

RESEARCH ARTICLE

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# ANALYSIS OF ATTRACTION OF FINANCIAL RESOURCES BY JOINT STOCK COMPANIES IN THE SECURITIES MARKET

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## Abstract

The article reveals the economic significance and relevance of joint-stock companies attracting financial resources from the stock market. Information is presented on the research of foreign and domestic economists in this area. The participation of joint stock companies in the stock market and its trends is analyzed. Also, based on the results of the study, conclusions are presented on improving the mechanism for joint-stock companies to attract financial resources from the stock market.

**Keywords** Corporate finance, financial strategy, capital, bonds, financial security, shares, privatization, investment strategy, corporate governance, financial mechanism.

## INTRODUCTION

At the current stage of the development of the capital market in new Uzbekistan, comprehensive development of the activities of joint stock companies operating in our country is of great importance. As one result of the reforms to improve the modern corporate management mechanism in joint-stock companies in recent years, it can be noted that the share of institutional investors in the turnover of the securities market is increasing. However, it is known from international practical experience that the share of securities trade volume in GDP is very small. Several legislative norms aimed at increasing the activity of joint-stock companies in the development of the securities market, in particular, in these processes, are being improved. In the State program on the implementation of the development strategy of New Uzbekistan for the period of 2022-2026 in the year "Glorification of human value and active neighborhood", "in order

to gradually liberalize the movement of capital in our country, attracting foreign capital flows to the financial market mainly in the medium and long term, non-residents of state securities priority tasks such as allowing purchases and increasing liquidity in the corporate securities market" [1].

Based on the above, it should be noted that the introduction of modern instruments of capital attraction from the stock market by joint-stock companies into national practice, in particular, the creation and improvement of economic and legal foundations, finding a positive solution to the issue of personnel in the field, and increasing the enthusiasm of large financial institutions to use these instruments are the relevance of research in this direction. manifests itself. Also, in the development of the national capital market, it is important to ensure their independence and further increase their international integration based on international practice experiences.

## REVIEW OF LITERATURE

Several studies have been carried out by domestic and foreign economists to shed light on the economic foundations of the stock market and the importance of the development of the stock market in the development of the national economy.

In addition to the definition of the capital market proposed by M.I. Kasimova, it can be said that "the stock market is an economic relationship between subjects of economic activity, which, on the one hand, creates a demand and, on the other hand, a supply of investment products." In this regard, M.I. Kasimova legally "links" the capital markets to investment goods, that is, money, securities and other forms of value, the purpose of which is to make a profit. In the capital market, long-term and short-term capital and liabilities are widely circulated [2]. According to R.R. Rubtsov, "The financial market is a set of economic relations and institutions related to the movement of money capital" [3]. According to F. Mishkin, the author of much scientific literature on the international financial market and institutions, their organizational and economic foundations, "the stock market is a market that serves to transfer money from people with excess funds to those who lack funds" [4].

Mutual financial relations between corporate structures and securities, the mechanism of attracting investments by corporate structures through financial markets, and the issues of attracting foreign investments to the activities of corporate structures were studied in the scientific research of I.L. Butikov [5]. F.T. Mukhamedov's scientific research works focus on securities trading systems and their development, in which the factors influencing the development of securities trading systems, current problems and ways to overcome them are presented [6]. K. Z. Khomitov's scientific research studies included the evaluation of company securities and placement on stock exchanges, priority areas of stock exchange activity, investment in projects, and issues of profitability [7]. In the research conducted by N.R. Tursunova, the economic nature of corporate bonds issued by joint-stock companies, was studied, as well as scientific conclusions were developed based on the analysis of the state of

corporate bonds issued and placed by commercial banks, the state of circulation of corporate bonds on the stock exchange [8]. In scientific research carried out by H.K. Khudoykulov, models of the valuation of stock market assets, in particular, models of the valuation of the level of profitability of company shares in the stock markets and their specific characteristics were studied. As a result, scientifically based conclusions on the types of financial asset valuation (CAPM) models and features of their use were developed [9]. Funding of joint-stock companies through shares - consists of financing of joint-stock companies through initial, IPO, secondary, closed subscriptions based on capitalized profit, additional and preferred shares and securities convertible into shares [10].

