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**LEGAL STATUS OF AN INVESTOR IN THE SECURITIES MARKET –  
NATURAL PERSON IN THE LAW OF RUSSIA AND USA**

Specialty 5.1.3. – Private law (civil) sciences

**ABSTRACT OF THE THESIS**

for the degree of Candidate of Sciences in Law

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**Relevance of the research topic.** In contemporary conditions in the Russian Federation, an increasing number of citizens are becoming investors in the securities market, viewing its instruments as a means of increasing savings and forming pension accumulations. The development of financial technologies and the emergence of new financial instruments (cryptocurrencies, derivatives, complex investment products) expand investment opportunities not only for large companies or holders of multi-billion dollar assets, but also for persons possessing financial resources that are modest on the scale of the economy. The growing number of inexperienced investors increases the likelihood of fraud, market manipulation, and other unfair practices.

The complexity and intricacy of the structure of many financial instruments make it difficult to understand the risks and prospects of investments, which can lead to erroneous decisions, particularly likely for unqualified investors<sup>1</sup>. The existing mechanisms for protecting the rights of natural persons – investors in the securities market (judicial protection, regulation of the activities of brokers and management companies, disclosure of information) are not always effective and do not fully protect such investors from unjustified losses or compensate for incurred damages. However, although riskiness and insufficient legal regulation serve as deterrents for some potential investors, they do not constitute insurmountable barriers for the majority of unqualified investors to enter the securities market<sup>2</sup>.

One source of capital inflow into the securities market is household savings, with an increasing number of households choosing securities for investing their

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<sup>1</sup> Chechin V.V. Investicionnye predpochteniya chastnyh investorov kak osnova prinyatiya resheniya na rynke cennyh bumag [Investment Preferences of Retail Investors as a Basis for Decision-Making in the Securities Market] thesis for a candidate degree in economic sciences. Novosibirsk, 2017. 150 p.

<sup>2</sup> Ref.: Zemcov A.A., Cibulnikova V.YU. O zashchite prav roznichnyh investorov v segmente rossijskogo rynka cennyh bumag [On the Protection of Retail Investors' Rights in the Russian Securities Market Segment] // Vestnik Tomskogo gosudarstvennogo universiteta. Ekonomika. 2016. No. 3 (35). P. 107 – 123.

available funds<sup>3</sup>. The primary reason for this is the growing accessibility of investing for ordinary citizens. This refers primarily to the simplicity and accessibility of exchange trading through online brokers, who charge minimal fees for transactions and provide access to trading at virtually any time via mobile applications<sup>4</sup>.

The issue of determining the legal status of a natural person as a participant in civil circulation has traditionally been examined in Russian civil law through the categories of subjective rights, legitimate interests, and mechanisms for their protection. As S.S. Alekseev, E.A. Sukhanov, and V.V. Zaitsev note, the development of new forms of property circulation inevitably requires clarification of the legal status of subjects of the corresponding relations and the formation of special legal mechanisms for the protection of their interests. In contemporary conditions, the securities market is becoming an independent sphere for the realization of citizens' property autonomy, which raises the question of the sufficiency of existing legal constructs for determining the status of a natural person – investor and for ensuring a balance between the freedom to invest and the need to protect the investor as a participant in civil circulation.

Experts assess differently the reasons for the arrival of a new generation of investors in the Russian securities market. For example, G.F. Ruchkina reasonably links the arrival of a large number of Russian private investors in the securities market to the following factors: the affordable possibility of entering the organized securities market; a dividend policy of securities issuers that is understandable in a "material" sense, contributing to the receipt of additional investor income depending on the success of the issuer's economic activity; "aggressive" advertising of online services of certain brokers; and the convenience and simplicity of online services for investors<sup>5</sup>.

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<sup>3</sup> Ref.: Ostrovskaya N.B. Pravovoj status roznichnogo investora v usloviyah usileniya roli finansovogo rynka v finansirovanii transformacii ekonomiki Rossijskoj Federacii [The Legal Status of the Retail Investor in the Context of the Increasing Role of the Financial Market in Financing the Transformation of the Russian Economy] // Finansovoe pravo. 2025. No. 2. P. 24 – 26.

<sup>4</sup> American company "Robinhood" is considered a pioneer of such an approach and "a leader of a stockmarket revolution".

Nevertheless, as already noted, the risk of loss of funds in the securities market is extremely high. Most private investors cease their investment activity within the first year of participation in the market and are forced to leave the market, realizing losses<sup>6</sup>. Only professional participants in the securities market are allowed to engage directly in trading. Therefore, ordinary citizens are forced either to transfer their funds to a manager or to use the services of brokers in order to be able to independently choose investment objects<sup>7</sup>. Thus, brokerage organizations act as a mandatory intermediary for natural persons' access to the securities market.

The main prerequisites for this conclusion are, first, a lack of awareness or distorted understanding of the mechanisms of functioning of the securities market<sup>8</sup> and, second, dependence on financial intermediaries<sup>9</sup>. Of particular importance is the contractual nature of the relationship between a natural person – investor and a broker, since it is through the brokerage services agreement that a citizen's access to the securities market is realized, and simultaneously the main area of legal risks is formed<sup>10</sup>.

Ensuring the rights and legitimate interests of natural persons – investors in the securities market is the primary task of the regulator in the securities market. The need to protect the interests of natural persons – investors in the securities

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<sup>5</sup> Ruchkina G.F. Protivopravnye praktiki na rynke cennyh bumag: k voprosu sovershenstvovaniya pravovogo regulirovaniya [Illegal Practices on the Securities Market: On the Improvement of the Legal Regulation] // *Bankovskoe pravo*. 2022 No. 1. P. 23.

