



WAYS TO DEVELOP THE NATIONAL SECURITIES MARKET

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Abstract

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The main problems of the national securities market are considered in the article. Promissory note, treasury obligations, government short-term bonds, Central Securities such as bank bonds were tested in practice on the market at certain stages of economic development, and then lost their importance for various reasons. The reasons for insufficient development of the national stock market are also revealed. Solutions to these problems are proposed.

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INTRODUCTION

Despite the fact that the stock market of Uzbekistan is young, its history contains pages related to specific transactions on options and futures. Some option contracts were concluded in 1992 in the stock department of the "Tashkent" stock exchange. The Regulation on the option of the state property committee to sell the share of state property, as well as stocks intended for free sale and sale to partners, was registered by the Ministry of Justice of the Republic on October 24, 1994 with number 110, according to which the privatized sale of stocks (future shares) of authorized funds of enterprises was



carried out [1]. The state of the securities market in Uzbekistan can be described as dynamic and promising. In recent years, the government of Uzbekistan has been taking many measures to develop and modernize the financial sector, including the securities market.

One of the main initiatives is the creation of the Uzbek Stock Exchange, which began operating in 2019. It has become the central body for securities trading in the country and provides opportunities for investors to buy and sell stocks, bonds and other securities.

The government actively supports the development of the securities market, introduces new market instruments and improves legislation in this area. The introduction of the T+2 settlement system (trading futures transactions with settlements on the second business day) and the margin lending mechanism made the market more attractive to investors.

Despite the positive changes, the securities market in Uzbekistan has still its own characteristics and challenges. Some of these include limited market liquidity, lack of variety in instruments offered and lack of investor awareness.

The future of the securities market in Uzbekistan appears promising. The country continues to attract foreign investment and develop new financial instruments. The government is also actively working to improve market infrastructure and increase transparency.

In general, the current state of the securities market in Uzbekistan provides investors with potential opportunities for growth and development. However, before investing, it is recommended to conduct thorough research and obtain professional advice to make informed decisions. The current state of the securities market in Uzbekistan is characterized by active development and gradual strengthening of its position. In recent years, significant steps have been taken towards improving the investment climate and stimulating the development of the securities market.

The introduction of tax incentives for investors, simplification of procedures for registration and circulation of securities, as well as the creation of a regulatory and supervisory system contributed to an increase in trading volumes and increased market transparency. Large IPOs of several large companies also contributed to the active development of the securities market.



The market for bonds and other financial instruments is also actively developing, which indicates the diversification of supply in the market.

Government support, improving the investment climate and the active participation of international investors create favorable conditions for the formation of a mature and developed securities market in Uzbekistan.

One of the key points in the development of the securities market in Uzbekistan is the increase in the number of issuers. The privatization of state-owned enterprises and the adoption of securities laws have contributed to an increase in the number of companies listing their shares on the stock market. This creates more opportunities for investors and promotes diversity in investment portfolios.

It should also be noted that the government of Uzbekistan is actively working to improve legislation regulating the securities market and protect the rights of investors. This creates more favorable conditions for investment and helps increase confidence in the country's financial market.

Thus, the current state of the securities market in Uzbekistan is characterized by active development, favorable conditions for investment and improved legislation. The government of the country continues to carry out reforms aimed at stimulating investment and developing the financial market, which creates prospects for further growth of this sector of the economy; the current state of the securities market in Uzbekistan can be described as positive, with the prospect of further sustainable development. Currently, the securities market in Uzbekistan continues to develop, and its state can be described as dynamic. In recent years, the government of Uzbekistan has been taking steps to stimulate investment and develop the financial market, which helps improve the investment climate in the country.

THE RELEVANCE OF THE RESEARCH SUBJECT

The relevance of the research subject, "Analysis of the Current State and Key Ways to Improve the Securities Market," is significant in the context of the dynamic and ever-evolving financial landscape. Understanding and enhancing the functioning of securities markets is crucial for several reasons:

Economic Stability the securities market plays a vital role in maintaining economic stability. It serves as a platform for companies to raise capital through the issuance of stocks and bonds. A thorough



analysis of its current state is essential to ensure the market's resilience and its ability to support economic growth. Investor Confidence investors rely on the securities market for investment opportunities. A comprehensive study can identify areas of improvement, increasing investor confidence and attracting more participants. This, in turn, contributes to a more robust and efficient market. Regulatory Framework the securities market operates within a regulatory framework designed to ensure fair practices and protect investors.

