

JEL CLASSIFICATION: K22, O16

THEORETICAL PRINCIPLES TO DETERMINE THE ESSENCE OF THE FINANCIAL PROVISION OF EQUITY MARKET FUNCTIONING

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Summary. The essence of the notion of the financial provision of the equity market functioning and the components of the system have been

determined. The essence of the financial provision has been specified. The components of the system of the financial support of the equity market have been studied.

Key words: equity market, financial provision, financial provision, functioning equity market instruments, financial levers, financial methods.

The analysis of the financial management theory and, in particular, equity market development showed that no attention had been given to the determination of the concept of the financial provision of equity market functioning which proves the actuality of this issue. The system of the financial provision of equity market functioning has its own notional apparatus where the major notions are as follows: “financial provision” and “functioning”.

A great number of scientific works has been devoted to the research of the concept “financial provision” but there is no common approach to its determination in economic literature. The scientists’ opinions differ in the ways of distinguishing the elements and ways of financial provision.

Among the studied range of definitions it is possible to distinguish certain key features of defining the essence of the notion “financial provision”:

- the function of investing through financial ways;
- the element of financial mechanism;
- the basic method of the financial influence on the social and economic development through the system of financing;
- the whole set of economic relations (the system of financial relations) that operate through the whole set of ways and methods of creation, mobilization and use of funds of financial resources;
- the process of financing arrangement on the basis of the corresponding system of financing;
- realization of the steady character of reproductive processes by its own and attracted financial resources.

So when determining the essence of the notion under consideration narrow and wide approaches are distinguished.

We consider the analysis of the financial provision through financial relations as a wider and complex approach due to the fact that notably the system of such relations concerning the market of equities will represent economic ties, interactions and relations in terms of money.

The process of functioning requires additional research. According to the definition of the Russian thesaurus dictionary one of the meanings of the term “function” is “operation performed to carry out a mission of an organization, establishment”. The term “to function” is defined there as “to perform functions, operate, work”.

By generalizing the meaning of the notions “financial provision” and “functioning” and taking into account the specific character of the market under consideration there has been worked out the determination of the financial provision of equity market functioning.

Thus, the financial provision of equity market functioning is the whole set of financial relations stipulated by the instruments, methods and levers of influence on the constituents of the equity market with the aim of creating conditions required for the effective implementation of its functions which unlike the existing ones allows to see the key investment subsystem as a determinant factor of the equity market development.

In practice the process of the financial provision of equity market functioning is carried out by means of the basic elements of the system of the financial provision. The basic constituents of the system of such provision are the following:

- instruments of equity market;
- financial methods;
- financial levers of influence.

Such securities as shares of stock, bonds, a bill of exchange, deposit and savings certificates, state securities, etc. refer, first of all, to the instruments of the market of equities. Financial methods should be considered as the ways of forming and using monetary funds. In their structure the special place is occupied by the financial analysis of equity market condition; financial planning which includes determining the mechanism of choosing a strategy and determining the factors of influence on the decisions of natural persons about investing into the instruments of eq-

uity market; financial regulation which first of all is carried out through tax levers.

Financial levers of influence are such financial means as taxes, obligatory payments, standards of budget usage, deposit interests, credit interests, financial requirements which are legislatively set to the professional participants of the equity market etc., which enable to influence the processes of forming of financial resources and making decisions by natural and legal persons on investments into securities.

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