

## ISSUES OF THE PARTICIPATION OF CORPORATE STRUCTURES IN THE STOCK MARKET

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**Abstract.** It is emphasized that the specifics of improving long-term financing through stocks and the role and importance of joint stock companies. It also provides scientific results from foreign and local scientists who have conducted research on the organization of long-term financing through stocks, and based on the experience of foreign countries, conclusions and recommendations for long-term financing of joint stock companies in our country.

**Keywords:** stock market infrastructure, financial market, securities market, stock, over-the-counter market

### INTRODUCTION

In world practice, scientific research has been conducted to study the movement of capital flows through the stock market. Based on the results of the research, opinions are being expressed on the development of national and international stock market systems and are constantly being improved. These include a number of scientific studies on the improvement of stock market trading mechanisms, the use of international capital through the placement of securities on world stock exchanges, the efficient use of borrowed funds and the formation of an optimal capital structure. However, aspects of the possibility of increasing capital inflows into the country through the stock market have not yet been fully resolved scientifically.

In Uzbekistan, attention has been paid to the use of stock market infrastructure in reducing the state's participation in the economy by actively attracting foreign and domestic investment in sectors and regions of the economy by improving the investment climate. The aim is to improve the competitive environment in the financial market and, as a result, increase capital inflows into the economy by "attracting capital and developing the stock market as an alternative source of free resources for enterprises, financial institutions and the population." At the same time, in order to increase the activity of investors in the stock market, it is necessary to increase the liquidity and diversification of securities. This is due to the fact that today in Uzbekistan the free circulation of shares is "around 0.5% of GDP" and the negative level of diversification of securities (shares 99 209.77 billion soums, bonds 488.06 billion soums) attracts domestic and foreign investors to the country's stock market. leading to low interest in instruments. Therefore, raising capital through the stock market requires the development of proposals to address existing problems through a comprehensive in-depth scientific study. "Development of financial markets, including the stock market, should be one of our main goals in the new economic environment" - emphasizes the need to develop the securities market. This indicates the relevance of the topic of this article.

### LITERATURE REVIEW

The concepts of stock market and stock market are common in economic literature and vocabulary. In particular, E.F. Zhukov writes: "Currently, there are three markets for securities involved in financing the economy: over-the-counter, stock (exchange) and street." Other economists, such as Ya.M. Mirkin sees the concepts of stock market and stock market as one concept. But if we consider that in all three markets there is a single commodity quotation, which

can be called "stock values", it becomes clear that the concepts of "stock market" and "stock market" are very similar.

It should be noted that in international practice there are different interpretations of the scientific definitions of the "stock market", which differ from each other and do not form a single approach. Therefore, while the controversy among economists about the stock market and the stock market is still ongoing, the scientific definitions and opinions given by foreign economists are also interesting, and we found it necessary to study some of them. In particular, Raymond Barr, a foreign economist, describes the stock market as follows. "The stock market, as a technical institution, performs the function of redistribution of free funds, assesses property rights, redistributes risks, redistributes information among participants in the turnover. Therefore, the stock market is a long-term idle capital market that collects and consolidates funds. These funds will be directed to long-term sectors.

In our view, Raymond Barr sees the stock market primarily as a technical institution, recognizing it as redistributing free cash, risks, and information among participants, and understanding it as a long-term idle capital market that collects and consolidates funds. In turn, it says that these funds will be directed to the relevant sectors in the long run.

The situation and development trends of the world stock market in the context of the pandemic, economic policy of countries during the pandemic, borrowing, assessment of the impact of various factors on the development of global stock market indicators, their econometric modeling by a number of foreign scholars studied by. In the research of foreign scientists Mark Ashleiy , it is noted that the COVID-19 pandemic has caused great difficulties all over the world. In response, the U.S. Federal Reserve System acted quickly and aggressively to support the economy. This article presents some preliminary evidence that the municipal bond market, in particular the short-term variable interest-bearing debt obligation (VRDO), is a means of satisfying demand. The article discusses the important role of reducing liquidity decline. Tahir Mumtaz Awan, Jamal Maqsood's research has focused on assessing the impact of COVID-19 on the world's top five financial markets and observing how they interact at different stages of the pandemic. The process involves the exchange of information through financial market news, blogs, government and other financial institutions' websites. The article notes that the consequences of the pandemic are similar to the damage that humanity has never experienced in a short period of time, destroying a quarter of the wealth in about a month and causing constant uncertainty for investors.

## RESEARCH METHODOLOGY

In this research, empirical analysis, grouping, analysis and synthesis of indicators, comparison, prospective forecasting methods were used in the preparation of the article. As a result of the analysis of practical data, the development trends of global and national stock markets were identified, relevant conclusions and recommendations were developed.

## ANALYSIS AND RESULTS

"In developed countries, the share of stock market or stock market capitalization in the country's GDP is very high, at 70-90% on the New York and Tokyo stock exchanges, 100-120% on the Korean and London stock exchanges, and 1000-1200% on the Hong Kong stock exchange," he said reaches.