## **RESEARCH METHODOLOGY**

The article examines the scientific developments of economists aimed at elucidating the fundamental principles of the development of the stock market. Mathematical-statistical modeling, comparative analysis, correlation and regression, and logical thinking methods were also used in the research.

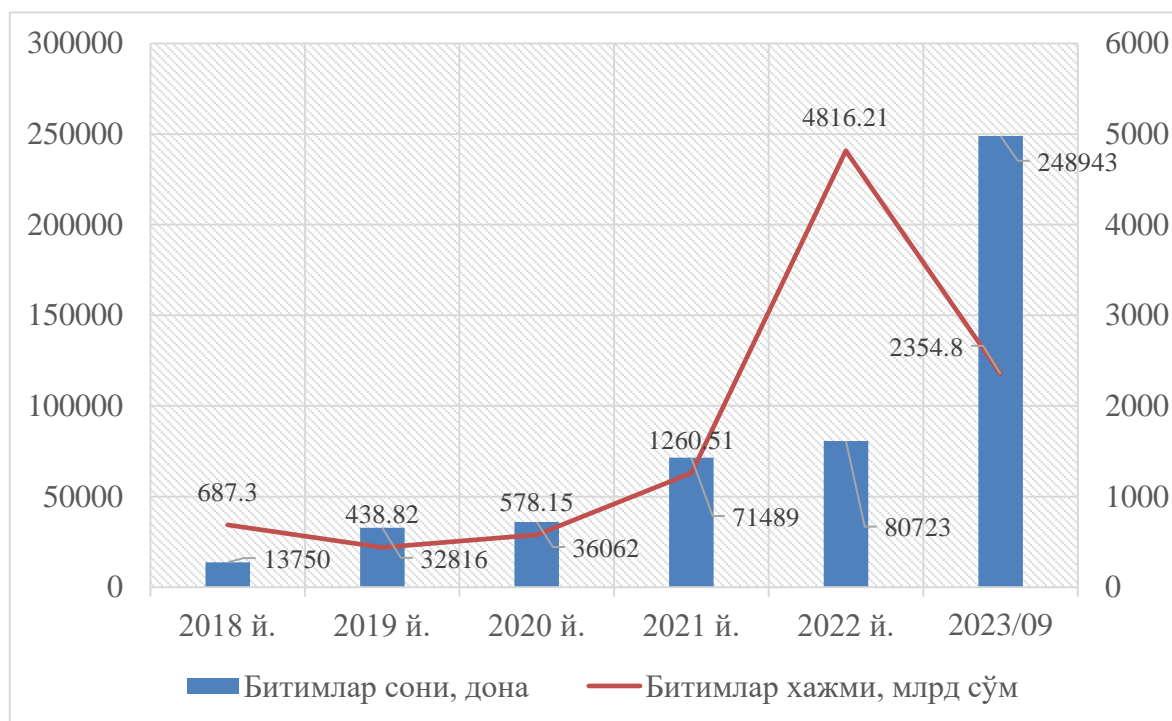
## **ANALYSIS AND RESULTS**

During 2022, 80,723 deals worth 4.82 trillion soums were concluded with 36.15 billion pieces of securities of 114 issuers, and the largest volume of deals recorded in January reached 3.04 trillion soums. The maximum volume fell on January 20, and the total amount of transactions concluded on that day exceeded 1.90 trillion soums. The lowest volume of transactions was concluded in August, totaling 39.53 mln. amounted to soum. If we analyze in terms of years, in 2018, the total volume of transactions was 687.30 billion soums, this indicator has increased by 2.5 times to 2354.80 billion soums by the end of 9 months of 2013. amounted to soum. This can be explained by the activation of institutional investors on their value trades and the introduction of the powers granted to limited liability companies on the issue of corporate bonds over the past years. These numbers can also be seen in terms of the volume of transactions. If a total of 13,750 transactions were concluded in 2018, by the end of 2023, the number of transactions concluded on securities trading will increase by 18 times, which shows that Tashkent

RFB is gradually improving its modern platforms (Fig. 1).

