

Bychkova Nataliia
Ph.D. in Economics, ass. Prof.
Kopylova Olha
Ph.D. in Economics, ass. Prof.
department of Economic Theory
and History of Economic Thought
of Odessa I. I. Mechnikov National University
Odessa, Ukraine

THE IMPACT OF THE STOCK MARKET INFRASTRUCTURE DEVELOPMENT IN UKRAINE ON COMPANIES' VALUE

In modern conditions, when the economy of leading countries reaches a new stage of its development, the main aim of the company is to provide sustainable increase of its market value. By dynamics of the company value one can draw conclusions about its success and effectiveness, as well as the general effectiveness of the corporate management. Different models of a company evaluation are used in the practice of the financial management, one of which is VBM (Value-Based Management) concept. The concept carries the principle that managing in the interests of shareholders can increase the company's competitive position on the market, ensures increased efficiency, contributes improving the wellness of all other stakeholders. We consider it to be very important, but not sufficiently investigated, in the context of consideration of the risk premium to investors is the quality aspect of the impact of the stock market infrastructure for the market prices formation of shares and thus determination the value of the company.

The role and significance of the stock market infrastructure in the development of the real economy is growing. This phenomenon is caused by the increasing demands of investors for the accuracy and timeliness of payments at the conclusion of transactions with securities transactions with fixation of the property rights and custody of securities. The quality of certain segments of the stock market infrastructure depends on the motivation and interest of investors and their activity at the stock exchange, that in turn determines the volume of securities trading, effective capital flowing and finally the reproduction process dynamics in the real economy sector.

For studying the impact of the quality of securities market infrastructure development in Ukraine on market value of listed companies there has been formalized econometric model of the following form (1, c. 350):

$$MC_t = \alpha + \beta_1 VexContr + \beta_2 VstockUnreg + \beta_3 Qinspect + \beta_4 QtradeOrg + \beta_5 issueSec + \beta_6 Qlicense + \beta_7 Vstock Reg + \varepsilon_t \quad (1)$$

where *MC* (*market capitalization*) – capitalization of listed companies, billion UAH; *VexContr* (*volume of exchange-traded contracts*) – number of securities exchange contracts on a organized market, billion UAH; *VstockUnreg* (*volume of shares traded on the unregulated segment*) – the volume of shares traded on the regulated segment, billion UAH; *Qinspect* (*quantity of inspections*) – quantity of inspections by the state regulator (National Commission on Securities and Stock

Market) per year, units; $Q_{tradeOrg}$ (*quantity of trade organizers*) – the number of organizers of trade on the securities market, units; $Q_{issueSec}$ (*quantity of issues of securities*) – the number of securities in circulation at stock exchanges, units; $Q_{license}$ (*quantity of license*) – the number of licenses issued, units; $V_{stockReg}$ (*volume of shares traded on the regulated segment*) – the volume of shares traded on the regulated segment, billion UAH; α – free term, which reflects the impact of the variables which are not included in the analysis; β_1, \dots, β_7 – unknown model coefficients; t – temporal variable; ε_t – standard error.

Based on the results of econometric modeling we found out the following:

– positive impact on increasing the market capitalization of the listed companies in Ukraine has growth of exchange contracts with securities on an organized market, increasing of the number of securities that are traded on stock exchanges. Increase in number of securities that are traded on stock (in circulation) exchanges, stimulates and activates the behavior of institutional investors who have to comply with the regulations mentioned on investments in securities;

– negative impact on the market capitalization of the listed companies in Ukraine provides growth of equity trading on the regulated segment, number of the inspections by State Commission on Securities and Stock Market and the number of organizers of trade on the securities market. The main reason is that the existing capitalization of the organized stock market approximately 38.5 billion USD is scattered between ten stock exchanges. The presence of many organizers complicates cross listing, increases the transaction costs and the cost of services exchanges;

– it should be noted that the number of licenses issued to the trading regulators has a different impact on the formation of the enterprise market value as in one equation regression coefficient is positive, and in the other – negative due to the uncertainty in the formation of financial market models.

As a result of research we have defined that the most influential factors of increase of capitalization of the listed companies is creation of a single organizer of exchange trade, more strict requirements on licensing of professional participants of stock market. The more reasonable regulatory policy, the simplified and clear legislation, stable policy of formation of the European continental model of stock market will be the necessary condition for growth of volumes of trade, especially in the market conditions. The perspective direction of further research is the analysis of more considerable data array about dynamics of indicators of functioning of stock market of Ukraine, and also assessment of the impact of development of market infrastructure on the market capitalization of the companies in the countries with the developed economy and the countries that have shown sharp economic growth as a result of the accelerated development of a financial segment of economy.

References:

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