In addition, the total nominal value of securities issued to date amounted to 92.35 trillion soums, of which only 1.5% or 1.4 trillion soums. soums, which is less than 0.4 percent of the country's gross domestic product. In Singapore, the figure is 188 percent, in Malaysia 112 percent and in Russia 34 percent. It should be noted that there are a number of problems in our country that hinder the development of the securities market. These problems include: - Lack of a unified state

policy for the development and regulation of capital markets at the legislative level; - The current legislation does not reflect all types of securities in international practice, the issuance and circulation of certain types of securities (government securities, international bonds) is regulated by legal documents; - Inadequate control over the activities of market participants and protection of the rights of shareholders and investors; - the limited activity of the authorized state body regulating the securities market and its regulation by the decisions of the President and the Government does not comply with international standards and norms for the independent operation of this body; - The complexity and narrow scope of the licensing system for the activities of professional participants in the securities market (investment intermediary, investment adviser, trustee), which is inconsistent with international practice; - non-digitization of the procedure for holding general meetings of shareholders and meetings of the company's supervisory board; - inconsistency of the single database (register) of information on depositors and shareholders with the personalization system, ie the inability to view their active status online; - The system of privatization and implementation of primary and secondary public offering (IPO / SPO) is outdated, due to non-compliance with international standards, only 4 IPOs / SPOs have been held in the country over the past 5 years; - The lack of attractiveness of the quotation list categories of the exchange and the lack of regulation of over-the-counter trades and other similar shortcomings seriously hinder the effective development of the market.

In order to take a deeper approach to the issue, it is expedient to analyze the trends in trading volumes of the Republican Stock Exchange "Tashkent", the electronic trading system "Elsis-Savdo", the electronic trading system "Interbank Trade System", which are part of the organized securities market. It is through these systems (currently only Tashkent RSE, Elsis-Savdo EST) that securities-related trading transactions are carried out in the organized securities market. The results of the analysis show that the Republican Stock Exchange "Tashkent" has a clear advantage in the volume of trade in the organized securities market. This, of course, is also one of the reasons why the infrastructure of the stock exchange is developing.

**Table 1**

**Diversification of the institutional structure of organized securities market development in Uzbekistan in 2012-2023**

Years	Organized securities market trading volume, (in billion soums)	<i>Including segments of the organized securities market, in billion soums</i>					
		"Toshkent" RSE	Share, %	"Elsis-savdo" ETS	Share, %	Interbank trade system "EST	Share, %
2012	65.1	52.4	80.4	12.2	18.7	0.6	0.9
2013	214	164.6	84	48.6	15.6	0.8	0.4
2014	207	170.7	82.4	36.2	17.5	0.19	0.1
2015	95.6	93.2	97.4	2.5	2.6	0	0
2016	100.2	97.6	98.1	2.6	1.9	0	0
2017	170	161.04	94.6	9.24	5.4	0	0

<b>2018</b>	311.7	300.8	96.5	10.93	3.5	0	0
<b>2019</b>	302.5	298.55	98.7	3.97	1.3	0	0
<b>2020</b>	814.5	687.3	91.1	127.2	8.9	0	0
<b>2021</b>	495.4	438.8	86.6	56.6	11.4	0	0
<b>2022</b>	561.5	510.8	81%	50.7	9%	0	0
<b>2023</b>	580.5	515.5	88%	54.5	11.5%	0	0

In 2012-2023, the Republican Stock Exchange "Tashkent" had a share of 80-98% in the volume of trade in the organized securities market. It should be noted that the volume of trades on the stock exchange has not grown steadily. In particular, in 2013 and 2014, compared to previous years, the volume of trade on the stock exchange decreased by an average of 35% in these years. The trading volume on the stock exchange in 2018 was the highest at 687.3 billion soums. In 2019, this figure decreased by 36.1% and amounted to 438.8 billion soums. Of course, this indicator itself indicates the need to further develop the activities of the stock exchange, the need to adapt the listing students of the stock exchange to modern requirements. The organized over-the-counter market in the country is equipped with the electronic trading system "Elsis Savdo" (Table 1).

In 2019, the volume of trades in this system amounted to 56.6 billion soums on securities of 119 issuers. soums, and in 2022 - 50.7 bln. soums. However, the volume of sales in the electronic trading system "Elsis-Savdo" can not be compared with the volume of sales of RSE "Tashkent". It should be noted here that until recently, there were no restrictions on the circulation of securities in the trading platforms of both trading participants (organizers). In other words, it was possible to trade shares not listed on the stock exchange, but the securities of RFB listing companies "Tashkent" could be sold through "Elsis-trading". As of 2018, securities that are not listed on the stock exchange are allowed to trade in the organized over-the-counter market. The application of planned tax benefits for issuers of listed securities can serve as an additional factor in ensuring the attractiveness of the exchange for JSCs, as well as increasing primary and secondary market turnover and increasing market liquidity in general. establishment of a self-governing non-governmental association of professional participants in the capital market, providing protection, including:

1. Study of the activities of self-governing organizations of professional participants of the capital market in foreign countries;
2. Defining the main tasks, objectives and mechanisms for the implementation of the activities of the self-governing organization;
3. Broad involvement of the organization in the process of monitoring compliance with the legislation on the securities market, in particular, the disclosure of information and compliance with trading rules.