Analyzing the current state helps evaluate the effectiveness of existing regulations and identify potential areas for improvement to enhance market integrity. Technological Advancements with rapid advancements in technology, financial markets are continually evolving. Studying the current state of the securities market can shed light on the impact of technology, identify emerging trends, and propose ways to leverage technology for market development. Global Integration securities markets are increasingly interconnected on a global scale. Understanding the current state of the market is crucial for aligning with international standards, fostering global collaborations, and addressing challenges related to cross-border transactions. Risk Management the securities market is inherently associated with various risks. Analyzing the current risk landscape helps in developing effective risk management strategies, ensuring the stability of the financial system and protecting investors from unforeseen challenges. Innovation and Competitiveness to remain competitive, securities markets must embrace innovation. Studying the subject allows for the identification of areas where innovation can be incorporated to improve efficiency, reduce costs, and attract new participants.

In conclusion, the research subject holds immense relevance in ensuring the stability, transparency, and efficiency of the securities market. A thorough analysis and identification of ways to enhance its functioning contribute not only to the well-being of the financial system but also to the broader economic development.



THE PROBLEM OF THE RESEARCH

Inefficiencies in trading processes examining the trading processes and infrastructure may reveal inefficiencies that lead to delays, increased transaction costs, and potential market distortions. Identifying and addressing these inefficiencies could contribute to a more streamlined and effective market. Regulatory gaps or challenges there might be gaps or challenges in the existing regulatory framework governing the securities market. This could include issues related to enforcement, oversight, or the adaptation of regulations to technological advancements.

Addressing regulatory challenges is essential for maintaining market integrity. Market manipulation and fraud instances of market manipulation and fraudulent activities can undermine the credibility of the securities market. Investigating such occurrences and proposing measures to prevent and detect fraud is crucial for investor protection and market stability. Limited investor education lack of awareness and understanding among investors about the securities market can lead to suboptimal investment decisions.

The research could explore ways to enhance investor education and promote financial literacy to empower market participants. Technological risks: with the increasing reliance on technology, the securities market is susceptible to cyber threats and technological failures. Assessing the technological risks and proposing robust cybersecurity measures is essential to safeguard market participants and infrastructure. Access to capital the accessibility of the securities market to different types of companies and investors may vary. Addressing barriers to entry and ensuring equitable access to capital for diverse entities contributes to a more inclusive and dynamic market.



LITERATURE REVIEW

Market concentration the concentration of market power among a few key players may pose challenges to market competitiveness. Investigating the market structure and proposing measures to foster healthy competition can enhance the overall resilience of the securities market.

In summary, the problem of the research revolves around identifying and addressing challenges within the securities market to promote transparency, efficiency, and investor confidence. By delving into these issues, the research can provide valuable insights and recommendations for the improvement of the securities market.

A number of Uzbek scientists have conducted scientific research on the analysis of the current state of the stock market and the main ways of improvement. A number of Uzbek scientists have conducted scientific research on the analysis of the current state of the stock market and the main ways of improvement. Among them, Abdullaev A.[2] Akbarov A., Khaitov B.[3] expressed about the role of the fund market and the stimulation of investment activity and gave their opinion. In addition, Alimova D., Usmanov M[4], Karimov A[5]. Khudoyberdiev F.F., Saidzhanov S.S. [6], S.Elmirzayev and S. Omonov[7], Shavkatov N.[8] analyzed the current state of the securities market.

M.King, E.Sentana, S.Wadhwani[9] analyzed the impact of the volatility of financial instruments on the national economy and developed their scientific proposals and recommendations in the field.

F. Mishkin and S. Yakins concluded that the importance and role of the stock market in the world economy is increasing, while the volume of financial instruments is also increasing. Also, along with the characteristics of the use of stock market assets, issues of regulation of their circulation have been widely studied and analyzed[10].



ANALYSIS AND RESULTS

The securities market differs significantly from commodity, money or other types of markets, primarily in the special nature of the goods that circulate on it - these are securities. Securities are documents that have legal force, are drawn up in a prescribed form and give their owners a unilateral, standardized set of rights in relation to the persons who issued these documents. Today we can distinguish many types and varieties of securities, such as stocks, bonds, bills, certificates of deposit, government obligations and others.

Equity (stocks), debt (bonds) and other types of securities are traded on the stock market. Stock exchanges appear as organizers and supervisors of these trades. Profitability and attractiveness of financial assets are important in attracting investors on stock exchanges. After all, any investor tries to ensure the profitability and liquidity of his portfolio[11].

Currently, the "Tashkent" Republican Stock Exchange is considered the main trading area of the country's securities market, where various securities are traded.

