

## Perspective directions of russian stock market development nowadays

Volovik Ju.<sup>1</sup>, Dubovaya V.<sup>2</sup>

### Перспективные направления развития российского рынка ценных бумаг

Воловик Ю. А.<sup>1</sup>, Дубовая В. А.<sup>2</sup>

<sup>1</sup>Воловик Юлия Александровна / Volovik Juliya – студент;

<sup>2</sup>Дубовая Валерия Александровна / Dubovaya Valeriya – студент,  
финансовый факультет,

Российский экономический университет им. Г. В. Плеханова, г. Москва

**Abstract:** the article examines the state of the domestic securities market in the current economic realities. The authors define the obstacles to the effective development of the Russian stock market, among which are identified: the low liquidity of the Russian stock market, poor infrastructure, distrust of market participants and many others. A detailed analysis of the current situation allows us to identify the most promising options for improving the regulation of the market, which, with due attention will determine the efficient functioning of the securities market.

**Аннотация:** статья рассматривает состояние отечественного рынка ценных бумаг в текущих экономических реалиях. Авторы определяют причины, препятствующие быстрому развитию российского фондового рынка, среди которых определены: низкая ликвидность российского фондового рынка, неразвитая инфраструктура, низкий уровень доверия участников рынка и ряд других. Детальный анализ текущего состояния позволяет идентифицировать наиболее перспективные опции по совершенствованию регулирования рынка, что при должном внимании предопределил эффективное функционирование рынка ценных бумаг.

**Keywords:** stock market, securities, investing opportunities.

**Ключевые слова:** рынок ценных бумаг, ценные бумаги, инвестиционные возможности.

Security market nowadays is a part of the global financial market and it differs from the real sector of the economy that produces goods and services. Security market, on the one hand, is part of the financial market, as it allows to implement the accumulation and redistribution of capital in accordance with market conditions through the use of securities, on the other hand, the stock market - is the sphere of capital raise, like any other market.

Compared with the current system of regulating the stock market in developed countries, Russian stock market is in the process of its formation, and is characterized by increased attention and control by the public authorities [1]. Russian security market development is a priority of the state economic policy.

Russian stock market remains monopolistic, many industries such as oil and gas, construction, available for competition. Companies are not able to enter into these markets and on equal compete for customers.

Active development of Russian stock market must begin with the return of investor confidence in the companies and banks, partners and state, which will contribute to the solution of problems with liquidity and the inflow of foreign capital [2].

According to a number of researchers of the stock markets, it is believed that Russian stock market is underdeveloped and illiquid. For example, the percentage of shares offered for sale, only 15 - 20% of their output, which is much lower than in other countries. In addition, there are about 50 thousand public companies in Russia, while on the stock markets there are around 300 of issuers. For example, on the MICEX Stock Exchange traded 296 shares of 249 issuers, including those in quotation lists A1, A2, B and C included 110 shares of 98 issuers. On transactions with these shares account for more than 90% of the exchange turnover. Other shares are classified as non-listed securities, transactions which occur irregularly and transaction volumes are negligible.

At this point the role of the domestic stock market is very modest, only 2.4% of the total capitalization of the largest financial markets in the world.

Translational movement of the Russian stock market prevents the weak development of derivative market securities. The analysis shows that the Russian derivative market today is not developing intensively enough [3].

In Russian market there is now quite a small amount of derivative instruments. In this case futures market plays a significant role in risk management, which are inevitable in securities transactions. Conclusion of forward transactions reduces the risk of owning the underlying asset. The market developed with two segments - cash and term - operates more efficiently than the market in which there is no urgent segment.

Another pressing issue of development of the Russian stock market is the lack of public confidence in the financial market. As the experience of foreign countries, to ensure financial market stability arrival on the market of large private investors is of great importance. The real way to participate medium investors are their investments in collective investment funds - equity and mutual funds, private pension funds.

Conducted in Russian measures to improve the legislative base of investment funds and private pension funds (PPF) have contributed to the emergence of a large number of mutual funds and the PPF. So, in 2012, in Russia, there were more than 1,300 mutual funds, net asset value amounted to 480 billion rubles and 150 PPF, pension savings of which amounted to 340 billion rubles.

However, in comparison with foreign countries, the volume of total investments of the Russian citizens, carried out by investment and pension funds, is still small. It is not enough many people are members of the stock market. The circle of private investors in Russia is only beginning to emerge. Another major problem is the fact that the majority of the Russian population do not consider investing in stocks attractive.

