

**FOREIGN EXPERIENCE OF STOCK MARKET DEVELOPMENT,
AND POSSIBILITIES FOR USING IT IN DEVELOPING THE
UZBEKISTAN STOCK MARKET**

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Abstract: World experience shows that the most important indicators associated with the level of economic development of countries and high per capita national income, including (a large number of types of securities traded on the stock market and high liquidity, high dividend policy in joint-stock companies (JSCs), and improved stock exchange trading systems), are explained by the high level of development of the stock market, in particular, the high share of capitalization of the stock market (SMP) in relation to the volume of gross domestic product (GDP).

Keywords: digital economy, innovations, technologies, e-government, economic growth, stock market, dividend policy, stock trading systems.

In the countries of the world, the stock market is considered one of the important components of the economy, and the stock market is its necessary link. "Stock market trading turnover in relation to the GDP of foreign countries is 1200% in Hong Kong, 188% in Singapore, 149% in the USA, 127% in Japan, 112% in Malaysia, 87% in South Korea, 46% in China, 34% in Russia, 22% in Kazakhstan, 19% in Turkey, and the global indicator is 93%." Stock markets are developed to varying degrees in the countries of the world and remain one of the important tools in the development of macroeconomic plans and financing of large investment projects, including attracting foreign capital flows and public savings funds through the stock market.

In the context of current socio-economic reforms, the lack of full implementation of the secondary securities market in Uzbekistan, regular announcement of share prices on the stock exchange, increasing the population's desire and aspiration to purchase shares, ensuring the transformation of shares into real securities and an important source of income, and the ineffective functioning of the stock market infrastructure are hindering the development of the stock market. The Decree of the President of the Republic of Uzbekistan No. PF-60 dated January 28, 2022 "On the New Development Strategy of Uzbekistan for 2022-2026" was adopted, and out of 100 goals listed in it, goal 27: In order to increase financial resources in the economy, it is dedicated to

increasing the stock market turnover from 200 million US dollars to 7 billion US dollars in the next 5 years.¹

Therefore, our Honorable President emphasized that "the main issue on the agenda is to develop a strategy for the development of the stock market in 2020-2025 and increase the ratio of total freely traded securities to gross domestic product to at least 10-15 percent by the end of 2025."². The effective implementation of such priority and urgent tasks shows the necessity of researching the characteristics and development trends of the stock market in our country and activating the measures aimed at the development of the stock market.

The main part of the operations of the Chinese stock market is the secondary securities market. In addition to the primary placement, many contracts are concluded in this market, and securities are bought and sold through the stock exchange and over-the-counter markets. In the Chinese secondary market, the relationship between the seller and the buyer leads to an increase in the liquidity of securities. State policy is aimed at purposefully managing the movements in the securities market. Registration of financial instruments in the secondary securities market has been established by Chinese state organizations. Shares, treasury bonds, corporate bonds and other securities are traded on the Chinese secondary securities exchange. Participants in the Chinese secondary securities market include issuers, investors, securities specialists, brokers, dealers, banks, investment funds and others. The Shanghai and Shenzhen stock exchanges account for the majority of secondary securities trading in China.

The Shanghai Stock Exchange is electronic, has many computer terminals, through which it accepts applications from the entire state and carries out trading. The Shanghai Stock Exchange carries out sales of 16,000 shares per second, about 60 million operations per day. These indicators, in turn, make it one of the strongest exchanges in the world. Trading on the exchange is carried out in two sessions. Working hours are set from 9¹⁵ to 11³⁰ and from 13⁰⁰ to 15⁰⁰ and are carried out between these times. To reduce speculation on the Shanghai Stock Exchange, price changes are limited throughout the day. If speculation on shares and securities of investment funds exceeds 10%, then the exchange automatically stops trading. Settlements for shares A are carried out on the T+1 scheme, while for shares B they are carried out on the T+3 scheme. More than a million contracts are concluded on the Shanghai Stock Exchange

¹ Mirziyoyev SH.M. 2022 yil 28 yanvardagi PF-60 sonli «2022 - 2026 yillarga mo'ljallangan yangi O'zbekistonning taraqqiyot strategiyasi to'g'risidagi farmoni

² Mirziyoyev Sh.M. Fond bozorini rivojlantirish masalalariga bag'ishlangan yig'ilish bayonoti. 2019 yil 7 oktyabr. <http://xs.uz/uzkr/post/fond-bozorini-rivozhlantirish-masalalari-muhokama-qilindi>.

every day. The turnover of the Shanghai stock market in 2021 is 441.9 billion. RMB 346.5 billion, of which the stock market is worth 346.5 billion. yuan, i.e. 78.41 percent, the bond market is worth 39.8 billion. yuan by 9.01 percent, and the warrant by 49 billion. yuan 11.09 percent, and other securities 6.5 billion. yuan was 1.48 percent.³

The capabilities of the Hong Kong Stock Exchange are judged by the economic situation of the region. At the beginning of the twenty-first century, the Hong Kong Stock Exchange ranked 16th in the world in terms of its trading volume. In 2005-2006, the trading turnover of the Hong Kong Stock Exchange increased. Three-quarters of the shares of Chinese commercial banks, construction, trade and industrial enterprises are listed on the Hong Kong Stock Exchange. The Hong Kong Stock Exchange ranks second in the world in terms of the number of shares, after the London Stock Exchange. According to European experts, the Hong Kong Stock Exchange is gradually becoming an international financial center after London and New York.