<sup>6</sup> Morozova, N.E., & Al-Zgul, S.H. Improving the Mechanism for the Protection of Private Investors in the Financial Market of the Russian Federation. *International Scientific Research Journal*, 2017, No. 4 (58), Part 3 (58), p. 103.

<sup>7</sup> Mukhametshin, T.F. Current Issues in the Protection of Investors' Rights in the Securities Market (on the Example of Banks' Brokerage Activities). *Economy and Law*, Moscow, 2008, No. 12, pp. 3–21.

<sup>8</sup> Ref.: Prozorov H.H. Rossijskij ryok cennyh bumag: tendencii razvitiya, finansovaya gramotnost i zashchita chastnyh investorov [Russian capital market: development tendencies, financial literacy and private investors protection] // *Sovremennaya konkurenciya*. 2016. No. 6 (60). P. 51.

<sup>9</sup> Ref.: Nikonenko V.A. Osobennosti regulirovaniya torgovogo posrednichestva na rynke cennyh bumag [Features of Regulation of Trade Mediation in the Securities Market] // *Journal of Economy and Business*. 2020. No. 5-3.

<sup>10</sup> Vasiliev, M.B. *Brokerage Agreement in the Securities Market of the Russian Federation: Abstract of a Dissertation for the Degree of Candidate of Juridical Sciences: Specialty 12.00.03*. Moscow, 2006. P. 20.

market was also noted by the President of the Russian Federation, V.V. Putin, during a meeting on the development of the banking sector, calling for "the protection of the interests of people who invest their money in the securities market but are not professional investors"<sup>11</sup>.

All these characteristics apply to the assessment of the situation both in the Russian securities market and in the markets of other countries. The conclusion about the extreme vulnerability of natural persons – investors in the securities market is the leading factor determining the relevance of the chosen topic of the dissertation research.

Another aspect of the dissertation research – its focus on conducting a comparative analysis with the legal regulation and practice of the United States of America (hereinafter – the United States) – is conditioned by a number of objective factors: the significant volume (capitalization) and role of the American securities market, the long history of the formation of the securities market in that country, the significant influence of American experience in legal regulation on the legal instruments used in other countries, including Russia. Also noteworthy is the existence, with respect to the United States, of a large body of scholarly literature on the analysis of the legal regulation and functioning of the country's securities market, the presence of established institutions and practices, and, as a consequence, the fact that the formation of the American investment model took place over a long period of time<sup>12</sup>, during which the securities market evolved from a relatively niche phenomenon for wealthy into not merely into an important element of the country's economy but a vivid social phenomenon of culture and lifestyle, reflected

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<sup>11</sup> Soveshchanie o situacii v bankovskoj sfere [Meeting Regarding the Situation in the Banking Sector] – President of Russia: official website / Home / Events – URL: <http://www.kremlin.ru/events/president/news/64955> (date of access: 15.06.2026).

<sup>12</sup> Schwab C. Investicionnaya revolyuciya: Kak my sdelali birzhu dostupnoj kazhdomu [Invested: Changing Forever the Way Americans Invest] / C. Schwab. – Moscow: Alpina Publisher, 2020. 220 p.

in literature and cinema<sup>13</sup>. The stated factors, along with a number of others, determine the interest in the American model of the securities market and the relevance of analyzing the legal regulation and practice of the instruments used therein for the development of the domestic securities market.

The importance of protecting the rights and legitimate interests of citizens in the securities market, examined in legal science from the earliest stages of its development, continues to remain relevant and necessitates analysis taking into account institutional changes, innovations in legal regulation, and the application of new information technologies. This direction is one of the priority areas of state policy in the sphere of legal regulation of the economy<sup>14</sup>.

**The purpose and objectives of the dissertation research.** The purpose of the research is to identify the content of the legal status of a investor in the securities market – natural person<sup>15</sup> of the Russian Federation and the United States, to determine its characterizing features, place in the system of securities market participants, peculiarities and classification, as well as to develop proposals for improving the legal regulation of the status of natural persons – investors, guarantees of their rights and legitimate interests.

Achievement of this goal presupposes the solution of the following objectives:

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<sup>13</sup> Ref.: the books by J.M. Coetzee, *Waiting for the Barbarians* (Moscow: Everbook, 2023), T. Wolfe, *The Bonfire of the Vanities* (Farrar, Straus & Giroux, 1987), and M. Lewis, *The Big Short* (Moscow: Alpina Publisher, 2020), which were subsequently successfully adapted into films, as well as the films *Margin Call* (Myriad Pictures, Benaroya Pictures, Before the Door Pictures, 2011) and the *Wall Street* diptych (American Entertainment Partners, Amercent Films, 1987). The portrayal of unfair practices in the securities market in films such as *Boiler Room* (New Line Cinema, 2000) and *The Wolf of Wall Street* (Paramount Pictures, 2013) should be recognized as significant for public perception. Also noteworthy are works such as N. Taleb's *Fooled by Randomness: The Hidden Role of Chance in Life and in the Markets* (SmartBook, 2021) and S. Patterson's *The Quants: How a New Breed of Math Whizzes Conquered Wall Street and Nearly Destroyed It* (2014). The artistic dramatization in these works prompts an analysis of the mechanisms regulating the securities market and the protective instruments available, primarily for "ordinary" — or in legal terms, "unqualified" — investors.