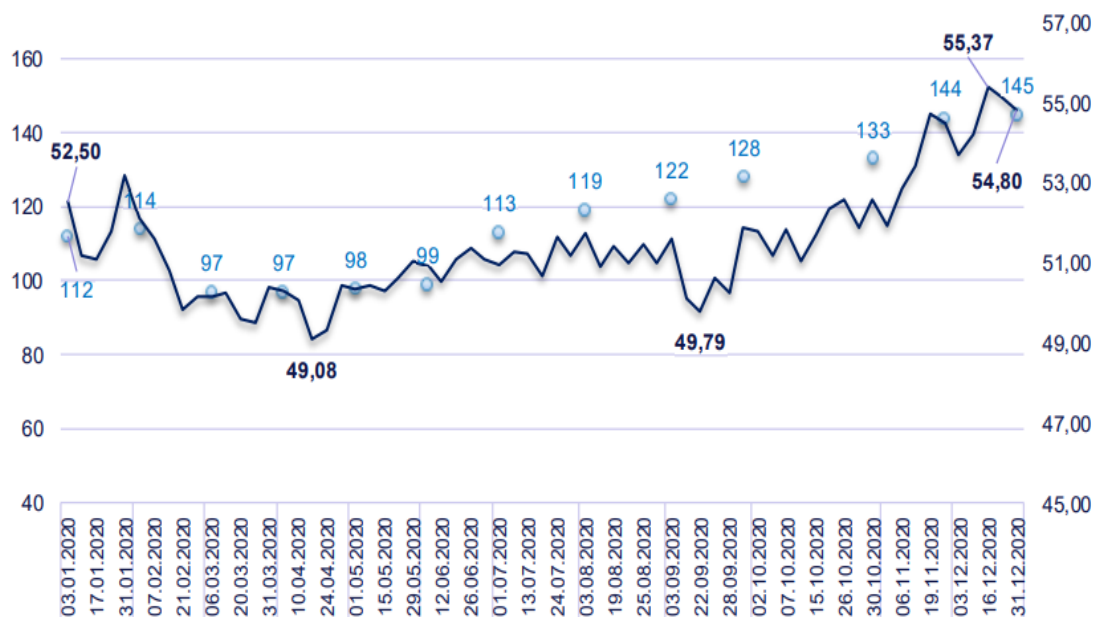


Figure 1. Number of joint stock companies and capitalization of exchange market (trillion soums) for 2020[12]



On December 31, 2020, there were 145 joint-stock companies listed on the trading quotation list of the UZSE (Uzbekistan Stock Exchange) with a market capitalization of 54.80 trillion soum (Figure 1). In mid-April, the market capitalization reached its minimum level for 2020, approaching 49 trillion soum. This decrease in market capitalization started in February, mainly due to the delisting of 18 joint-stock companies, the majority of which did not meet the requirements of the stock exchange quotation list regulations. Over the next 5 months, the market capitalization demonstrated moderate fluctuations and approached the 50 trillion soum mark in mid-September. It is worth noting that since the beginning of the fourth quarter, the market gradually started to recover and reached its maximum level of 55.37 trillion soum. The main reason for this increase in market capitalization was the increase in the number of joint-stock companies listed on the trading quotation list, from 128 to 145 by the end of September and December, respectively.

