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INTERNATIONAL EXPERIENCE IN ENSURING THE ECONOMIC SECURITY OF THE SECURITIES MARKET

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Abstract: This article examines the world experience in ensuring the economic security of the stock market. Studying the experience of developed countries, such as the United States, China, Canada, France, the European Union, etc., made it possible to understand how important the role of countries and institutions in ensuring the economic security of the stock market is. Analyzing the activities of the national institutes of foreign countries to achieve economic security in the stock market, showed in what aspects you should pay special attention to providing economic security in the securities market.

Keywords: economic security, stock market, international experience, system of ensuring the security, securities, trends, monitoring institutions

Introduction

The main problems in this area lie not in the fact of regulation itself, but in the specific ways and forms in which it should be implemented. Besides, given that our state itself is a major shareholder, it is necessary to have a mechanism for public (independent) control and regulation of the securities market.

Each of the developed countries faced such problems on the way to the development of the national securities market, in this regard, it seems necessary to turn to the practice of foreign countries on the issue of ensuring the economic security of the securities market.

Since Uzbekistan is a country with a mixed (insider and outsider) model of corporate governance and a continental legal system, the most obvious consideration will be the experience of developed countries with different models of corporate control, legal and financial systems.

In the process of ensuring economic security of the Uzbek stock market, it is necessary to take into account current global trends of convergence and mixing of the two models of stock markets, so you need to focus on building a mixed model of the securities market, which are available as universal commercial banks, and investment banks (broker-dealer companies), that is, the combination of universal and specialized institutions on the securities market.

Literature review

Economic security issues are a new area that has not yet been studied in our country. In general, even scientists from foreign countries on economic security

issues also did not conduct sufficient research. We can see this in the absence of criteria and methodology according to which a specific indicator of economic security could be applied worldwide. In other words, in all countries of the world, there is no single, generalized form of economic security indicators that can be applied to a given country based on its potential, threshold values of indicators and their definitions.

Therefore, when conducting research on this topic, we relied only on the scientific works of Russian scientists and economists. It is worth noting that scientific research in the field of economic security in the Russian Federation began more than 20 years ago, and today there is a large scientific base.

Across the country quite effectively show the changes proposed by S. Y. Glazyev, economic security indexes (among which the GDP, the share of industrial production of manufacturing industry, the share of industrial production engineering, the ratio of investment to GDP, life expectancy, inflation rate, the volume of internal debt, external debt in relation to GDP, etc.) [1].

According to V. K. Senchagov, it is necessary to create an indicative system for analyzing and forecasting economic security, the key link of which is the limit values of 19 indicators of economic security (in total, about 150 indicators are used in the work that characterizes various areas of economic security of the state) [2].

A. I. Tatarin and A. A. Kuklin propose the formation of indicators of economic security of the region of Russia by identifying thirteen areas divided into three enlarged groups [3]: the ability of the subject's economy to sustainable growth, ensuring an appropriate level of development of territories, and environmental safety. Each of the groups is characterized by a set of corresponding indicators.

D. V. Gordienko, revealing the essence of economic security of the state, considers it from different sides: as a state of the national economy, in which a complex of economic, production and technological factors allows for the reproduction cycle, as a process of creating and strengthening conditions that ensure the reliable functioning of the national economy during its development, as well as a set of interrelated structural elements: material support for production, the state of the labor force, the size and progressiveness of the main production capital (funds), the development of research, development and technological innovations, the possibility of selling products on foreign and domestic markets [4].

Based on the bibliographic analysis, we propose the following definition of economic security: "Economic security is the achievement of the greatest correspondence between the vital interests of the individual, society, and the state and the creation of the necessary conditions for the optimal functioning of the system of economic relations."

Research methodology

Analysis and synthesis, scientific abstraction deduction, classification, generalization, comparative, theoretical interpretation, and analytical methods were

used in the methodology of this article, as a result of the bibliographic study, the direct and indirect factors affecting them and the prospects for further development were identified.