<sup>14</sup> Zaitsev V.V. Priznanie i obespechenie prav lichnosti kak osnovnoe napravlenie razvitiya sovremennogo grazhdanskogo prava [Recognition and Ensuring of Individual Rights as the Main Direction of Development of Modern Civil Law] // *Sovremennoe pravo*. 2024.No. 11. P. 79.

<sup>15</sup> The term " natural person – investor in the securities market" is used interchangeably in the paper.

– to define the concept of a natural person – investor in the securities market, identify its main features, and establish the relationship between the concepts of "natural person – investor in the securities market", "retail investor", "unqualified investor", and "qualified investor";

– to identify the peculiarities of the legal position of a natural person – investor in the securities market in relations with professional participants of the securities market in the Russian Federation and the United States and to establish the relationship between the categories of "natural person – investor in the securities market" and "consumer";

– to identify the system of special guarantees of the rights and legitimate interests of natural persons – investors in the securities market in force in the Russian Federation and the United States, to determine the features of its functioning and its place in the structure of the legal status of a natural person – investor in the securities market;

– to determine the criteria for distinguishing between categories of investors and financial instruments in the law of the Russian Federation, as well as to identify the features of their legal regulation;

– to examine the legal significance of the categorization of investors in the Russian Federation as an element of the legal status of a natural person – investor in the securities market;

– to determine the criteria for distinguishing between categories of investors and the financial instruments available to them in U.S. law, as well as to identify the features of their legal regulation;

– to examine the legal significance of the categorization of investors in the United States as an element of the legal status of a natural person – investor in the securities market.

**The object and subject of the study.** The object of the research is the social relations arising when natural persons – investors make investments in the securities market, including the rights and obligations of such investors arising in connection with obtaining access to transactions with certain categories of financial

instruments, their acquisition, sale, or conclusion, as well as relations in the framework of interaction with brokerage organizations.

In this connection, the legal status of a natural person – investor is examined not only through the fact of participation in investment activity, but also through the totality of his or her rights, obligations, restrictions, and guarantees arising in interaction with professional participants of the securities market<sup>16</sup>.

The subject of the dissertation is the norms of sectoral Russian and foreign legislation, subordinate regulatory acts, judicial precedents, law enforcement practice, and doctrinal studies devoted to the legal regulation of the securities market of the Russian Federation and the United States. Among the relevant factors characterizing the subject of the research, mention should be made of the increasing complexity of the legal regulation of investment activity, the growing relevance of needs, and the necessity of finding a balance between minimizing fraudulent activities in the securities market, on the one hand, and the interest of the country's economy in attracting to the securities market the largest possible volume of financial resources held by ordinary citizens and in many cases extremely inefficiently used, on the other<sup>17</sup>. The analysis of various aspects of the research issues conducted in the dissertation makes it possible to determine the current state of the Russian securities market and to identify directions for improving the quality of its legal regulation.

**The extent of academic development of the topic and the range of sources used.** The active regulatory activity and public interest in the issues are inevitably accompanied, anticipated, and often predetermined by their discussion in the scientific community. It should be noted at once that, due to the specificity of the issue under consideration as being at the intersection of jurisprudence and

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<sup>16</sup> Belov, V.A. *Securities in Russian Civil Law* / Edited by E.A. Sukhanov. Moscow: YurInfoR, 1996. 448 p.

<sup>17</sup> Ref.: Krolivetskaya, S.M. The Role of Qualified Investors in the Innovation and Investment Development of Socio-Economic Systems. *Scientific Proceedings of the North-Western Institute of Management*, 2014, Vol. 5, No. 3 (15), p. 116. This trend is stable; according to the Central Bank of the Russian Federation, as of 2025, the volume of savings in banks reached 55.9 trillion rubles (on average over 1 million rubles per person). Approximately 9% of the country's population keep over 18 trillion rubles at home.

economics, many publications by lawyers have an economic orientation, while, conversely, publications by professional economists contain elements of legal analysis. The reason for this is the study by economic scholars of the impact of the emergence and strengthening of guarantees for the protection of the rights and legitimate interests of natural persons – investors in the securities market on the dynamics of attracting additional capital to the domestic securities market.

Certain issues touching upon the topic of this dissertation have been the subject of research by B.I. Alekhin, Z.B. Aldatova, S.H. Al-Zgul, I.A. Antsibor, K.M. Belikova, N.B. Boldyreva, M.B. Vasiliev, O.V. Vasilieva, I.V. Vetrov, T.B. Vilkova, M.M. Vildanova, S.B. Gladkova, I.G. Gorlovskaya, D.E. Drobova, M.D. Efremova, D.A. Zhilyuk, A.A. Zemtsov, S.M. Ismailova, R.K. Kanatov, N.D. Krylatkova, M.V. Kuznetsov, S.V. Lvova, N.E. Morozova, T.F. Mukhametshin, V.A. Nikonenko, V.S. Petrishchev, E.A. Razumovskaya, L.G. Reshetnikova, S.A. Rumyantsev, A.Y. Selivanovsky, A.Y. Skorokhod, M.B. Toguzova, M.K. Treushnikov, Y.B. Fogelsson, E.N. Frolkina, S.A. Khabarov, S.V. Khukhorev, V.Y. Tsubulnikova, and a number of others.

