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Mariana Poliak-Sverhun

Candidate of Economic Sciences,
Associate Professor of Fundamental and Special Disciplines,
Chortkiv Educative and Research Entrepreneurship and Business Institute of
West Ukrainian National University
ORCID: <https://orcid.org/0000-0002-3427-7900>

Поляк-Свергун Мар'яна Миколаївна

Чортківський навчально-науковий інститут підприємництва і бізнесу
Західноукраїнського національного університету

**MODERN APPROACHES TO REGULATION AND STABILIZATION
OF THE STOCK MARKET****СУЧАСНІ ПІДХОДИ ДО РЕГУЛЮВАННЯ ТА СТАБІЛІЗАЦІЇ
ФОНДОВОГО РИНКУ**

Summary. The stock market constitutes a fundamental component of the contemporary financial system, as it serves as a mechanism for the accumulation and redistribution of capital, thereby underpinning investment growth and long-term economic development. It fulfills essential functions such as attracting financial resources, directing them efficiently into the productive sector, and maintaining equilibrium between supply and demand for financial instruments. Nevertheless, its instability can generate systemic risks, trigger financial crises, and adversely affect the socio-economic security of the state. Hence, analyzing the patterns and mechanisms through which the stock market influences the resilience of the financial system becomes particularly significant in the context of globalization challenges, integration processes, and heightened financial turbulence. This article examines the interrelationship between stock market development and the level of financial stability, highlighting its key functions in fostering investment activity, establishing the fair market value of securities, increasing the transparency of economic processes, and strengthening the competitiveness of the national economy. The study identifies positive factors driving market development, including growing investor confidence, improvements in financial infrastructure, and the advancement of innovative instruments, alongside negative influences such as macroeconomic instability, speculative activities, information risks, and shortcomings in regulatory mechanisms. The findings emphasize that effective regulation and the development of a robust institutional environment are crucial prerequisites for mitigating crisis risks and ensuring sustainable market performance. Special attention is given to the importance of implementing modern regulatory technologies and digital solutions capable of enhancing transparency, manageability, and reliability of market processes. It is concluded that the synergy of institutional reforms, the adoption of innovative financial instruments, and the exercise of strategic state supervision provide a solid foundation for ensuring the long-term stability of the stock market and reinforcing its role in promoting the country's economic development.

Keywords: stock market, regulation, stabilization, financial instruments, investments, transparency, competitiveness, economic growth, financial stability.

Анотація. Фондовий ринок є невід'ємним елементом сучасної фінансової системи, адже саме через нього відбувається акумулювання та перерозподіл капіталу, що формує основу для інвестиційного зростання та довгострокового економічного розвитку. Він виконує функції залучення фінансових ресурсів, їх ефективного спрямування у виробничу сферу, а також підтримання балансу між попитом і пропозицією на фінансові інструменти. Однак варто зазначити, що його нестабільність може стати джерелом системних ризиків, провокуючи фінансові кризи та негативно позначаючись на соціально-економічній безпеці держави. Тому вивчення закономірностей і механізмів впливу фондового ринку на стійкість фінансової системи набуває особливої актуальності в умовах глобалізаційних викликів, інтеграційних процесів та посилення фінансової турбулентності. У статті досліджено взаємозв'язок між розвитком фондового ринку та рівнем фінансової стабільності країни, окреслено його ключові функції у забезпеченні інвестиційної активності, формуванні справедливої ринкової вартості цінних паперів, підвищенні прозорості економічних процесів і конкурентоспроможності національної економіки. Виокремлено позитивні чинники, що сприяють розвитку ринку, зокрема зростання довіри інвесторів, підвищення якості фінансової інфраструктури, розвиток інноваційних інструментів. Водночас наголошено на негативних впливах: нестабільності макроекономічного середовища, спекулятивних операціях, інформаційних ризиках та недосконалої регуляторних механізмів. Ключовими передумовами стійкого функціонування фондового ринку є ефективне регулювання та розвиток інституційного середовища, здатного мінімізувати кризові ризики. Підкреслено важливість упровадження сучасних технологій регулювання й цифрових рішень, які сприятимуть підвищенню прозорості, керуваності та надійності ринкових процесів. Доведено, що синергія інституційних реформ, упровадження новітніх фінансових інструментів і здійснення стратегічного державного контролю створює передумови для забезпечення довготривалої стабільності фондового ринку та посилення його ролі у стимулюванні економічного розвитку країни.