The information used in the article is mainly obtained from scientific articles on this topic, as well as international sources of government organizations.

Analysis and results

Of particular interest is the experience of France, which is gradually moving from the so-called continental model based mainly on banks to the Anglo-Saxon model based on the securities market. And of course, it is impossible to ignore such states as the United States and the United Kingdom, since many modern concepts in the field of organizing the securities market appear in English-speaking countries, and then become widespread in countries with a continental financial system. For a more complete understanding of the state of economic security of the securities market in the world, we analyze the experience of not only developed countries (USA, UK, France, Germany, Japan), but also some countries with an emerging securities market, including the Russian Federation.

In developed countries, the securities market has been organized for decades and gradually formed a coherent and reliable system of its security. Thus, in the United States, the system of ensuring the security of the securities market began to be created after the financial crisis in 1933-1934, with the adoption of measures aimed at restoring the securities market.

The globalization of financial markets and the blurring of distinctions between banking and non-banking organizations have created new conditions for state and non-state institutions to ensure the economic security of the securities market. In all developed countries, the requirements for the equity capital of banks and other financial institutions, for the reporting of securities issuers, were raised, and the rules aimed at countering money laundering were tightened. The Financial Action Task Force on Money Laundering (FATF), an organization established under the OECD to combat money laundering, contributed to making the market more transparent.

The work on the development of common rules of activity in the financial markets and at the level of international organizations has significantly intensified: The International Organization of Securities Commissions (IOSCO), informal associations - the Forum of European Securities Commissions (FESCO) and the Forum on Financial Stability (Financial Stability Forum).

In a group of countries, a reform of the regulatory system was carried out, which consisted in replacing some regulatory institutions that were engaged in monitoring and controlling various financial institutions (banks, securities companies, insurance companies, pension funds, etc.), a single regulator was created that exercises comprehensive control over the entire financial system.

In the UK, since 1997, a reform of the financial sector regulatory system has begun, as a result of which the Financial Services Authority has been entrusted with all the regulatory functions of various departments and self-regulatory organizations, as well as control over credit institutions, securities companies, insurance companies, pension funds, stock exchanges, and depository and clearing organizations.

In Germany, in 2002, was created a single mega-regulator of financial institutions, the organization of which is associated with the integration of financial markets and the expansion of the scope of activities of financial institutions. This division consists of three departments: the control of credit institutions, insurance companies and the supervision of trading in the securities market, as well as the departments of management, external relations, information protection and anti-money laundering.

In France, since August 2003, the main body in the securities market is the Financial Markets Authority, which monitors illegal transactions involving insider information, price manipulation, the dissemination of false, misleading information, the publication of falsified reports by companies, violations related to acquisitions of companies, and the failure to provide information about the acquisition of large blocks of shares.

If violations are detected, the Agency has the right to impose a fine, oblige the company to publish an announcement about the violations committed, and in exceptional cases — to prohibit trading in the issuer's securities on the exchange before publishing the relevant information.

A special place in several new measures to ensure the economic security of the stock market is occupied by provisions concerning trading with the use of insider information in the market. In this regard, it is necessary to study the legislative experience of jurisdictions in which these problems have already been resolved, in particular in the legislation of the European Union.

In England, insider trading carries a large fine and / or a prison sentence of 6 months to 7 years. In France, activities in the securities market involving insider information are subject to both administrative and criminal jurisdiction. For the commission of a criminal offense, a fine of up to 1.5 million euros or a fine not exceeding 10 times the amount of the profit received as a result of the transaction, as well as imprisonment for up to 2 years is provided.

In Italy, the prison terms in these countries do not exceed two years, and the maximum fines are up to 1.5 million euros. In Germany, persons who allow the misuse of insider information are brought to administrative and criminal responsibility (imprisonment for up to 5 years).

In the United States, the law places very strict controls on price manipulation and trading using insider information. The law provides for penalties for violations of these provisions in the form of a fine of up to \$ 1 million. and a prison sentence of

up to 10 years (for individuals) and a fine of \$ 2.5 million for legal entities. In this case, the responsibility is borne by the persons who reported, received insider information, committed and knowingly contributed to the transaction based on insider information.

