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**ENHANCING FINANCIAL LAW: REFORMING REGULATORY FRAMEWORKS  
AND INTEGRATING THROUGH INTERNATIONAL ORGANIZATIONS**

*Due to globalization and growing technological advancements, the international financial system is facing new challenges that require innovation and a revisiting of its legal and statutory structures. In the article titled, «Enhancing International Financial Law: Reforming Regulatory Frameworks and Integrating through International Organizations», Roksolana Ivanova focuses on the international financial law and its application in the ever-changing world markets. It highlights the need to reform the regulatory infrastructures and more so, international organizations, in order to achieve global financial security.*

*Established frameworks of regulation have always struggled to incorporate advanced financial techniques that arose after the digital revolution, but today their inadequacy is only increasing further. The developments of the digital currencies, the blockchain, and the Decentralized Finance (DeFi) paradigm shift have gotten a hold of the world and economics and finances will never be the same. These changes bring significant complications to regulatory affairs, taxation as well as anti-money laundering activities. The pseudonymous and decentralized nature of cryptocurrencies, such as Bitcoin and Ethereum, poses a threat to simple regulatory systems, thus there is a great need for newer regulations that ensure consumer security and financial trust.*

*International organizations help in synchronizing and applying financial rules as they cut across various borders. An instance would be the G20 which helps in formulating strategies for broad financial stability, guiding reforms in international financial markets, increasing financial inclusion, and reducing tax avoidance. The G20 Framework for Strong, Sustainable, Balanced, and Inclusive Growth provides guidance for country economic policy making and ensures government economic stability and resilience to shocks.*

*The Organisation for Economic Co-operation and Development (OECD) assists in developing governance structures for tax and transparency issues. The Base Erosion and Profit Shifting (BEPS) initiative of the OECD seeks to address the problems arising out of tax avoidance practices of multinational enterprises by making sure that profits are taxed where economic activities and value creation happens. It raises fairness in the international tax system and helps countries protect their tax base from attenuation at the same time.*

*Nonetheless, the piece discusses the challenges of regulation that these technologies impose. The pseudonymous character of transactions concerning the blockchain platforms makes it harder to trace illegal actions, thus posing challenges for AML and CFT measures. In addition, the explosion of DeFi platforms that lack central counterparties also raise issues of fiscal sustainability, consumer protection, and regulation. The article contends that more attention be paid to the models of regulatory frameworks that need to be put in place for these new phenomena, so that innovation is not stifled.*

**Key words:** Financial Law, Regulatory Reform, Digital Currencies, Blockchain Technology, Financial Stability, International Organizations, Anti-Money Laundering.

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## УДОСКОНАЛЕННЯ ФІНАНСОВОГО ПРАВА: РЕФОРМУВАННЯ НОРМАТИВНО-ПРАВОВОЇ БАЗИ ТА ІНТЕГРАЦІЯ ЧЕРЕЗ МІЖНАРОДНІ ОРГАНІЗАЦІЇ

*Через глобалізацію та зростаючий технологічний прогрес міжнародна фінансова система стикається з новими викликами, які вимагають інновацій і перегляду її правових і статутних структур. У статті під назвою «Вдосконалення міжнародного фінансового права: реформування нормативно-правової бази та інтеграція через міжнародні організації» Роксолана Іванова зосереджується на міжнародному фінансовому праві та його застосуванні на світових ринках, що постійно змінюються. У ньому підкреслюється необхідність реформування регуляторної інфраструктури та, більше того, міжнародних організацій, щоб досягти глобальної фінансової безпеки.*

*Встановлені системи регулювання завжди намагалися включити передові фінансові методи, які виникли після цифрової революції, але сьогодні їх неадекватність лише зростає. Розвиток цифрових валют, блокчейн і зміна парадигми децентралізованих фінансів (DeFi) захопили світ, і економіка та фінанси ніколи не будуть колишніми. Ці зміни призводять до значних ускладнень у сфері регулювання, оподаткування та боротьби з відмиванням грошей. Псевдонімна та децентралізована природа криптовалют, таких як Bitcoin та Ethereum, становить загрозу для простих систем регулювання, тому існує велика потреба в новіших правилах, які гарантуватимуть безпеку споживачів та фінансову довіру.*

*Міжнародні організації допомагають синхронізувати та застосовувати фінансові правила, коли вони перетинають різні кордони. Прикладом може бути G20, яка допомагає сформулювати стратегії широкої фінансової стабільності, керувати реформами на міжнародних фінансових ринках, розширити фінансову доступність і зменшити ухилення від сплати податків. Рамкова програма G20 для сильного, сталого, збалансованого та інклюзивного зростання містить вказівки для розробки економічної політики країни та забезпечує економічну стабільність уряду та стійкість до потрясінь.*