In recent years, the volume of sales of Tashkent RFB, which specializes in securities trading in our country, has been increasing in comparison to

previous years. As of the end of 2022, there are securities of 111 issuers in the "Tashkent" RFB stock exchange quotation sheet, of which 107 are stock issuers, 3 of them are stock and bond issuers, and 4 are bond issuers only.



**Figure 1. The number and size of securities transactions in 2018-2023 [14]**

The largest number of transactions and the volume of sales by listing categories were recorded with the shares of issuers of the "Standard" category - 55,598 transactions worth 3,597.22 billion soums. Issuer's securities of the "Premium" listing category recorded the lowest value of these indicators: number of transactions - 7,535 units; volume of transactions - 14.05 billion soums. As of January 5, 2022, there were securities of 139 issuers on the stock exchange quotation sheet. During the reporting period, the securities of 23 issuers were included in the stock exchange quotation sheet, of which 20 are shares and 3 bond issuers, and also that the securities of 51 issuers do not meet the requirements of the stock exchange quotation sheet; that there are signs of bankruptcy of the issuer; bonds were delisted because of

redemption or at the request of issuers, because of which, as of December 30, 2022, securities of 111 issuers are available on the stock exchange quotation sheet.

In 2022, 71 deals were concluded on the bond market, and their total volume was 110.42 billion soums. 24,997 bonds of 7 issuers participated in this year's auctions. The largest volume of the transactions corresponded to transactions of 61.80 billion soums concluded with the corporate bonds of "Kapitalbank" ATB /KPBA10/. The largest number of deals were concluded with the bonds of "Biznes finance microfinance organization" LLC /BFMT3/ - 39 units. The main part of bonds was purchased by legal entities, which made up 97.38% of the total trading volume (Table 1).

1-Table

Information about corporate bonds issued by joint-stock companies (as of January 1, 2023) [15]

№	Issuer	Issue Date / Expiration Date	Coupon rate	Nominal value of 1 bond	Issued QQ number	Number of placed QQ
1	"Asia Alliance Bank" ATB	16.07.2019/ 15.07.2026	MB refinancing rate + 4%	1000000	50000	50000
2	"Kapitalbank" JSC	24.04.2020/ 21.05.2027	MB refinancing rate + 5%	1000000	50000	50000
		06.09.2021/ 30.08.2031	6.5% corp. indexed to the nominal value of the subordinated bonds	10000000	6180	6180
3	"Uzmetkombinat" JSC	24.12.2021/ 26.06.2023	22%	5000000	10000	10000
4	"Uzagrolizing" JSC	14.09.2022/ 10.03.2024	23%	1000000	50000	15113

