

## **THE ROLE AND PROSPECTS OF IPO AND SPO PRACTICES IN THE DEVELOPMENT OF FINANCIAL MARKETS**

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In recent years, the development of the capital market has been identified as a key priority in Uzbekistan's economic policy. In the process of modernizing the national economy, reducing the state's share, and expanding the private sector, the practices of Initial Public Offering (IPO) and Secondary Public Offering (SPO) have emerged as important instruments. Global experience shows that IPOs are among the most transparent and effective means of raising capital, enabling households' savings to be channeled into the real sector of the economy. SPOs, in turn, allow companies to mobilize additional resources under market conditions, increase market liquidity, and reduce the state's ownership stake.

International research has widely highlighted the role of IPOs in economic development. For instance, Ritter (2021) notes that IPOs contribute to the deepening and liquidity of capital markets. Ljungqvist (2019) emphasizes that IPOs enhance the competitiveness of firms. Looking at regional practices, IPOs in Kazakhstan and Turkey have been effectively used as tools to gradually privatize state-owned assets, expand public participation, and prepare capital markets for international integration.

Uzbekistan's stock market entered a new stage in the 2020s. The year 2023 marked a turning point in this process. During that year, several major companies conducted IPOs, and thousands of citizens participated as shareholders for the first time. Among them were "UzAuto Motors" JSC, "Uzbektelecom" JSC, and "Uzbekinvest" JSC. However, the initial results fell short of expectations. The main reasons for this were insufficient investor confidence, underdeveloped market infrastructure, and an incomplete legal-regulatory framework.

Statistical data confirm this trend. Between 2018 and 2023, a total of seven IPOs and SPOs were held in the country, of which four were successfully completed. The capitalization of the stock market, which amounted to 6.7% of GDP in 2021, reached around 21% by 2024. Both trading volumes and the number of investors increased several times. For example, by the end of 2023, the number of retail investors exceeded 50,000.

International experience also shows interesting parallels. In Turkey, \$3 billion was raised through IPOs in 2023, while in Kazakhstan companies such as "Kaspi.kz" and "QMG" attracted hundreds of millions of dollars through IPOs and brought

thousands of citizens into shareholder participation. South Korea has also created one of the region's most successful experiences in attracting capital inflows via IPOs.

#### Key Factors Determining Success of IPO and SPO in Uzbekistan

1. Expanding the investor base – introducing public education programs, tax incentives, and other measures to channel household savings into the capital market.
2. Modernizing market infrastructure – upgrading depository, clearing, and custodian systems to international standards to attract foreign investors.
3. Improving the legal and institutional framework – adopting new securities market laws promptly and ensuring the protection of minority shareholders' rights.
4. Transforming state-owned enterprises – aligning financial reporting with IFRS before IPOs and publishing independent audit opinions.
5. Activating the secondary market – maintaining liquidity after IPOs by ensuring ongoing engagement with investors (Investor Relations).

Particularly, the anticipated international IPO of “Navoi Mining and Metallurgical Combine” JSC in 2025 carries great significance. As one of the world's largest gold mining companies, its potential IPO on the London Stock Exchange may strengthen Uzbekistan's position in global capital markets.

Overall, Uzbekistan's stock market entered a phase of recovery and revitalization in 2022–2025. IPO and SPO practices are among the main drivers of this process, playing an important role in developing the capital market, increasing investment volumes, and ensuring long-term economic growth. While the results achieved so far have been moderate, the trend remains positive. If government policy continues consistently, the legal and institutional framework is strengthened, and investor confidence grows, Uzbekistan's stock market could take a leading position in Central Asia in the near future.

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