A number of aspects of the legal regulation of the securities market have also been the subject of dissertation research for the degree of Candidate of Sciences, including the works of: O.V. Vasilieva "Legal Regulation of the Activities of a Commercial Bank as a Professional Participant of the Securities Market in the Russian Federation" (Moscow, 2005); M.B. Vasiliev "Brokerage Agreement in the Securities Market of the Russian Federation" (Moscow, 2006); T.F. Mukhametshin "Civil Law Regulation of Brokerage Activities of Banks in the Russian Federation" (Moscow, 2007); M.G. Kholkina "Protection of Investors' Rights in the Securities Market" (Vladivostok, 2009); A.V. Gabov "Problems of Civil Law Regulation of Relations in the Securities Market" (Moscow, 2010); M.V. Kuznetsov "Contractual Forms of Professional Activity of a Securities Market Participant" (Moscow, 2012); M.B. Toguzova "Legal Regulation of Relations of the Parties to a Brokerage Agreement" (Vladikavkaz, 2012); V.N. Lisitsa "Civil Law Regime for Regulating Investment Relations Complicated by a Foreign Element" (Novosibirsk,

2013); D.E. Matytsin "Remote Investment Transactions: Regulation of Mutual Interests and Protection of Participants' Rights" (Volgograd, 2023).

At the same time, a significant part of the research is devoted either to individual objects of the securities market or to the activities of professional participants, whereas the legal status of a natural person – investor as an independent civil law construct is disclosed fragmentarily. It appears that scholarly works and dissertation research devoted to various components of the legal regulation of the securities market do not fully disclose the general issues of regulating the legal status of natural persons – investors in the securities market and the features of protecting their rights and legitimate interests.

The theoretical basis of the research consists of the scholarly works of leading Russian legal scholars, specialists in the field of civil law and financial law, as well as a number of works by leading domestic and foreign economists. In particular, in conducting this research, the works of leading Russian civilists were used, such as: S.S. Alekseev, M.M. Boguslavsky, E.A. Borisova, M.V. Braginsky, V.V. Vitryansky, D.I. Dedov, V.V. Zaitsev, O.V. Zaitsev, V.P. Zvekov, B.M. Klimenko, V.M. Koretsky, P.V. Krashennnikov, V.N. Lisitsa, A.G. Lisitsyn-Svetlanov, S.N. Lebedev, I.I. Lukashuk, L.A. Lunts, L.Y. Mikheeva, E.A. Sukhanov, E.E. Frolova, S.V. Chernichenko, V.F. Yakovlev, and others.

With respect to the research topic, most works are aimed at reflecting the situation with the protection of the rights of natural persons – investors in the securities market by examining the totality of individual aspects of the protection of investors' rights as a single system (regardless of the investment object). In this regard, the following researchers should be mentioned: B.I. Alekhin, I.A. Antsibor, S.B. Gladkova, D.E. Drobov, M.D. Efremova, V.V. Zaitsev, A.A. Zemtsov, V.S. Petrishchev, S.A. Rumyantsev, A.S. Selivanovsky, M.K. Treushnikov, E.N. Frokina, V.Y. Tsibulnikova, and others.

In the context of active legislative work on new versions of the Federal Law "On the Securities Market" and a number of directives of the Bank of Russia, the most elaborated issue is precisely that of the categorization of investors. This topic

has been the subject of research by S.H. Al-Zgul, V.A. Belov, A.A. Bogustov, N.B. Boldyreva, M.M. Vildanova, A.V. Gabov, B.M. Gongalo, I.G. Gorlovskaya, I.A. Degtyareva, D.A. Zhilyuk, S.V. Lvova, N.E. Morozova, L.G. Reshetnikova, A.Y. Skorokhod, S.A. Khabarov, and others.

The regulation of brokerage activities and the requirements for their implementation have been examined in the works of Z.B. Aldatova, O.V. Vasilieva, I.V. Vetrov, T.B. Vilкова, S.M. Ismailova, R.K. Kanatov, N.D. Krylatkov, T.F. Mukhametshin, V.A. Nikonenko, E.A. Razumovskaya, N.G. Semilyutina, and others, while the analysis of the legal essence of the brokerage services agreement has been the subject of research by K.M. Belikova, M.B. Vasiliev, M.V. Kuznetsov, M.B. Toguzova, A.Y. Selivanovsky, S.V. Khukhorev, and others.

The protection of the rights of natural persons – investors in the securities market as consumers of financial services has been studied by A.G. Guznov, M.D. Efremova, Z.V. Kameneva, E.D. Mityay, V.S. Petrishchev, S.A. Rummyantsev, Y.B. Fogelsson, E.V. Chernikova, and others.

Margin lending, since the introduction of its regulation in the Federal Law "On the Securities Market" in 2014, has also been under close attention of the scientific community. It has become the subject of study by Y.R. Abilova, E.Z. Balburov, Y.V. Batsun, E.S. Emelyanova, M.A. Kalistratov, D.Y. Natura, R.V. Platinin, D.G. Chernyshkin, and others.

In addition, a number of authors, in works of a purely economic nature, examine the process of transformation of savings into investments, the behavioral characteristics of retail investors and their interaction with professional participants of the securities market, as well as the state policy for engaging households in the securities market. These include E.R. Bezsmertnaya, Y.A. Danilov, N.A. Zvyagintseva, A.M. Parfenova, and others.