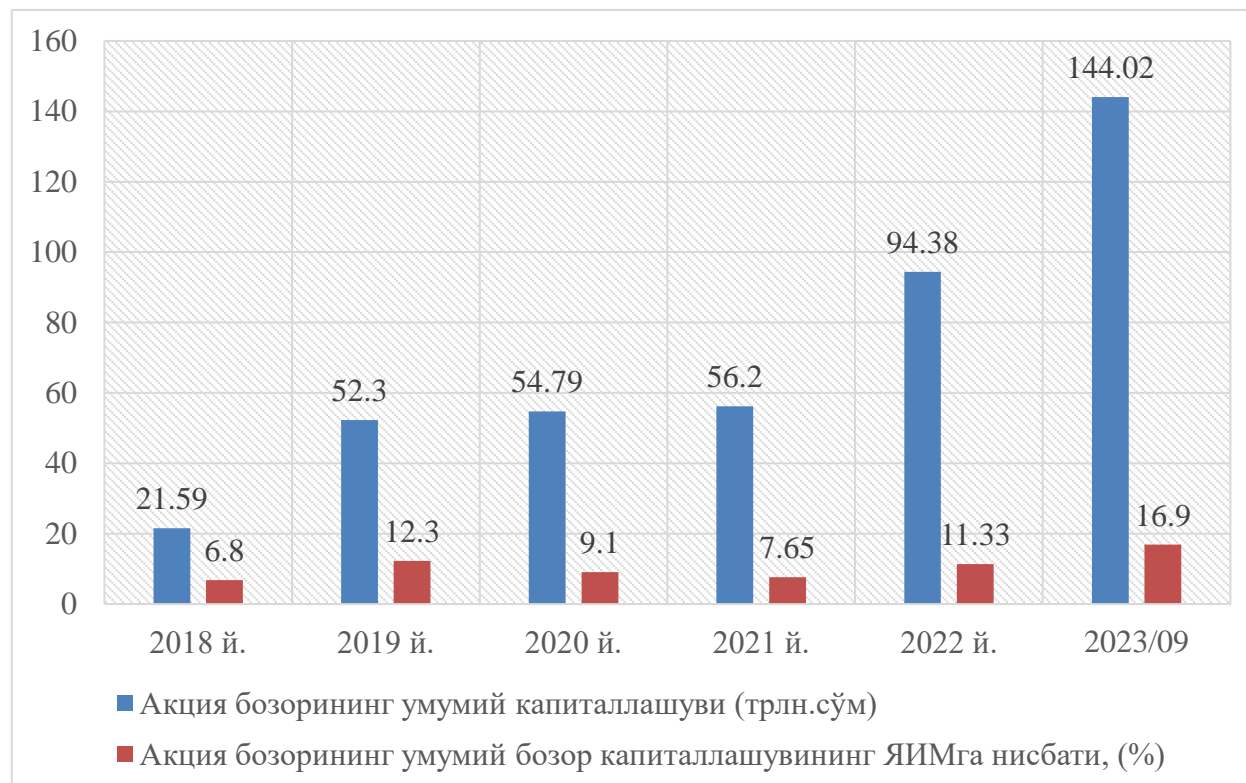
As of the end of 2022, there are bonds of 7 issuers in the "Tashkent" RFB stock exchange quotation sheet, of which 2 are issuers in the form of joint-stock companies, 2 are issuers in the sector of joint-stock commercial banks, and 3 are issuers in the form of limited liability companies. Bonds of 5 out of 7 issuers have fixed coupon yield (/AREL1/-21%, /AREL2/-21.5%, /UZMB2/- 22.0%, /AREL3/-22.5%, /UZAL2/- 23 .

During the 9 months of 2023, 247,263 transactions with the shares of 83 issuers with a total value of 333.68 billion soums were concluded on the G1-"Main Board" trading platform, which is the main trading area in the stock market. The largest volume of transactions was made with ordinary shares of "Ravnaq-Bank" ATB /RBQB/ worth 157.34 billion soums. T1 - in the "Nego Board" trading area, that is, in the negotiation auction mode, in the section where transactions are concluded with packages of securities, the volume of which is at least 1% of the total number of issued securities, in the period under review, with securities of 24 issuers, the total value of which is 1.88 trillion 75 transactions worth soums were registered. The largest volume of transactions was concluded with ordinary shares of "SOLUTIONS LAB" JSC /SOLA/, which amounted to 672.68 billion soums or 28.57% of the total stock market

volume. The sale of 9.34 million soums of preferred shares of "Ipak-Yo'li" ATIB /IPK1/ was the smallest transaction and made up 0.0004% of the total stock exchange volume.