Ключові слова: фондовий ринок, регулювання, стабілізація, фінансові інструменти, інвестиції, прозорість, конкурентоспроможність, економічне зростання, фінансова стабільність.

Problem statement. In the context of large-scale military operations and growing economic instability, Ukraine is faced with the need to preserve and restore the effective functioning of the financial and economic system. Despite significant challenges, the national economy continues to operate, however, overcoming the economic crisis and ensuring stable development requires effective mechanisms for attracting and redistributing financial resources.

The stock market, as a key element of the financial infrastructure, plays an important role in mobilizing capital from credit and financial institutions, enterprises, the state and the population, directing these resources to the real sector of the economy. However, modern challenges, caused by both internal and external factors, limit its potential and create a threat of a decrease in investment activity.

In such conditions, there is an objective need to develop new approaches to managing the national stock market, identify key factors influencing its development, and introduce innovative financial instruments. This will not only increase the efficiency of the market, but also ensure its stability, transparency, and ability to become a tool for attracting investments in the process of post-war economic recovery in Ukraine.

Analysis of recent research and publications. The study of the Ukrainian stock market covers a wide range of issues that can be conditionally divided into several key areas. In the context of stock market functioning and ensuring the stability of the financial system, considerable attention is devoted to questions of financial security and securities market regulation. In their research, O. Levkovych and I. Shramko [5] examine the theoretical aspects of the stock market's financial security, emphasizing the key mechanisms for maintaining stability. M. Holovach [3] analyzes the specific features of the securities market's financial security under wartime conditions, highlighting the challenges that arise in crisis situations. M. Arych and I. Demianenko [1] explore the current state, risks, and prospects of securities trading in Ukraine. O. Levkovych and A. Finko [5] propose ways to improve the development of the bond market in Ukraine. N. Tatarin, N. Bundz, and A. Kravchuk [8] address the challenges of the Ukrainian stock market's development. N. Tanklevska and V. Yarmolenko [7] study the current state and problems of stock market functioning. O. Tretiakova, V. Kharabara, and R. Hreshko [6] analyze the features of market functioning in modern conditions.

At the same time, the authors provide a detailed examination of the historical stages of the market's formation and its institutional structure. A separate research area is devoted to the integration of the Ukrainian stock market into the global financial system.

The purpose of the article. Research into factors influencing the theoretical and practical aspects of the functioning of the Ukrainian stock market.

Summary of the main research material. The stock market plays a key role in ensuring the stability of the state's financial system, acting as a mechanism for effective distribution of capital between economic participants. It creates conditions for mobilizing long-term investments, which contributes to the development of production and innovation, as well as increasing the competitiveness of the national economy. In addition, the stock market provides asset liquidity, which allows investors to quickly respond to changes in market conditions, thereby reducing financial risks. A stable and transparent stock market increases investor confidence and promotes the attraction of both internal and external resources, which is an important prerequisite for the stability of the financial system in the face of global economic challenges.

The stock market is one of the key instruments for mobilizing capital, ensuring the effective allocation of resources in the economy. Its functioning contributes to the attraction of both internal and external investments, which stimulates the development of enterprises and increases investment activity. Due to this, the stock market is an important factor in economic growth and increasing the financial stability of the state [8, p. 13].

The securities market is of decisive importance for maintaining the stability of the country's financial system, acting as an instrument of rational redistribution of capital between participants in economic activity. It creates favorable conditions for attracting long-term investments, which stimulates the development of the production sector and innovative processes, and also strengthens the competitive position of the national economy. In addition, the stock market guarantees the liquidity of assets, allowing investors to quickly respond to changes in the market situation, reducing financial risks. A stable and transparent securities market increases the level of investor confidence and contributes to the inflow of both domestic and external capital resources, which is a critically important condition for maintaining financial stability in the face of global economic challenges.

The stock market is one of the leading mechanisms for capital accumulation, ensuring the efficient use of resources in the economy. Its stable functioning contributes to the inflow of investments of various origins, stimulates business development and activates investment activity. As a result, it becomes a significant factor in economic development and increasing the financial stability of the state.