The use of the comparative legal method in the research presupposes the need to refer to a large number of sources in the language of the country whose legal system is being studied. A number of issues related to the legal regulation and

functioning of the securities market, as well as the study of natural persons – investors in the securities market as a separate category, are addressed in the works of English-language scholars such as: S. Bernstein, B. Black, C. Brummer, C.L. Ford, H.M. Friedman, H.E. Jackson, D.C. Langevoort, H. Moore, U. Rodrigues, F. Smith, J. Taub, C.M. Shelby and others. Also of interest for their practical significance are the works of: W. Buffett, B. Graham, D. Kahneman, Ch. Schwab, A. Tversky, and others.

**Methodology of the thesis research.** The methodology is represented by a wide range of applied research methods of a general scientific, interdisciplinary, and specific scientific nature. The most utilized research methods include: the historical-legal and comparative-legal methods for understanding the specific conditions of the formation of current legal regulation and the process of its evolution, as well as for assimilating past experience; the statistical method for studying the practice of implementing investor protection measures; methods of grouping and summarizing data to accumulate a sufficient volume of information for the research and its systematization; formal-logical and structural-systemic methods for studying the issues under consideration in all the diversity of their legal relations and substantiating the conclusions drawn. In addition, general scientific methods such as generalization and abstraction, analysis and synthesis, induction and deduction; interdisciplinary methods of classification and systems approach; as well as specific scientific methods like the formal-legal method and the method of legal interpretation were also used.

**The legal basis of the study** is comprised of normative legal acts of the Russian Federation, including the Federal Law "On the Securities Market," the Civil Code, and other laws regulating the protection of the rights and legitimate interests of individuals – investors in the securities market, by-laws, in particular, Bank of Russia directives on regulating specific issues related to the legal status of individuals – investors in the securities market, as well as the judicial practice of

the Supreme Court of the Russian Federation, the practice of courts of general jurisdiction, and arbitration courts of the Russian Federation. The US legislation on securities market regulation also provided an informational basis for the study.

The basis for the legal regulation of activities in the securities market is a set of crucial normative legal acts, which can be grouped into the following blocks aimed at:

- regulation of the securities market (Federal Law "On the Securities Market" (despite many of its provisions regarding investor protection being declarative, this act also contains a number of requirements aimed at ensuring the financial stability of professional securities market participants and establishes general rules for interaction between financial intermediaries and their clients, including concerning brokerage activities) and the Federal Law "On the Protection of the Rights and Legitimate Interests of Investors in the Securities Market");

- regulation of investment activities (Federal Law "On Investment Activities in the Russian Federation Carried Out in the Form of Capital Investments" and the RSFSR Law "On Investment Activities in the RSFSR," as well as the Federal Law "On Foreign Investments");

- protection of investors' rights (Federal Law "On Combating Misuse of Inside Information and Market Manipulation...").

The formation of the regulatory framework for the functioning of the securities market, including the protection of the rights of unqualified investors, is also carried out by the state through the delegation of authority to regulate certain aspects of activities in such a market to self-regulatory organizations of its professional participants, which develop and adopt regulatory documents binding on their members<sup>18</sup>. These standards, in turn, after their text is prepared, must be submitted for approval to the Bank of Russia, including for verification of their compliance with the aforementioned normative acts. Accordingly, members of the National Association of Securities Market Participants (NAUFOR) are subject to the "Basic

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<sup>18</sup> Currently the self-regulatory organizations register contains 16 organizations with only one comprising of brokers and having set standards for broker regulation.

Standard for Broker Operations in the Stock Market" and the "Basic Standard for the Protection of Rights and Interests (for Brokers)."

Until recently, there also existed standards of the National Financial Association (NFA) – the "Basic Standard of Corporate Governance for Brokers, Dealers, Managers, Depositories, Registrars," the "Basic Standard for the Protection of the Rights and Interests of Individuals and Legal Entities – Recipients of Financial Services Provided by Members of Self-Regulatory Organizations in the Financial Market Sphere Uniting Brokers," and the "Basic Standard for Broker Operations in the Financial Market." However, in 2022, the NFA decided to relinquish its status as a self-regulatory organization, with its former members transitioning to NAUFOR. At that time, the versions of the standards applicable to NAUFOR members and those applicable to NFA members at the moment of its termination were identical.

**The empirical basis of the research.** The task of protecting the rights and legitimate interests of individuals – investors in the securities market, particularly unqualified investors, is additionally imposed on the national regulator by the "Objectives and Principles of Securities Regulation," developed in 2013 by the International Organization of Securities Commissions (IOSCO)<sup>19</sup>, of which the Bank of Russia is also a member. This document also contains an indication of the need for special regulation of the bankruptcy of a financial intermediary and establishes the general obligation of financial intermediaries to act in the interests of their clients<sup>20</sup>.

Similar programmatic provisions were previously contained in the "Concept for the Long-Term Socio-Economic Development of Russia for the Period up to 2020," developed on the instructions of the President and approved in the form of a

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<sup>19</sup> International Organization of Securities Commissions (IOSCO) is an international financial organization formed by national securities markets regulatory bodies. IOSCO develops national securities markets regulation standards.

<sup>20</sup> Objectives and Principles of Securities Regulation – IOSCO: official website / Publications – URL: <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD561.pdf> (date of access: 15.06.2026). IOSCO Objectives and Principles of Securities Regulation are acting as a basis for regulating most of the developed countries' national securities markets.

Government Decree back in 2008, as well as in Strategy-2020, developed to replace the Concept-2020, which had rapidly lost relevance due to the global crisis, but was never approved at the level of a normative act.

