
DUAL LEGAL SYSTEM IN INTERNATIONAL FINANCIAL CENTERS

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Abstract. *This paper explores the concept of "dual legal system" in the context of international financial centers (IFCs). The work considers the main aspects and characteristics of such a system, which implies the coexistence of various legal norms and jurisdictions within one MFC. The main reasons for the emergence of dual legal systems in the MFC, as well as their impact on financial activities and investments, will be analyzed.*

Keywords: *dual legal system, international financial centers, jurisdictions, financial activities.*

ДВОЙНАЯ ПРАВОВАЯ СИСТЕМА В МЕЖДУНАРОДНЫХ ФИНАНСОВЫХ ЦЕНТРАХ

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Аннотация. *Данная работа исследует концепцию «двойной правовой системы» в контексте международных финансовых центров (МФЦ). Статья рассматривает основные аспекты и характеристики такой системы, которая предполагает сосуществование различных правовых норм и юрисдикций внутри одного МФЦ. Проанализированы основные причины возникновения двойных правовых систем в МФЦ, а также их влияние на финансовую деятельность и инвестиции.*

Ключевые слова: *двойная правовая система, международные финансовые центры, юрисдикции, финансовая деятельность.*

In the context of globalization and the development of international financial relations, international financial centers (IFCs) are becoming key nodes in the global economy, providing a variety of financial transactions and attracting investments from various countries. One of the interesting aspects related to the activities of the MFC is the existence of the so-called "dual legal system".

The dual legal system in international financial centers is the coexistence of several legal rules and jurisdictions within the same financial center. This means that, in addition to the national laws of the host country of the MFC, there are also special legal rules and regulations that apply only to certain entities and transactions carried out within the framework of the MFC.

The dual legal system in international financial centers is the coexistence of various legal rules and jurisdictions that apply to international financial transactions and activities within these centers [1 p. 49-51]. This is the result of a desire to provide more flexible and adaptive regulation that promotes the development of the financial sector and attracts international investment.

Examples of international financial centers with a dual legal system:

Hong Kong:

Hong Kong is an example of an international financial center with a dual legal system. It has a “one country, two systems” system, whereby Hong Kong has its own laws and legal system that is different from China’s mainstream legal system. This state of affairs provides unique rules and regulatory mechanisms for banking and financial activities, making Hong Kong one of the leading international financial centers in Asia [2 p. 41-49].

Singapore:

Singapore also provides an example of an international financial center with a dual legal system. There is a Common Law mechanism and a system of law that affects the activities of companies and banks that trade and invest in the region. This combination of legal norms and rules creates an attractive environment for foreign investors and entrepreneurs, stimulating the development of the financial sector and economic growth.

Luxembourg:

Luxembourg is known as a European financial center with a dual legal system. French, German and Luxembourgish legal norms coexist here, making this country an attractive destination for financial institutions and corporations looking for a stable and favorable environment for international financial transactions.

In each of these examples, the dual legal system provides flexibility and adaptability for the financial sector and attracts international investment, making these international financial centers competitive on the world stage.

The presence of dual legal systems in international financial centers is an important factor in their successful functioning and attractiveness for international investors and entrepreneurs. Here are a few reasons why this is important:

1. Flexibility and adaptability: The dual legal system allows international financial centers to create rules and regulations that are most effective in meeting the needs of international financial transactions. It allows you to quickly respond to changes in market conditions and apply special legal instruments to ensure flexibility and adaptability [3 c. 118].

2. Attractiveness for investors: The presence of a dual legal system provides investors with a stable and transparent legal environment, which reduces risks and increases investment confidence. Investors prefer to operate in an environment where there are clear rules of the game and specialized legal regulations appropriate to the specifics of financial transactions.

3. Improving conditions for financial transactions: The dual legal system contributes to the simplification and acceleration of financial transactions and banking operations. It allows the use of specialized legal mechanisms, such as expedited litigation or arbitration, which facilitate faster and more efficient execution of contracts and transactions.

4. Attracting international companies: International companies prefer to base their operations in dual legal financial centers because it provides them with access to world markets and investors, as well as creates convenient conditions for international transactions.

5. Promote the development of the financial sector: The dual legal system promotes the development and strengthening of the financial sector in international financial centers. These special rules and regulations stimulate the development of innovations and financial instruments, which contribute to the diversity of services and increase the competitiveness of the financial market.

In general, the presence of dual legal systems in international financial centers ensures a harmonious interaction between global financial flows and the local legal environment. This helps attract international investment, stimulates economic growth and ensures the sustainability of the financial sector on the global stage.

The presence of a dual legal system in international financial centers (IFCs) is a crucial element that underpins their significance and effectiveness in the global financial landscape. The dual legal system, which allows for the coexistence of different legal norms and jurisdictions within these centers, has proven to be a catalyst for fostering financial growth, attracting international investments, and facilitating cross-border financial transactions. One of the key advantages of the dual legal system is its ability to offer flexibility and adaptability in a constantly evolving global financial environment. IFCs can tailor their legal frameworks to suit the specific needs and demands of international financial activities, providing a conducive environment for financial institutions, corporations, and investors to operate effectively and efficiently.

Moreover, the dual legal system enhances the attractiveness of IFCs for international investors and businesses. The clear and transparent legal environment, coupled with specialized legal norms tailored to financial activities, instills confidence and reduces risks for investors, encouraging greater capital inflows and stimulating economic development in these financial hubs.

The dual legal system also plays a significant role in improving the conditions for financial transactions and operations within IFCs. By employing specialized legal mechanisms such as expedited judicial procedures or arbitration, IFCs ensure swift and effective contract enforcement, thereby facilitating smooth and timely financial transactions. Furthermore, the presence of a dual legal system in IFCs contributes to the development and strengthening of their financial sectors. This system fosters innovation and the creation of

diverse financial instruments, which in turn enhances the competitiveness and sophistication of the financial markets in these centers. Despite its many benefits, the dual legal system also raises certain challenges, such as the need for effective regulation and supervision to prevent potential risks and abuses. Striking the right balance between promoting financial innovation and maintaining financial stability is crucial to sustain the growth and reputation of IFCs.

In conclusion, the dual legal system in international financial centers plays a pivotal role in their success as key drivers of global financial integration and economic development. This unique legal framework enables IFCs to adapt swiftly to changing market conditions, attract international investments, and facilitate seamless financial transactions. As the global financial landscape continues to evolve, the continued success of IFCs will rely on their ability to maintain a well-regulated and innovative dual legal system that fosters trust, stability, and growth in the international financial arena.

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