If the total capitalization of the stock market in 2018 is 21.59 trillion. amounted to soumn, this indicator reached 6.8% of GDP. During 2022, the total market capitalization of issuers included in the list of stock exchange quotations changed significantly, by the end of the period there was a decrease and an increase in capitalization. As of 01.05.2022, the market capitalization was 55.72 trillion soums and varied between 55.72 and 152.10 trillion soums until 30.12.2022. From 14.04.2022, there was a rapid increase in market capitalization, this trend continued until April 20, 2022 and reached 152.10 trillion soums. During this period, the number of ordinary and preferred shares of JSC "Uzmetkombinat" was increased by issuing 10 additional shares for 1 share, and in turn, at this time, the shares were sold at the old price (140,000.00 soums on average) and the issuer's market capitalization was 5.99 trillion soums 68 It reflected 19 trillion soums. After that, the price of the shares of "Uzmetkombinat" JSC was corrected in the ratio of 1/11, and the capitalization volume reached the level of 105.17 trillion soums. As of January 1, 2023, the total market capitalization of issuers included in the list

of stock exchange quotations amounted to 94.38 trillion soums (Figure 2).



**Figure 2. Total market capitalization of the stock market in 2018-2023 [14]**

Market capitalization is determined by multiplying the number of securities and their closing prices provided by the YaDTM system. In 2022, despite the fact that 99.90 percent of the total transactions with shares were made on the "Main Board" platform, the largest volume of transactions was made on the "Nego Board" platform (75.09 percent of the total volume of transactions with shares). In 2022, the largest volume of transactions corresponded to ordinary and preferred shares of "Kapitalbank" ATB /KPBA/, /KPBA1/, respectively, transactions worth 786.90 and 140.54 billion soums were concluded with them, and this is 67.11% of the total stock exchange volume and It was 11.98%. In the next place, the largest deals were made with ordinary shares of "Garant Bank" ATB /GRBK/ for 71.35 billion soums, which make up 6.08% percent of the total stock market trading volume. The volume of transactions with ordinary shares of "Uzmetkombinat" JSC /UZMK/ amounted to 42.75 billion soums and its share in the general stock

exchange was 3.64%. The volume of transactions concluded with ordinary shares of "UNIPOLIS" JSC /UNPL/ and "Universal Bank" ATB /UNVB/ amounted to 23.55 billion and 16.93 billion soums, respectively. The top 10 was completed by ordinary shares of "TEMIRYOL-SUGURTA" JSC /TMYS/ and "OHANGARONSEMENT" JSC /OHSM/ with transactions worth 6.20 billion and 6.07 billion soums, respectively 0.53% of the total volume of transactions. and is 0.52%.

## CONCLUSIONS AND SUGGESTIONS

Today, in the context of the development of the practice of attracting financial resources from the international capital market by the joint-stock companies of our country, it is necessary to involve not only commercial banks, but also enterprises of the real sector of the economy in these processes. By improving this practice, it will have a positive effect on the gradual reduction of the state's share in the authorized capital of these joint-stock companies, the strengthening of integration into the international financial market, the acquisition



of independent international rating indices, and the development of a modern corporate governance mechanism.

Diversification of existing types of bonds - implementation of appropriate measures for the issuance of options and futures, as well as development of mechanisms for legal regulation of placement of new types of securities (including securitization and mortgage bonds) and their circulation.

The tendency of commercial banks to participate in the emerging securities market as the largest institutional investors is explained by the fact that many of them have a high level of capitalization, strong information bases about the state of its various segments, as well as qualified specialists in the field of investment management. Having such important criteria of competitiveness opens many opportunities for the commercial banks of Uzbekistan to use a wide range of financing tools for innovative development programs of the republic's enterprises. It should be noted that commercial banks are the most experienced and investment institutions of the stock market of Uzbekistan. In addition to the above, the need of banks to expand the scope and improve the quality of services for enterprises is connected with the emergence of serious competitors in the form of more economically favorable financial structures (investment funds, insurance) in the financial market of Uzbekistan.

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