Even before the expiration of the period for which both documents were designed, due to the continued relevance of the provisions under consideration, they were further developed in the Decree of the President of the Russian Federation "On National Goals and Strategic Objectives of the Development of the Russian Federation until 2024" and were re-affirmed in the Decree of the President of the Russian Federation "On the National Development Goals of the Russian Federation for the Period up to 2030 and for the Future up to 2036," as well as in the "Strategy for Improving Financial Literacy in the Russian Federation for 2017–2023," which was, in turn, succeeded by the "Strategy for Improving Financial Literacy and Forming Financial Culture until 2030."

Consumer and investor protection was also included in the list of measures for the development of the financial market in all five successively replaced revisions of the Bank of Russia's published "Main Directions for the Development of the Financial Market of the Russian Federation."

In the longer term, it is planned to harmonize legislation in the sphere of the securities market of the member states of the Eurasian Economic Union (EAEU), in particular the rules on the protection of financial services consumers' rights and requirements for brokerage activities<sup>21</sup>.

**Validity and reliability of the research results** are ensured by the formulation of the conclusions drawn within its framework based on the analysis and interpretation of a wide range of normative legal and law enforcement acts, judicial practice, and doctrinal sources of the Russian Federation and the USA, the selection of which was made considering the purpose, objectives, and methodology of the research.

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<sup>21</sup> Kanatov R.K. Sistema trebovanij, preyavlyaemyh k osushchestvleniyu brokerskoj deyatel'nosti na rynke cennyh bumag: garmonizaciya zakonodatelstva stran EAES [System Requirements Imposed on Brokerage Activities in the Securities Market: Harmonization of EAEU Countries' Legislation] // Evrazijskaya advokatura. 2017. No. 2 (27). P. 108 – 109.

**The scientific novelty of the dissertation research** is determined by the fact that the legal status of a natural person – investor in the securities market is examined as a complex civil law construct, combining his or her legal position as a subject of civil circulation, dependence on a financial intermediary, a special regime of access to financial instruments, and guarantees for the protection of rights and legitimate interests. In the course of the research, a definition of the related concept of "retail investor" is formulated, which is not of a normative nature but has high theoretical and practical significance. On the basis of the conducted comparative legal study of the categorization of natural persons – investors in the securities market of the Russian Federation and the United States, the features of their legal status and special guarantees of their rights and legitimate interests, recommendations are proposed for improving the provisions of legislation on the legal status of natural persons – investors in the securities market of the Russian Federation to ensure the protection of their rights and legitimate interests.

**The scientific novelty of the dissertation research:**

1. It is proven that the current Russian legislation lacks a unified legal category allowing the determination of the circle of natural persons in need of special protection mechanisms in the securities market. The categories of "unqualified investor", "unqualified investor who has successfully passed testing", and "qualified investor" used by the legislator are intended to regulate access to financial instruments, but they do not allow the determination of the circle of persons possessing common features of legal status in relations with professional participants of the securities market.

It is established that the categories of unqualified and qualified investor used in legislation characterize the scope of a person's access to financial instruments, whereas the category of retail investor characterizes his or her legal status in relations with professional participants of the securities market and can therefore be used as a basis for the formation of special mechanisms for the protection of the rights of natural persons in the securities market.

In this connection, the author's definition of the concept of "retail investor"

is proposed as a natural person who invests in the securities market through a broker or a trustee outside the framework of professional investment activity. It is substantiated that it is precisely the category of retail investors that makes it possible to unite natural persons classified by legislation under different categories of investors but possessing common features of legal status related to dependence on a financial intermediary, information asymmetry, and the need for special legal protection mechanisms.

*The application submitted for defense corresponds to points 6 and 18 of the passport of the scientific specialty 5.1.3. «Private law (civil) sciences».*

2. On the basis of a comparative legal analysis, it is established that a natural person – investor in the securities market possesses the characteristics of a weaker party to a legal relationship with a professional participant in the market due to information asymmetry, lack of special knowledge, and dependence on the actions of the financial intermediary when obtaining access to financial instruments.

It is proven that the Russian and American approaches to the protection of natural persons – investors in the securities market employ different legal mechanisms to ensure their interests. In the Russian Federation, protection is carried out primarily through special requirements for the activities of the broker and restrictions on access to certain financial instruments, whereas a natural person – investor in the securities market is not recognized as having the status of a consumer, and the special guarantees provided for by consumer protection legislation are not extended to him or her. This approach has been formed by judicial practice in the absence of a direct legislative prohibition on recognizing a natural person – investor in the securities market as a consumer of a financial service.

In the United States, natural persons – investors in the securities market are considered as an independent category of consumers of brokerage services, which predetermines the existence of special mechanisms for the administrative and legal protection of their interests. Thus, it is established that the difference between the Russian and American models lies not in the recognition or non-recognition of the

investor as a weaker party to the legal relationship, but in the choice of legal means to ensure his or her protection.

*The application submitted for defense corresponds to points 12 and 36 of the passport of the scientific specialty 5.1.3. «Private law (civil) sciences».*

3. The author concludes that the special guarantees of the rights and legitimate interests of natural persons – investors in the securities market of the Russian Federation when brokerage services are provided to them may be regarded as a system that includes:

- the duty to disclose the essential terms of the brokerage services agreement and the associated risks;
- the prohibition of misselling and of the broker executing ahead transactions;
- the powers granted to the Bank of Russia to restrict the execution of transactions and the conclusion of certain agreements in the event of a violation of information disclosure requirements or of the client's failure to meet established access criteria;
- the activities of expert councils for the protection of the rights and interests of retail investors under the Bank of Russia.