According to some researchers, to address previously identified problems is necessary, first of all, to reduce administrative barriers and simplify paper procedures. Recently, Russian made an attempt to simplify the procedure of state registration of securities issue, which became one of the most important conditions for dynamic growth in the volume of operations with securities in the Russian market.

It is necessary to develop the derivative market and the market of collective investments. Currently, to develop a concept and prepare a draft of legislative act. A number of problems of Russian derivative market segmentation associated with it control of the underlying asset and the lack of a single state body whose jurisdiction includes regulation, control and supervision.

Researchers point to the need for approval by the regulatory legal acts to take decisions aimed at achieving the following objectives:

- the creation of new types of investment funds focused on investments in priority sectors of the economy - private equity funds;
- expansion of the list of financial instruments for investment of collective investment institutions, including foreign securities;
- the introduction of a risk management system in the commission of forward transactions of collective investment institutions;
- improving control over safety of collective investment funds by the specialized depository.

It is necessary to improve ways of attracting private investors and mechanisms to protect their interests. State regulation in this field should be aimed to create conditions for reducing risks of individual investments, with the exception of spontaneity, ill-considered risk arising at certain stages of development of security market and investment activity of public.

Improvement of the financial market should be performed/done in three main areas: firstly, the establishment of closer ties with the state regulator of the financial market, and secondly, harmonization of standards and regulatory rules of activity in the financial market with the gradual concentration of state functions for regulation, control and supervision of the financial market in a state body, and thirdly, the development of prudential supervision systems [4].

Currently, Russia is one of the 16 countries, the stock market capitalization of more than \$ 1 billion. All this indicates that Russia has the most favorable conditions for the further development of the financial sector, as a whole, including the stock market.

Analysis of Russian legislation shows that the Russian Federation has been experiencing complex changes in the legal regulation of legal relations and the securities market, to improve the infrastructure of the internal market; removal of administrative barriers for issuers who want to offer their shares to specific persons; harmonization of national law with the standards adopted in developed foreign stock markets; creating an enabling and competitive environment for the turnover of securities on organized stock exchanges [5].

Thus, this analysis allows us to conclude that the need for reform of the Russian stock market is due to several factors: the low liquidity of the national market of securities; undeveloped market infrastructure; lack of confidence on the part of potential participants; imperfection of the legislative framework; the need to increase the attractiveness of Russian sites for the circulation of securities of foreign issuers and attracting large residents, that are placed

Improving the efficiency of the securities market functioning in Russia today can be achieved by improving legislation, reduction of administrative barriers, the development of the derivatives market and the market of collective investments, improving the quality of corporate governance, improving the involvement of private investors and mechanisms to protect their interests, improve regulation in the financial market, combating and prevent unfair practices, improving the management, consolidation and formation of positive image.

### *References*

1. *Uspensky I. V., Perepelitsa D. G.* "Foreign investments in the conditions of sanctions" // XXX Student International extramural scientific-practical conference "Youth Science Forum: the social and economic sciences", 2015 [Electronic resource]. URL: <http://nauchforum.ru/studconf/social/xxx/9433/> (date of access: 15.12.16).
2. *Korzova K.R.*, "Sustainable Development of Russian Regions: investment policy in terms of external and internal shocks" // XII International Scientific and Practical Conference, 2015. [Electronic resource]. URL: <http://www.science-education.ru/ru/article/view?id=5600/> (date of access: 17.04.2015).
3. *Nikolaenko M.S.*, "Current state and prospects of development of Russian stock market"// Modern scientific research and innovation, 2016 № 2. [Electronic resource]. URL: <http://web.snauka.ru/issues/2016/02/64661/> (date of access: 19.11.2016).

4. *Prokhorov P. E., Kapustin M. E., Kolesnikova L. A., Soloviev E. S. Suhoyarskaya A. A., Ulitin N. R.* Russian Securities Market Analysis of sanctions in the period of war/ VII International student scientific Conference, 2015. [Electronic resource]. URL: <http://www.scienceforum.ru/2015/1356/15962/> (date of access: 15.03.2015).
5. *Malysenko K. A., Malysenko V. A., Goncharov A. N.* Analysis of the current state of the market shares in Russia// NAUKA-RASTUDENT.RU Electronic Journal, 2015. [Electronic resource]. URL: <http://nauka-rastudent.ru/17/2673/> (date of access: 31.05.2015).