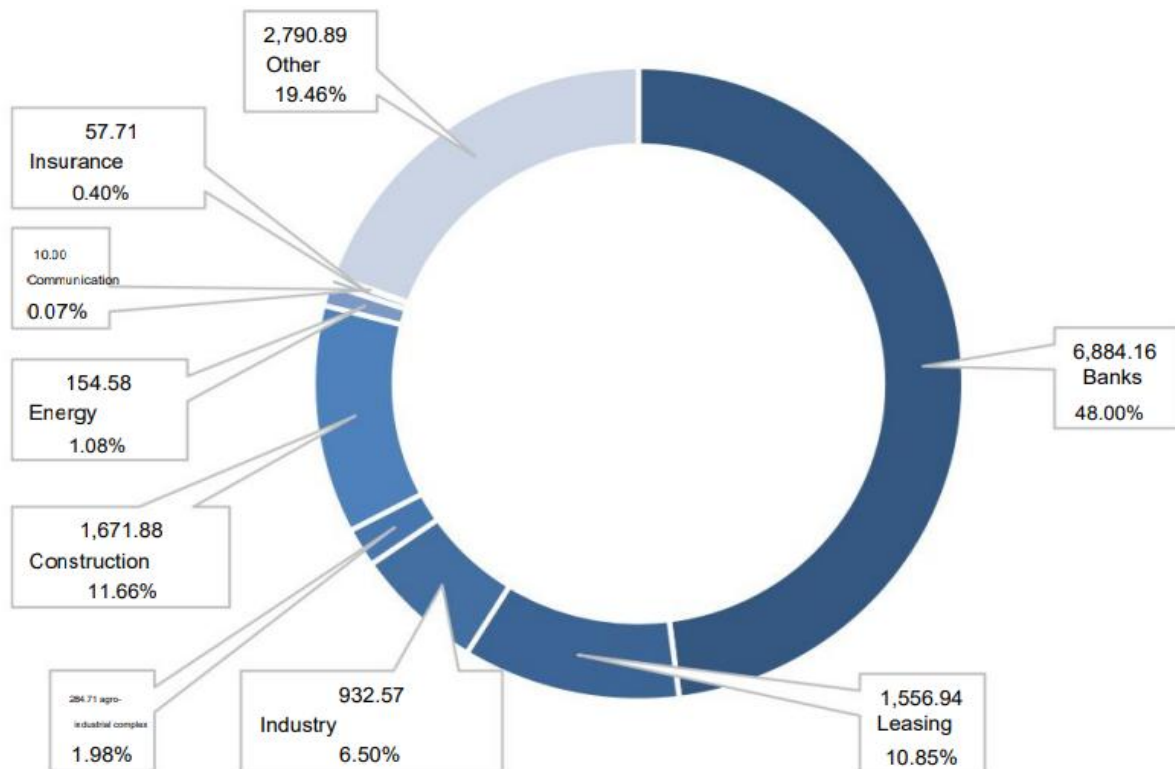


Figure 2. Volume of transactions by industry (million soums) for September 2020[13]



According to Figure 2, sales volume generated operations with bank securities made up 48% of the total volume of transactions carried out in September. In addition, construction works accounted for 11.66% or 1,671.88 million soums. Leases also amounted to 1,556.94 million soums, 10.85% of the total sales volume. Other trade volumes made up 19.46% externally.

Table 1

Dynamics of financial indicators of “BEKOBODCEMENT” JSC[14]

Indicators	2016-year	2017- year	2018- year	2019- year	2020- year
Long-term assets	8,2	5,7	28,5	2,8	40,1
Current assets	40,5	6	32,5	65	18
Long term duties	38	65	4	80	33
Reverse obligations	43	31	6	35	38
General indicator	11	12	28	6	32

In 2016, the volume of long-term assets of Bekobodcement JSC decreased slightly – by 8.2%. Growth was also observed in other years, in particular, in 2017 it increased by 5.7%, and in 2020 it increased 8 times and reached 40.1% (Table 1). In particular, in 2016, the volume of current assets increased by 40.5%, and in 2017 decreased by 6%. In 2018, it increased and increased by 32.5% compared to 2017. It should be noted that this indicator in 2020 changed negatively compared to 2019 and decreased by 18%. Moving on to the liabilities section, we see that long-term liabilities decreased by 38% in 2016 compared to 2015, but this figure increased by 65% and 80% in 2017 and 2019 respectively, showing positive results. Although a positive result was recorded in 2019, a negative result was recorded in 2020 and the result was 33 percent.

CONCLUSIONS AND PROPOSALS

The securities market is a set of economic relations regarding the issue and circulation of securities between its participants. The securities market performs a number of functions, among which the most important are the function of capital redistribution and the function of insuring the risk of capital investment. The Uzbek securities market is currently a rapidly developing area of the country's financial market. Even in conditions of the financial crisis, specialists' forecasts for the development of the Uzbek securities market are quite optimistic. The stock market is most susceptible to the influence of a wide



variety of both internal and external factors, therefore its research and regulation at the state level and at the level of individual stock institutions is an integral part of state financial policy. Currently, positive trends are observed in the Uzbek securities market: the tendency towards investment participation in an existing business for the purpose of its effective development is becoming more and more clear, foreign direct investment is growing, the share of municipal and regional securities is increasing, and risks are decreasing.

In conclusion, however, the many problems that the Uzbek stock market is currently facing, it should be noted that this is a young, dynamic and promising market that is developing on the basis of positive processes occurring in our economy: mass issuance of securities in connection with the privatization of state-owned enterprises, the rapid creation of new commercial entities and holding structures that raise funds on a shareholder basis, etc. In addition, the securities market plays an important role in the system of redistribution of the state's financial resources, and is also necessary for the normal functioning of a market economy.

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