At the same time, the author substantiates the insufficient effectiveness of the protection mechanisms enshrined in regulatory acts and recommendations of self-regulatory organizations, due to the lack of binding force of the latter and the limited range of subjects to which they apply.

Based on a study of U.S. legislation, the author concludes that special guarantees of the rights of natural persons – investors in the securities market when brokerage services are provided function as a system that includes:

- a comprehensive duty of the broker to act in the client's best interest;
- a general prohibition of unfair practices and abuses related to the use of informational advantage;
- the functioning of an insurance and compensation mechanism for funds and securities placed in brokerage accounts.

*The application submitted for defense corresponds to points 10, 29 and 32 of the passport of the scientific specialty 5.1.3. «Private law (civil) sciences».*

4. It is established that the model for categorizing natural persons – investors in the securities market is based on a combination of three legal regimes:

- the status of an unqualified investor, applied as a general rule;
- the regime of access for an unqualified investor who has successfully passed testing with respect to a specific financial instrument;
- the status of a qualified investor, granted upon meeting the requirements established by law.

Initially, categorization was based on an assessment of the ability of an investor in the securities market to perceive information about a financial instrument and bear the associated risks, which is expressed in the use of criteria of knowledge, experience, and financial stability of the person. Under conditions of sanctions restrictions, the functional purpose of the institution of investor categorization in the securities market has undergone a change. Restriction of access to certain financial instruments has come to be determined not only by the characteristics of the investor himself or herself and the level of investment risk inherent in a particular type of financial instrument, but also by the infrastructure risk associated with external restrictions on the circulation, accounting, and enforcement of rights with respect to such financial instruments.

The author substantiates the conclusion that an additional criterion for the categorization of investors has effectively been formed in Russian law, which is not directly related to the level of their training or financial stability. As a result, the institution of investor categorization has been transformed from a mechanism for assessing an investor's readiness to assume risk into an instrument for restricting access to certain segments of the financial market in order to ensure the stability of the financial infrastructure.

*The application submitted for defense corresponds to points 10, 29 and 32 of the passport of the scientific specialty 5.1.3. «Private law (civil) sciences».*

5. It is proven that the Russian model for the protection of natural persons – investors in the securities market is based primarily on restricting investment freedom, rather than on expanding the system of the investor's subjective rights and guarantees of their realization. This is manifested in the absence of a special legal status for a natural person – investor, the widespread use of categorization and testing mechanisms as means of restricting access to financial instruments, as well as in the establishment of prohibitions on the execution of certain transactions regardless of the investor's actual level of preparedness. As a result, ensuring the stability of the financial market and reducing the risks of professional market participants in a number of cases receive priority over the task of expanding investment opportunities and protecting the investor's rights.

One manifestation of this approach is the restriction of the ability of unqualified investors to execute certain types of transactions, including opening short positions, despite the absence of significant differences in the level of risk compared to a number of permitted transactions. As a result, investor protection mechanisms are effectively transformed into mechanisms for restricting his or her investment activity.

*The application submitted for defense corresponds to points 6 and 15 of the passport of the scientific specialty 5.1.3. «Private law (civil) sciences».*

6. It is established that the model for categorizing natural persons – investors in the securities market of the United States is based on a combination of two legal regimes, according to which any person by default has the status of an unaccredited investor, and in order to acquire accredited investor status, the person must meet one of the requirements established by law.

Access of accredited investors to certain financial instruments is conditioned not by a reduction in the risk level of such instruments, but by the legislative presumption that the possession of a certain financial position, professional knowledge, or access to corporate information allows the investor independently to com-

pensate for the lack of disclosed information. Thus, the American model of investor protection is based primarily on regulating information asymmetry, rather than on restricting investment activity.

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7. An internal contradiction in the American model for the protection of natural persons – investors in the securities market has been revealed, caused by a discrepancy between the criteria for classifying a person as an accredited investor and the objectives of the corresponding legal regulation. It is established that granting a person the status of an accredited investor is based on the presumption of his or her ability independently to perceive, analyze, and assess the risks of financial instruments without the application of special state protection mechanisms. At the same time, the main criteria for obtaining such status continue to be the size of assets and the level of income, which characterize the person's financial situation but do not in themselves allow a reliable judgment as to whether he or she possesses special knowledge, investment experience, or the ability to make informed investment decisions.

It is proven that the property criteria for accreditation used in U.S. law primarily perform the function of assessing the investor's ability to bear possible losses, rather than the function of assessing his or her ability to understand the risks of a financial instrument. Consequently, access to certain types of financial instruments is granted on the basis of an assumption that the investor possesses the necessary competencies, an assumption that does not directly follow from the criteria established by law. Thus, the criterion of investment competence is substituted by the criterion of financial solvency, which does not always ensure the achievement of the declared goal of investor protection.

Furthermore, it is established that this contradiction is amplified by the features of the information regime for financial instruments intended exclusively for accredited investors. U.S. legislation allows a significant reduction in the volume of mandatory information disclosure with respect to such instruments, based on the

assumption that the investor is able independently to assess the corresponding risks. However, the possibility of such an assessment objectively depends on the availability of sufficient information about the investment object. As a result, the legal construct of the accredited investor effectively presupposes the investor's ability to make informed investment decisions under conditions of limited information provision, which reduces the effectiveness of the used model for the protection of the rights and legitimate interests of investors in the securities market.