When a large number of natural or man-made disasters occur over large areas, the insurance mechanism has a positive impact on the country's financial capacity as it covers losses. In addition, insurance companies are one of the main financial institutions that provide "long" money to the economy as a result of sustainable investment activities. Therefore, in developed countries, the development of the country's monetary system and the level of inflation and investment development are directly assessed, depending on the level of development of insurance, especially the types of savings insurance. The second factor that led to a sharp decline in the number of IFi in Uzbekistan was their equating to a joint stock company. As of February 1, 2003, the authorized capital was recalculated at the rate of the Central Bank of the Republic of Uzbekistan in the amount

of 50 thousand US dollars, up to January 1, 2010 - 400 thousand US dollars, and by Decree No. PF-5177 of September 2, 2017 - 400 thousand US dollars. 1,600 million without changes. soums. In accordance with the Law of March 20, 2019 No. ZRU-531 "On amendments and additions to some legislative acts of the Republic of Uzbekistan in connection with the adoption of additional measures to improve the business environment in the country", the requirement for a minimum charter capital was abolished. At the same time, the minimum amount of the company's charter capital can be set in the license requirements.

**Table 2****The share of market segments in the attraction of financial resources by corporate structures**

№	Indicators	2021		2022		2023	
		Volume (in billion soums)	In percent	Volume (in billion soums)	In percent	Volume (in billion soums)	In percent
1.	<b>Organized stock market trading turnover</b>	814.5	0.5	490.8	0.23	650.0	0.23%
2.	<b>Total stock market turnover</b>	10710,0	7.0	37 681.0	17.9	63886.5	22.17 %
3.	<b>Bank loans to legal entities</b>	142 964.0	92.5	171 647.0	81.8	223647,1	77.61 %
4.	<b>Total (2 + 3)</b>	<b>153 674.0</b>	<b>100</b>	<b>209 328.0</b>	<b>100</b>	<b>287533.6</b>	<b>100</b>

From the data in Table 2 above, it is clear that in our country, corporate structures meet financial resources mainly through bank loans. In 2020, the attraction of financial resources through the stock market will accelerate. However, this figure does not reflect the attraction of resources through pure market mechanisms. This is because the high share in the unorganized stock market in 2020 is due to the fact that the existing state structures in the non-organized stock market are implemented mainly through closed subscriptions. In fact, it would be fair to compare the credit market with the organized market in attracting financial resources through the stock market. Therefore, if we look at the share of the organized market, the fact that 0.23% of the total turnover consists of the stock exchange and the over-the-counter organized market indicates the need to improve this result.

The interest of shareholders is mainly the increase in the value of net assets. That is, as a result of the quotation of securities on the stock market, each shareholder is informed about the value of the property. In this case, the shareholder can receive a dividend per share or earn income as a difference between exchange rates by selling when its value rises. Therefore, the general meeting of shareholders will increase the size of the investment portfolio by placing part of the net profit received at the end of the year in investment facilities, resulting in an increase in the value of the assets. In our country, due to the fact that such a practice does not work perfectly, shareholders are limited to dividends.

**CONCLUSION**

Based on the above considerations, the use of securities market instruments to increase capital in Uzbekistan and the competitive stock market are still under development, and there are some challenges to strengthening the role and functions of the stock market in attracting capital and its further development. These problems include:

- low volume of public tenders (IPO/SPO) or high level of government intervention in this regard. Currently (in 2019) there are only a few real cases in this regard. IPO/SPOs can be cited as examples;

- "inability to compete with banks" in attracting financial resources, ie the complexity and lengthy mechanism of attracting resources through the stock market, the use of only two instruments in the stock market by type of services and offers, ie low level of instrument diversification (according to the Central Depository in 2021) As of January 1, Uzbekistan issued a total of 99,209.77 billion soums worth of shares, and the volume of outstanding bonds amounted to only 488.06 billion soums. In addition, the main issuers of bonds remain commercial banks. would have further revealed its essence if it had come out).

Today, the privatization of state-owned shares in joint-stock companies through the issuance of additional securities, the organization of presentations to potential investors before the issuance of corporate securities at a time when special attention is paid to attracting foreign investors, contributes to the successful placement of securities. Therefore, it is necessary to pay priority to this aspect in the activities of joint-stock companies.

In the context of globalization of the economy, corporate structures have to compete internationally. This requires them to constantly develop their activities, implement innovative projects and conquer new markets. The implementation of new projects is directly related to attracting large amounts of capital. Therefore, at the international level, corporate structures pay serious attention not only to attract capital from the national market, but also to attract capital from international financial markets. A number of measures are being taken in this direction in our country as well.

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