A comprehensive analysis of the stability of the stock market involves identifying the main factors

that shape its trends: the quality of regulatory and legal regulation, price fluctuations in the securities market and the action of speculative mechanisms.

Table 1 – The main determinants of stock market stability

Stability factor	Короткий опис впливу
Regulatory and legal support	Regulatory and legislative mechanisms that support market stability and transparency.
Securities price fluctuations	Reflects market volatility and investment attractiveness.
Speculative processes	Can increase risks and create market instability.

Source: author's own development [2]

Regulatory and legal support is the foundation of stock market stability. It includes laws, regulations, resolutions and regulatory mechanisms aimed at ensuring transparency of market operations, protecting investors' rights and preventing financial abuse. Clearly defined and effectively implemented legal norms create a predictable environment for market participants, reduce the level of risks and contribute to the formation of trust in the financial system.

Fluctuations in security prices reflect the level of market volatility and are formed under the influence of both external and internal factors: macroeconomic changes, corporate sector news, fluctuations in demand and supply. Significant and sharp fluctuations can reduce investment attractiveness and lead to a loss of confidence on the part of investors, while moderate volatility stimulates trading activity and increases market liquidity.

Speculative processes are actions of market participants aimed at obtaining quick profits due to short-term price changes, without the intention of long-term investment. Although they can temporarily increase liquidity and promote activity on the stock exchange, excessive speculation often creates artificial price fluctuations, increases the level of risks and negatively affects the stability of the stock market in the long term. Stock exchanges play a crucial role in the development of the financial market of Ukraine, as they ensure organized trading in securities, facilitate the formation of market prices, and attract investment. An analysis of their current functioning indicates that, despite certain positive shifts, persistent challenges remain, primarily associated with insufficient liquidity and a low level of investor confidence [8].

The stability of the securities market in the context of military operations acquires strategic importance, due to the increased instability and high level of uncertainty of the macroeconomic

environment. Armed conflict creates significant risks for investors and issuers, reduces market liquidity, provokes significant fluctuations in the market value of securities and negatively affects confidence in the financial system as a whole. In such conditions, the implementation of effective regulatory and anti-crisis measures aimed at the legal protection of market participants, maintaining the stability of trading operations and minimizing the negative economic consequences of the military conflict becomes critical. Ensuring the financial security of the stock market is a key factor in maintaining macroeconomic stability and guaranteeing the continuous functioning of state institutions during a military crisis.

For a comprehensive study of the determinants that pose a potential threat to the stability of the state's financial system in the conditions of the functioning of the stock market, it is advisable to systematize external and internal risks.

External risks are formed under the influence of global macroeconomic and geopolitical factors, among which the key role is played by international financial crises, fluctuations in the situation of world capital markets, significant changes in exchange rates, the introduction of economic sanctions, as well as the escalation of military-political conflicts. The cumulative impact of these factors leads to a decrease in the attractiveness of the national market for foreign investors, a decrease in its liquidity level and an increase in the volatility of price indicators.

Internal risks are due to the specifics of the national economic environment and the institutional architecture of the stock market. These include the instability of the corporate sector, low transparency of financial reporting, dominance of speculative transactions over investment transactions, fragmentation and imperfection of regulatory and legal support, as well as inefficiency of corporate governance and state regulation mechanisms. Such risks can significantly undermine investor confidence, limit access of business entities to investment resources and cause systemic dysfunctions in the financial sector [4, p. 12].

Identification and multidimensional analysis of these risks is a necessary prerequisite for the development and implementation of comprehensive regulatory, institutional and structural measures aimed at maintaining the stability of the stock market, preserving macroeconomic balance and ensuring an adequate level of financial security of the stat [7].

