

Abstract: Regulated Markets in Financial Instruments

The capital market is an important part of the modern economy. It allows a flexible flow of liquidity between entities, allowing large entrepreneurial plans, which require considerable amounts of money concentrated in one location and at the same time. In this thesis the author at first introduces the question of the shift of money supply by trading securities and the role of regulated markets in this system.

In the chapter on regulated markets the author introduces the reader to the legal framework of regulated markets, giving emphasis on European legislature. Unlike the European regulation, the Czech law contains a higher level regulated market, an official market. This market is exclusive for high-quality and high-liquidity investment instruments. Financial instruments are described in detail immediately after that. Derivatives are studied next, accenting the issues of trading venues, in which derivatives are traded.

Afterwards more concrete questions of regulated markets are explained: operator of a regulated market, admission of financial instruments to trading and requirements of such admission, of which a special one is the necessity to publish a prospect before the admission of some financial instruments to trading. The European legislature on transparency is of extraordinary importance. These are informational obligations of regulated markets with the purpose of price formation and investor protection. Less strict transparency rules are set for multiparty trading facilities - trading platforms in some aspects similar to regulated markets.

After detailing rules on multiparty trading facilities the author moves on to compare transparency rules of multiparty trading facilities and of regulated markets. He emphasises European legislature currently being debated and drafted.

At present the European authorities feverishly draft legislature with the aim of amending the markets in financial instruments directive. A new trading venue is planned, called organised trading facility.