The securities Commission of USA (SEC) granted the right to take testimony under oath, to seize accounting and other documents to investigate possible violations of the laws and to initiate cases in the courts against violators of the laws and regulations of the Commission. The Commission may suspend trading of a particular security for up to 10 days, close the exchange for up to 90 days, remove any security from the listing, and broker-dealers or consultants may be deprived of the right to work on the market (temporarily or permanently).

In the European Union, to implement the Insider Trading Directive of 1989, all countries have introduced into their legislation provisions defining such trade as a criminal offence, establishing a measure of responsibility for their violation in the form of fines and / or imprisonment.

A person (as well as their family members) who has information that affects prices, due to their position in the company, is considered to have violated the rules if they are currently associated with the company or were associated with it in the previous six months and have disclosed such information that should not be disclosed except in the normal course of the company's business. Similar restrictions are also imposed on government officials.

For violation of the established rules, a prison sentence of up to seven years and (or) a fine is provided. It also provides for the obligation of offenders to return the profit received or an amount equal to the amount of losses that were avoided due to insider trading.

In Germany, the criminal liability for insider trading was introduced by the Securities Trading Act (1994), which became a criminal offence with a maximum penalty of up to five years in prison.

In France, for violations of a criminal nature (insider trading, manipulation), a prison sentence of two months to two years and/or a fine of ten times the amount of the profit received is provided.

Based on the results of the investigation, the Commission has the right to impose an administrative penalty, not only against the person or company registered with the Commission (broker/dealer, investment consultant, investment company, etc.) but also against the issuer that registered its securities with the Commission. The SEC also has the right to issue a public censure, restrict activities, or revoke a license.

In Germany, under the Financial Market Development Act, some measures are envisaged to further strengthen investor protection, increase transparency and tighten measures aimed at money laundering, and measures to counteract manipulation of stock market prices.

The law requires directors to immediately inform the Federal Service for the Regulation of Financial Markets about all transactions of the heads of joint-stock companies, their direct relatives and partners with the shares of their companies, and then make it mandatory to publish it.

The service has the right not only to demand the provision of information, it can conduct searches in the premises of banks, securities companies, insurance companies. If the facts indicating a criminal offence are found, the case is referred to the prosecutor's office. The Federal Service for the Regulation of Financial Markets can independently punish violators, imposing fines in cases of manipulation, which did not even lead to a change in the price, in the amount of up to 1.5 million euros.

In the UK, a key part of the rules governing manipulative transactions is contained in the Financial Services Act 1986. Government agencies that regulate investment businesses have broad investigative powers, including the power to compel any person who has obtained authorization to conduct this business from the relevant government agency to provide them with information that is reasonably required to comply with stock laws.

As for developing countries, some of them have already established responsibility for conducting insider transactions. In 1999, South Africa introduced changes to the law on insider trading, which is punishable as a criminal or administrative offence. Besides, such laws provide for compensation to the injured parties from the amount of the fine imposed on the offenders.

Real-time monitoring of trading operations on the JSE is carried out by the JSE Surveillance system, thanks to which the exchange can determine the parties to all transactions up to the client level. Reports of any suspicious transactions are referred to the Financial Services Board's (FSB) Insider Trading Office, which has broad investigative powers. Observers should monitor stock prices and identify cases of insider trading or illegal price-fixing.

Employees of the Shanghai Stock Exchange are prohibited from trading shares in order to avoid conflicts of interest. The staff of the exchange should deal with disputes and complaints of investors concerning the activities of their brokers. Public companies are required to publish their financial statements quarterly. Companies that do not have time to publish the report within the required time frame will not be allowed to bid until the above requirement is met. The company's shares are suspended from trading for one hour on the day of publication of the quarterly report.