*The application submitted for defense corresponds to points 6 and 15 of the passport of the scientific specialty 5.1.3. «Private law (civil) sciences».*

### **The theoretical and practical significance.**

The theoretical and practical significance of the research is determined by the author's conclusions and recommendations, which can be used to improve the legal regulation of the securities market, to develop the securities market of the Russian Federation and retail investment, as well as to ensure the protection of the rights and legitimate interests and additional investment opportunities of natural persons – investors in the securities market of the Russian Federation.

The following recommendations for improving the current regulation of the securities market in the Russian Federation in the sphere of categorization of investors in the securities market and the protection of the rights and legitimate interests of natural persons – investors in the securities market of the Russian Federation have been formulated:

- the introduction of special regulation of the brokerage services agreement at the legislative level and the establishment of minimum guarantees for the observance of clients' interests – a similar effect could be achieved by introducing a requirement for the mandatory registration by the broker of standard terms of brokerage services with the Bank of Russia, whereby this document would be additionally checked for compliance with the rights and legitimate interests of clients;
- the introduction of a distinction between the use of margin trading, on the one hand, for opening a short position, i.e., a loan of securities or other financial instruments with their subsequent sale, which does not increase the level of risk, and, on

the other hand, opening a long position using own funds to increase the volume of the long position, i.e., a loan of funds; – the establishment of special guarantees of the rights and legitimate interests of natural persons – investors in the securities market when brokerage services are provided to them, currently enshrined in regulatory acts and recommendations of self-regulatory organizations, which are not binding and apply only to members of these self-regulatory organizations, at the level of subordinate regulatory acts of the Bank of Russia.

The conducted comparative legal study indicates the expediency of further use of certain elements of the American model of investor categorization, in particular a more differentiated application of property criteria when determining the status of a qualified investor.

In addition, the presented conclusions can be used in educational activities – in the training of securities market specialists in the field of brokerage activity.

**The structure of the dissertation** fully reflects the logic of the research and allows the consistent presentation of the normative and factual material underlying the work. The dissertation includes an introduction, two chapters containing six paragraphs, a conclusion containing the main conclusions and recommendations for improving legal regulation, as well as a list of used normative legal acts, court decisions, and scholarly literature.

The introduction presents the main structural elements required for a dissertation research, including the relevance and degree of scientific elaboration of the topic, its scientific and practical significance, the goals and objectives pursued in the course of the research, the disclosure of the subject, object, and methodology of the conducted scientific work, and, most importantly, formulates the propositions submitted for defense, which possess elements of scientific novelty.

The first chapter defines the categories used by the legislator to regulate the legal status of natural persons – investors in the securities market, presents the author's definition of the concept of "retail investor", which is absent from the normative legal acts of the countries under study, establishes the relationship between the

concepts used by the legislator in acts of a normative and non-normative nature for the legal and economic regulation of the field of retail investment, examines such a feature of the legal status of natural persons – investors in the securities market as the non-applicability of consumer protection legislation to them in the Russian Federation, and studies the procedure for protecting the rights of retail investors through an autonomous system for the protection of the rights of consumers of brokerage services in the United States. The first chapter presents a comparative legal analysis of the specifics of the legal regulation of special guarantees of the rights of natural persons – investors in the securities market, and also examines the legal regulation aimed at: (a) preventing misselling (unfair sales practices containing distortion of information about the financial product); (b) eliminating information asymmetry; (c) preventing and minimizing damage from the emergence of conflicts of interest, as well as other guarantees of the rights and legitimate interests of natural persons – investors in the securities market in the Russian Federation and the United States.

The second chapter examines the specifics of the classification of natural persons – investors in the securities market in the legal regulation of the securities market of the Russian Federation and the United States through a comparative legal analysis of such categories of natural persons – investors in the securities market as "unqualified investor", "unqualified investor who has successfully passed testing", and "qualified investor" (in the Russian Federation) and "unaccredited investor" and "accredited investor" (in the United States).

The conclusion of the dissertation concisely presents the results of the conducted research, substantiates the main conclusions regarding the regulatory approaches to defining the legal status of natural persons – investors in the securities market in the Russian Federation and the United States, the protection and ensuring of their rights and legitimate interests, the further development of the legal regulation of the classification of investors in the securities market, legal relations with brokers, and the role in it of the non-normative concept of "retail investor".

*The dissertation research has been prepared in accordance with the passport of scientific speciality 5.1.3. "Private law (civil) sciences". The topic of the research, the provisions put forward for defence and the applied methodology fully correspond to the specified passport.*

**The approbation of the research results.** The main provisions of the dissertation presented in the work and submitted for defense were reviewed, approved, and recommended for defense by the Center for Economic Justice of the Institute of Public Administration and Civil Service of the RANEPA under the President of the Russian Federation. The results of the research, including a number of expert assessments based on the analysis of Russian legislation on securities market regulation, ensuring the protection of individuals – investors in the securities market, and contemporary law enforcement practice, are presented in the author's publications.

**The author's publication on the research topic:**

In total, the author has published 5 articles in scientific journals from the list of peer-reviewed scientific editions approved by the Higher Attestation Commission of the Ministry of Science and Higher Education of the Russian Federation, in which the main scientific results of dissertations for the degree of Candidate of Sciences should be published.

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