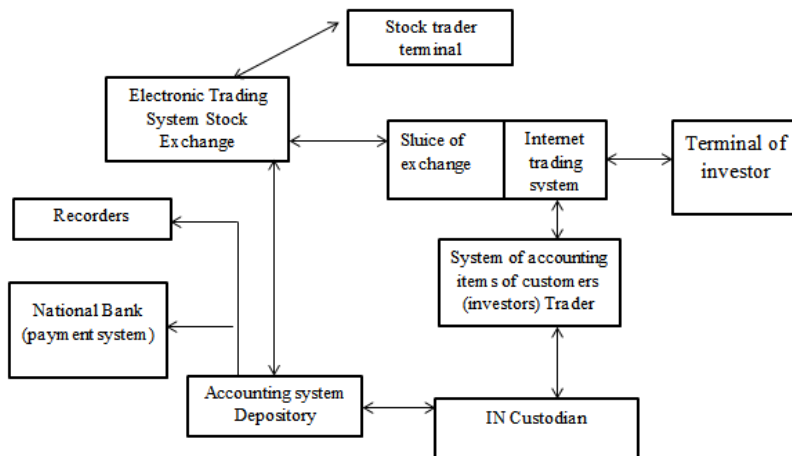
TIS provides any interested person the following information: the rules the admission of securities to trading rules laying and Reconciliation Agreement, the order of execution of agreements, rules to limit manipulation of prices for traded securities admitted to trading for securities traders schedule providing services TIS.

Each agreement concluded in accordance with established rules TIS, any person provided the following information: date and time of the agreement, under the name of securities under this agreement, their state registration number, the price of the security, the number of securities. The essential characteristics of electronic trading systems are taken into account in their analysis and evaluation is their functionality:

- Types of financial instruments that are traded in the system – stocks, bonds, derivatives, foreign exchange instruments and money markets, commodity instruments, etc.
- Methods of tendering, which are supported by the system – Order-driven market, Quote-Driven market, Call-type Auction trading, negotiated deals registration, etc.;
- Types of applications that are supported by the system for each of the methods of trading – limit, market, etc.;
- Additional procedures for processing applications and transactions supported by the system – the control authority of the bidder and the trader-range control, keeping retail position, check security, etc.;
- Range of information on the auction market situation and provided to users;
- User access methods supported by the system – through trading terminals of the man-machine interface using API for connecting system brokerage or other client software, via a network connection using standard protocols of information exchange for financial markets, such as FIX and more.

Also, do not distinguish between functional parameters of trading systems:

- Throughput – throughput, number of requests per time unit that is able to handle system;
- Response time – latency, the time from application to transfer the system to obtain a response from the system;
- Accessibility – availability, the ratio of time when the system is ensured smooth implementation of trading, and the time when the system should provide bidding on schedule;
- Reliability (reliability), the system’s ability to provide uninterrupted bidding in case of failure of its components);
- “Sustainability“ – resiliency, the ability to recover the system and status of the trading session after a serious accident that led to the suspension of trading;
- Interoperability – the ability of a system to effectively interact with systems that perform “related» functions – clearing, settlement, monitoring the markets etc. User – brokerage, dissemination of market information, etc., systems of other trading platforms and regulators;
- Scalability – scalability, the possibility of increasing the capacity of the system without substantial processing, by increasing the capacity and / or the number of used computer systems and telecommunications infrastructure capacity ;
- Functional extensibility and “ configurability” – the ability to extend the functionality of the system and change the procedures for processing of information without significant processing [2].



Pic. 1. Technology of bidding

Characteristics of electronic trading systems are largely individual, as determined by the needs of trading platforms that they use.

Internet trading system – is the implementation of trading indirectly through special programs online. Most of the stock exchanges of the world have long abandoned the scheme of sale “on the floor» or “ in the pit “, which suggests the presence of the trader or broker on the stock exchange, and went on e-commerce. This shift means that anyone can buy a particular asset directly from your trading terminal, giving orders over the Internet.

The term “online trading» began to be used on the Ukrainian stock market recently, but has already become very popular among our investors. In Ukraine, the official date of the launch of Internet trading is 26 March 2009. Online Trading we got through stock exchanges – JSC “Ukrainian Exchange” that launched him in the prime financial crisis. Crisis events of 2008 in Ukraine temporarily questioned the use of Ukrainian issuers as a reliable investment tools and inhibited the development of the stock market itself. To stabilize the situation on the stock market of Ukraine JSC “Ukrainian Exchange” launched market applications with direct access to his investors (online trading). When you run the “Ukrainian internet trading» took over all the best practices from neighboring Russia and is adopting a good experience from America, Europe and Asia.

Conclusions and recommendations.

Today in Ukraine to implement on-line securities trading (market bids and market quotes) is the possibility of two market places – is at JSC “Ukrainian Exchange” and OAO “PFTS”. And just when Ukraine will be a real competition between exchanges, it will give a new breakthrough in the development of the stock

exchange infrastructure and technology. Therefore, all waiting to enter the Ukrainian market for new stock operators, including Western ones.

The benefits of online trading for private investors, who are self- activity in the stock market, are clear. Simplified and accelerated sales process contracting, rising to almost limitless number of transactions, the investor can make in a day. In addition, significantly reduces the barrier of entry to the market. If before the advent of Internet trading broker was not profitable to work with the investor, if he had a sum of less than 25 thousand, but now even investors from 1000-5000 UAH can successfully operate on the exchange. Also, online trading has allowed private investors to engage in arbitrage – trading simultaneously on two stock exchanges and make a difference in the prices of securities. Volatility Ukrainian equity market theory gives hope to the high profitability of this strategy, as well as most liquid shares (“blue chips”) often per day can vary in price by 2-10% or even more. Also online trading does not mean that the investor has continuously all day to monitor the market while sitting at your monitor.

It can form the investment portfolio of the most attractive stocks, making adjustments to it from time to time. Some stocks in this portfolio may be months or even years, and the process of applying for the transaction may take a few seconds. Moreover, there are already some Ukrainian investors who previously worked in Western markets seeing that the Ukrainian stock market brings real income, began to move against him. Another worth mentioning that we have successfully traded on exchanges, both residents and non-residents of Ukraine (this allows our law) [3].

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