The protection of the securities market has always been among the top priorities of the state and regulatory bodies in ensuring the economic security of any country. So, in most developed countries have developed legislative and normative base, created a system of regulation of the securities market and protection of its members, establishes administrative, civil and criminal penalties for violations.

One of the goals of the state's activities in ensuring the economic security of securities market regulation, established in the document of the International Organization of Securities Commissions, is to protect investors (against manipulative, fraudulent and insider practices).

The most effective investor protection system has been created in the United States and Canada. Lawmakers in these countries have managed to walk a fine line between weak regulation and stifling regulation. A well-protected investor actively invests, and a delicately "regulated" broker feels comfortable in an atmosphere of intense competition.

In the United States and Canada, there are three levels of investor protection: the state, self-regulatory organizations (SROs), and brokers. The State level consists of special laws, as well as the bodies responsible for the enforcement of these laws by members of the securities industry. The prohibitions and restrictions developed on the basis of these laws are the most liberal.

SRO regulations regulate many aspects of the investment business that are left out by the legislator or described in a general way. At this level, bans and restrictions on professional work multiply and become tougher.

Line relationship of the broker and the investor consists of documents and procedures developed under the laws of the state, regulations of SROs, features and business broker. This line may be stronger than the first two, but it cannot be weaker than them. For example, the official recovery minimum for margin (when buying shares on credit) cannot be lower than 25%, and the broker can raise this minimum to 30% or even prohibit customers from buying on credit. Brokers are mostly members of SROs, and the latter is controlled by state commissions.

Canadian laws also have provisions restricting trading in securities. But they are not as extensive as in the US Securities Exchange Act. In Canada, SROs play a relatively large role in regulating trade.

Following the state, SROs prohibit brokers from deceiving investors. SRO go on and tell the brokers what you can do to sell the securities and what is not. For example, the NASD Fair Practice Rules recognize as a violation of the publication and distribution of advertisements, advertisements, marketing literature, and other materials containing false information known to the NASD member. Similarly, when advertising securities, it is impossible to conceal material circumstances if the concealment makes the advertisement unreliable. In short, all information addressed to investors, including quotes, should be based on the principles of fairness and trust.

Investor protection issues are the focus of regulators and other emerging market countries seeking to create an economically secure market. In Korea, the Securities and Exchange Act requires listed corporations to form boards of directors in such a way that they include independent members who make up a significant part of the board of directors, as well as to establish audit committees.

It should be emphasized that the active growth in the number of outstanding shares of resident companies on the Hong Kong Stock Exchange is taking place under the conditions of an effective and fairly strict system of protecting the interests of investors. This is the exact opposite of the situation that is typical for many other countries with emerging financial markets. In other words, in the conditions of stability of the national stock market, its additional advantage is formed, which consists in the possibility of painlessly “digesting” a large number of new companies with no market history.

Before placement of the company's shares must obtain the approval of CSRC. Companies must submit an issue plan three days before the offering date and publish financial statements twice a year.

The Shanghai Stock Exchange has implemented a comprehensive surveillance system and is currently monitoring market activity in real-time.

As Rubtsov B.B. notes, in the 1990s, the world stock markets show two important trends. First, due to the globalization of stock markets, there is a need to unify the rules and regulations of their regulation, which is especially noticeable in Europe. Secondly, in some countries, there is a tendency to concentrate all supervisory functions overall participants in the financial markets (over banks and non-banks) within one institution.

Conclusion and recommendations

Thus, the legal regulation of the securities market is aimed at ensuring economic security in the country, which is achieved through the public intervention of the state in private relations. In the countries of continental law, such intervention is focused on the regulation of stock market instruments (stocks, bonds, certificates of participation), as well as on the establishment of the content of the terms of these instruments.

Based on the experience of countries with developed and emerging stock markets, it should be concluded that the most important directions in the field of economic security in the securities market are regulatory reform, tending to the formation of a mega regulator development of effective market infrastructure, development of measures to protect investors through the establishment of responsibility for illegal practices in the stock market (price manipulation, insider trading, laundering of proceeds of crime, etc.).

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