Companies listed on the SSE fall into one of two categories: SSE Mainboard and SSE NASDAQ. To be listed on the main board, a company must meet certain requirements set by the SSE, while listing on NASDAQ is not subject to additional conditions. The SSE was replaced by the SSE Catalyst on November 26, 2007, following extensive research into alternative market models and public consultation in May 2007. The word "Catalyst" is a portmanteau of the words "Catalyst" and "List", reflecting the idea that the Catalyst Board can be used as a catalyst to stimulate growth on the list. Catalyst differs from SSE primarily in that it uses a sponsorship system to determine the suitability of a prospective company for listing, and acts as a corporate advisor to advise on listing and corporate governance issues.

The minimum level of annual inflation in the United States in October 2022 led to rapid growth in the local stock market, market data reported.

The positive market reaction immediately followed the publication of a press release by the US Department of Labor last month with data on rising prices in the country. Annual inflation fell to 7.7 percent per year, which was lower than the expectations of experts, which ranged from 7.9 percent to 8 percent.

Uzbekistan's state independence opened a new page in the formation and development of the stock market. During this period, large-scale reforms were carried out in the country aimed at forming a multi-modal market economy. In this regard, special attention was paid to the formation of a sustainably growing stock market.

There was no attempt to artificially accelerate the process of liberalization and development of the stock market in Uzbekistan, but rather, the main attention was paid to the quality of the reforms being carried out and their timely implementation.

³ http://www.sse.com.cn/sseportal/en/pages/p1005/p1005_content/factbook_us2010.pdf

The initial stage of the reforms was associated with the implementation of a number of measures aimed at forming the organizational and legal basis of the stock market and its foundation. In particular, the large-scale privatization processes that began in the country served as the main basis for its formation. Reforms were carried out based on the Law of the Republic of Uzbekistan “On Denationalization and Privatization” and the Law “On Securities and Stock Exchange” in the new edition. The adoption of these laws is a powerful factor in both quantitative (increase in the number of JSCs and investment institutions) and qualitative (expansion of the activities of economic entities carrying out operations with securities).

In our opinion, having studied the process of formation of the stock market over a period of almost 30 years, its development can be divided into the following stages and expressed on the basis of Table 3. This covers the period from the beginning of the privatization processes, the establishment of the Tashkent Republican Stock Exchange, to the development of the capital market.

The following functions related to the stock market function can be included: commercial, i.e. the function of making a profit from activities in this market; price, i.e. the function of ensuring the state and formation of prices in the market, their constant change depending on the market situation; information, i.e. the market prepares and delivers information to its participants about the objects of trade and participants; coordination, i.e. the market develops the rules of participation in it and trading, the procedure for allowing disputes between participants, and appoints management or supervisory bodies.

One of the main functions of the stock market is to determine the price of financial instruments, that is, the market determines such a price that reflects all the information about this financial instrument.

The tasks of the stock market can be divided into main and additional tasks. The main tasks of the stock market include: attraction of temporarily free financial resources in sectors of the economy; effective distribution and redistribution of financial and investment resources to promising sectors of the economy; servicing the national debt; redistribution of ownership of means of production; serving the mutual balancing (balanced) monetary and credit and tax-budget policy implemented by the state; achieve financial globalization.

The stock market also performs a number of important macroeconomic and microeconomic functions in a developed economy.

Firstly, the stock market plays the role of a coordinator of investment flows, ensuring the optimal composition of resource use for society. It is through the stock market that the main part of the capital flow to sectors with a higher level of profitability for financial investments is carried out. The share price in the secondary market, which changes based on market demand and supply (naturally, investors try to

direct their funds to more profitable projects and get rid of low-yielding securities), ultimately determines the price in the primary market, which is important for production. It is precisely in the primary market that enterprises have the opportunity to obtain the necessary capital for development. In developed markets, the success or failure of a newly established enterprise depends on the attitude towards its securities, that is, the pace of their acquisition.

Secondly, the stock market provides a mass nature of the investment process. That is, it allows a voluntary economic agent with free money to make investments in production by purchasing securities. The concentration of securities turnover on the stock exchange and among professional intermediaries allows the investor to simplify the investment process.

Thirdly, the stock market quickly reflects changes in the social, political, foreign economic and other spheres of society. In this regard, the general indicators of the state of the stock market are the main indicator when considering the economic situation of the country as a whole. A narrow analysis of the situation on the stock market allows you to assess the activities of a particular region, industry and enterprise.

Fourth, the democratic principles of micro-management of the economy are manifested through securities. For example, when decisions are made by voting shareholders, that is, one vote per share, the one who has more shares has greater influence on making decisions immediately (speed).

Fifth, the state implements its structural policy by purchasing shares of separately acquired enterprises. By purchasing shares of strategic enterprises, it invests in production that is important from the point of view of social development.

Sixth, the securities market is an important instrument of state financial policy. The main tool for implementing this function is the state securities market. Through the securities market, the state influences the money supply, growth or decline in GDP.

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