*Організація економічного співробітництва та розвитку (ОЕСР) допомагає у розробці структур управління з питань оподаткування та прозорості. Ініціатива ОЕСР щодо зменшення податкової бази та переміщення прибутку (BEPS) спрямована на вирішення проблем, що виникають через практику ухилення від сплати податків багатонаціональними підприємствами, забезпечивши оподаткування прибутків там, де відбувається економічна діяльність і створення вартості. Це підвищує справедливість у міжнародній податковій системі та допомагає країнам одночасно захистити свою податкову базу від послаблення.*

*Тим не менш, у статті обговорюються проблеми регулювання, які висувають ці технології. Псевдонімний характер транзакцій, пов'язаних із платформами блокчейн, ускладнює відстеження незаконних дій, що створює проблеми для заходів ПБК та ФТ. Крім того, зростання кількості платформ DeFi, які не мають центральних контрагентів, також піднімає питання фінансової стійкості, захисту споживачів і регулювання. У статті стверджується, що більше уваги слід приділяти моделям регуляторних рамок, які необхідно запровадити для цих нових явищ, щоб інновації не придушувалися.*

**Ключові слова:** фінансове право, регуляторна реформа, цифрові валюти, технологія блокчейн, фінансова стабільність, міжнародні організації, боротьба з відмиванням грошей.

**Relevance of the Problem.** The scope of this analysis has not been studied by experts in International Economic Law or International Finance Law. However, Schriff B` and Reipe S, have examined them from a regulatory perspective but on a very broad level. The increasing complexity poses a daunting task to guarantee smooth integration of new technologies on an international level, while simultaneously minimizing the potential harm it poses to more traditional jurisdictions. Schriffe, B. notes the longstanding gap between international economic law and finance. He argues that it is inescapable, but provisions need to be introduced to smoothen the process of globalisation of more modern jurisdictions without harming the International economic legal environment. He even goes to the extent of predicting dire consequences if this imbalance is not resolved.

**Analysis of Recent Research and Publications.** Scholarly discussions have continued to delve deeply into international legal regulation

on the US territories, based on these issues and especially on the lower level of controlling risk in international finance – regulations in other countries. The disproportionate risk is closely interlaced with uncertainty and thereby legitimizes the need for globalised finance, or national jurisdictions. For example, Multinational Corporations are justified in not disclosing information pertaining to finance operations of subsidiaries. Alongside with non-belligerent foreign mergers, relatively lower taxation on profits gained outside their jurisdiction aggravates this issue.

The disproportionate risk for a foreign subsidiary having to deal with a politically regulated domestic environment renders profitable investments extremely lucrative. The issue of governance with regard to international figures is not a new concept. What is obscure, however, is the means for applying controlling factors over such entities.

The FSB's Activities include building sophisticated infrastructures for Financial Markets and

advocating reforms that would assure resilient sources of funding within the markets. The overall purpose of these initiatives is to improve monitoring of non-bank financial markets and curb systemic risks that stem from their uncontrolled expansion.

Moreover, the Banking Supervision Basel Committee has requested global corporate bodies to complete and execute the finalizing rules pertaining to Basel III Endgame. Such rules strive to enhance financial stability by imposing additional risk mitigation controls and greater capital reserves that banking institutions would need to keep to insure against losses. The enforcement of these rules is believed to bolster economic stability and promote fairness in the global finance arena as a result of their global application.

**Objective of the Study.** The purpose of this study is to evaluate the need for international financial law reforms considering the effects of new technology and marketplace globalization. It aims to determine the efficacy of current laws, their gaps and overlaps, and recommend the integration of the new technologies into the existing financial system. This work also deals with the responsibility of international institutions towards financial stability in regard to the coordination of varied regulations and cooperation between them.

**Presentation of Principal Research Materials.** Because the global financial system becomes more intertwined, efficient and flexible international financial law becomes a lot more important as it should. The further development of financial markets, as well as new risks such as digital currencies, cyberattacks, and the aftermath of financial crises, need comprehensive consideration when redesigning the regulatory infrastructure of international financial law. The G20, the OECD, and the FATF, among others, have contributed to the creation of the cross-border standard rules and principles that govern international financial relations, and this will also require some adjustments. This section outlines some important ways of modifying international financial law, including the formulation of international standards, the creation of an appropriate monitoring system to evade financial crises, as well as the use of new technologies, including blockchain, virtual currencies, and others.