Here is a scientifically designed table with a classification of external and internal risks to the stability of the financial system in the context of the functioning of the stock market:

Table 2 – List of factors that pose a threat to the stability of the financial system of the stock market

Risk type	Examples of manifestations	Potential consequences
External risks	<ul style="list-style-type: none"> - global financial crises - fluctuations in world capital markets - changes in exchange rates - international sanctions - military-political conflicts 	<ul style="list-style-type: none"> - decrease in foreign investment - decrease in market liquidity - increase in volatility of securities prices - deterioration of the investment climate
Internal risks	<ul style="list-style-type: none"> - corporate sector instability - low transparency of financial reporting - speculative transactions - imperfect regulatory framework - ineffective corporate governance 	<ul style="list-style-type: none"> - decline in investor confidence - restriction of access to capital - systemic dysfunctions of the financial sector - deterioration of stock market stability

Source: author's own development

The development of the capital market in Ukraine requires the implementation of an integrated strategy that will take into account the interests of all entities of the financial ecosystem and contribute to the creation of a favorable investment climate. One of the effective tools for stimulating investment activity is tax regulation, in particular the use of fiscal incentive mechanisms. Reducing the tax burden on securities transactions can create the prerequisites for increasing the liquidity of the stock market and increasing its attractiveness for both national and foreign investors.

An analysis of international practice shows that jurisdictions with a developed financial infrastructure use differentiated approaches to taxation of income from investment activities. Providing tax preferences to stock market participants should be based on the principles of economic feasibility and fiscal balance. Of particular importance in this context is the exemption from taxation of income received from long-term investments, which will allow forming a stable investor base and reducing the level of speculative transactions.

The corporate bond segment plays a key role in diversifying sources of financing for business structures. Effective protection of investor rights is the foundation of trust in the financial market, while insufficient legal protection of minority shareholders hinders the development of public joint-stock companies and reduces the inflow of capital into the corporate sector. Legislative changes should be aimed at introducing clear mechanisms for the liability of majority shareholders for violations of minority rights, improving procedures for appealing decisions of management bodies and increasing the transparency of corporate processes. The quality of the investment environment is largely determined by the level of corporate governance, which affects the cost of capital for enterprises. The implementation of international corporate management standards involves strengthening the role of independent directors on supervisory boards, mandatory disclosure of information on conflicts of interest, and establishing transparent criteria for remuneration of management. Legislative reform in the field of minority shareholder

rights protection should be coordinated with improvements in corporate governance to achieve a synergistic effect. At the same time, it is necessary to eliminate regulatory barriers that complicate issuers' access to the organized capital market [2, p. 8].

The complexity and duration of the issuance procedures, significant costs for the preparation and registration of the prospectus often make the public placement of securities economically unjustified. Optimization of regulatory procedures should ensure a balance between investor protection and reducing the administrative burden on issuers.

Small and medium-sized enterprises (SMEs), which form the basis of the economies of most developed countries, have limited access to the capital market in Ukraine. The development of specialized trading platforms with relaxed listing requirements, simplification of information disclosure procedures and lowering the minimum thresholds for public placement can expand the range of potential issuers. Improving the conditions for the issuance of securities for SMEs should be accompanied by the formation of a support infrastructure, including consulting services and educational programs to prepare for entering the market.

International experience shows that an effective investment guarantee system significantly increases the willingness of the population to participate in securities transactions. Individuals, as the largest potential group of investors, need reliable guarantees of capital preservation in cases of insolvency of financial intermediaries or the emergence of systemic crises. The introduction of compensation mechanisms should be based on clear criteria for determining insured events and transparent payment procedures.

An important prerequisite for the stability and liquidity of the financial market is the development of institutional investors, who accumulate significant amounts of capital and provide long-term financing of the economy. In the structure of institutional investors, the most conservative position is occupied by pension funds, focused on long-term investments with moderate risk. Liberalization of investment restrictions for pension funds, subject to

enhanced supervision, will allow increasing portfolio diversification and the profitability of pension assets.

Reducing information asymmetry between issuers and investors is a key factor in the efficient functioning of the market. Equal access to timely and complete information provides the basis for making informed investment decisions and forming the fair value of financial instruments.

Conclusions. The results of the study confirm that the effective functioning of the stock market is a key factor in ensuring the financial stability of the state and the growth of its economic potential.

The stock market, performing the functions of capital mobilization, ensuring asset liquidity and diversifying investment risks, creates conditions for sustainable development and integration of the national economy into the global financial space. To increase its efficiency, it is advisable to improve the regulatory framework, develop institutional investors, increase the transparency of market operations and introduce modern financial technologies, which in the complex will contribute to strengthening the investment attractiveness and financial stability of the country.

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