Reforming the Regulatory Infrastructure of the International Financial Legal Order. The Role of International Standards in Ensuring Stability and Transparency. Addressing Transparency and Trust Issues in the Global Economy Maintaining stability and trust in the international financial system requires, vitally, international standards developed by the G20, the OECD, and the FATF. These standards are the basis of national and regional regu-

lations and the building blocks of cooperation that assist in alleviating the systemic risk that could arise from international financial transactions.

The G20 has an important function in establishing broad financial stability agendas that are described, for example, in the G20 Framework for Strong, Sustainable, Balanced, and Inclusive Growth. The G20's impact can be seen in the adoption of the guiding policy measures of «reform of the global financial market», «financial inclusion», and «prevention of tax avoidance». Such practices are meant to enhance the economic stability of the world by establishing standards of good practice in, inter alia, corporate governance, transparency, and accountability in financial markets. The G20 also works towards achieving the cooperation between the national financial regulators and the international financial institutions like the International Monetary Fund (IMF), World Bank, and others.

OECD, through its Financial Markets Division, has developed governance frameworks for financial markets, specifically concerning tax and transparency, anti-money laundering (AML) and counter-terrorism financing (CFT) regulations. The OECD's Base Erosion and Profit Shifting (BEPS) is one good initiative that targets multinational companies that evade taxes and ensures that profits are realized as well taxed where the activities are performed, and where value is created. (FATF, 2024)

The Development of Procedures and Mechanisms to be used for Tracking and Preventing Financial Crisis. There ought to be mechanisms that monitor the financial systems of different countries, which may contribute to a global financial crisis. This was evident during the financial crisis of 2008 and the aftermath of the COVID-19 pandemic. Country A no longer works in isolation, but rather collaborates with other economies to solve global issues such as these.

The Financial Stability Board (FSB) which was created by the G20 in 2009, serves an important function in tracking systemic risks to country A's financial systems. The FSB collaborates with other national regulatory bodies and international institutions to identify risks associated with very large financial firms, complex market structures, and new types of financial services. FSB's functions comprise the governance of the compliance with international standards, and coordinating efforts to manage other systemic risks like 'too big to fail' or 'too much risk taking' crises in the financial markets.

Source: Financial Stability Board. The Financial Stability Board: Mandate and Organization. Retrieved from: <https://www.fsb.org/> All links verified on 2022/12/04.

In addition, it is the responsibility of the IMF to observe the state of global finance through its Global Financial Stability Report. This report analyzes global threats and offers advice on how to strengthen the world's financial systems. IMF's observation activities principally address threats posed by international capital markets, existing government debt, and global financial institutions.

**Integration of Innovative Tools: Blockchain and Digital Currencies.** The development of blockchain technology and the use of digital currencies could reshape international financial law since they provide more secure and effective ways of doing business. The ability of Blockchain to maintain a decentralized network enables the creation of verifiable and permanent records which could further enhance the efficiency and security of cross-border financial transactions. Blockchain will enable the use of smart contracts that automatically execute transactions, thus eliminating the need for middlemen and increasing speed and cost-effectiveness of financial transactions.

Already, international finance bodies like the Bank for International Settlements (BIS) are looking into what it would mean to have blockchain as part of the global financial system. The BIS Innovation Hub has produced numerous documents discussing how central banks can deploy central bank digital currencies (CBDCs) to promote improved efficiency and stability in the financial ecosystem, particularly in cross-border payment systems. (BIS, 2024)

Digital currencies like cryptocurrencies such as Bitcoin and Ethereum have new issues for

international financial law with respect to regulatory control, taxation, and anti-money laundering. The increasing importance of these digital assets has encouraged more work to incorporate digital assets into the current financial regulatory structures. OECD members have been working on the issues of tax reporting on cryptocurrencies and making sure that they are included along with other financial assets. (OECD, 2021)

But integrating digital currencies into the possible legal framework is a trade-off between encouraging new products and services while making sure that the financial system is stable. The emergence of decentralized finance (DeFi) and the very real dangers of financial instability and fraud have made the need for policy solutions to be more urgent. (IMF, 2024)

**Conclusion.** Determining financial technology regulations in this contemporary world fosters the need for evolution within international financial law by fact he divers coming technological advancements such as blockchain and digital currency. If international policies set by G20, OECD, FATF etc. are complied to by different nations, it improves countries' financial transparency, minimizes systemic risks and reduces the chances of a financial crisis from reoccurring. Additionally, devising adequate global proactivity may be impacted by these technological shifts- monitoring is crucial to enforcing stability. New opportunities brought through technologies is arguably the most enticing aspect of global financial law innovation, and it is of utmost importance that the relevant laws progress correspondingly with the financial market.

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