
ISSUES OF ATTRACTING FINANCIAL RESOURCES FROM THE INTERNATIONAL CAPITAL MARKET THROUGH CORPORATE SECURITIES

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Abstract

Keywords: securities, issue, common stocks, joint-stock companies corporate issuer, international bond

This article studies the essence and significance of capital markets and its features according to the different scientists. It analyzes the real state and operations of capital market in Uzbekistan. Moreover, there are learnt the number of joint-stock companies, the amount of issued stocks and others in Uzbekistan. Conclusions and proposals are given on the basis of the researches.

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INTRODUCTION

New Uzbekistan for 2022-2026, as the 27th goal, "to increase the stock market turnover from 200 million US dollars to 7 billion US dollars in the next 5 years in order to increase the financial resources in the economy"ⁱ. Based on the fact that only shares and corporate bonds, that is, corporate securities, are traded on the stock exchange, it should be noted that at the same time there are a number of problematic aspects that prevent this goal. For example, the state's share in the share capital is 84%, and together with the share of the economic management bodies, it is 86.1%,ⁱⁱ as a result, most of the share issues are carried out in a closed manner, the state-owned joint-stock companies have low investment attractiveness, and even their shares are traded below the nominal value on the stock market. among them. Also, the conditions for placement of corporate bonds are more complicated for issuers. Conducting research and analysis to determine the ways to eliminate the mentioned problems represents the relevance of the subject of the doctoral dissertation.

ⁱDecree of the President of the Republic of Uzbekistan dated January 28, 2022 No. PF-60 "On the Development Strategy of New Uzbekistan for 2022-2026". <https://lex.uz/docs/5841063>

ⁱⁱhttps://deponet.uz/sites/default/files//editor/oy_aksiyadorlar_01.04.2023_ru.pdf

LITERATURE REVIEW

A. Alikulov studied the issues of increasing capital flow through the corporate securities market in Uzbekistan. In his research, he proposes to ⁱⁱⁱdiversify the financial supply of corporate structures by means of corporate securities, to determine the average weighted value through the most demanded price range in public placement of shares.

Analyzing the IPO and SPO practices of national and foreign companies, B.Boev focuses on the issues of investment attractiveness, population profitability and high purchasing power as factors that serve to successfully publicize the shares of joint stock companies in our country ^{iv}.

A.Karimov, who has been announcing the results of research on the development of the securities market by attracting public funds, touches on the importance of public placement of shares in the development of the corporate securities market. In this regard, the researcher points out that the fair and reasonable setting of the stock price range will increase the interest of individual investors ^v.

F. Mukhamedov, in his research on the development of trading systems of the stock market in Uzbekistan, puts forward the issues of creating the possibility of direct access to the trading system from a distance for clients in stock exchange trading, improving listing requirements, and actively applying the principle of one share - one lot in public trading. ^{vi}

Q.Chinkulov mainly focuses on shares in his research on the effective organization of attracting financial resources to joint-stock companies. In this regard, in order to develop the stock market, "as a priority for financing joint-stock companies with a share of state or economic management bodies (share package) in the charter capital, as a result of placement of shares (share packages) of state and economic management bodies through an initial public offering (IPO), joint-stock companies will receive shares. it will be possible to effectively organize financing, to attract additional funds to joint-stock companies, and to attract private investors ^{vii}".

N.Sherkuzieva's regular dividends increase the investment attractiveness of joint-stock companies, thereby opening up opportunities for the development of the corporate securities market ^{viii}.

In his researches on corporate finance, financial market, S. Elmirzaev studied issues of trading, value and profitability assessment of shares, bonds, derivative instruments, mortgage securities ^{ix}.

ⁱⁱⁱAlikulov A.T. Increasing the flow of capital through the stock market in Uzbekistan. Iqt. science. tall div. doc. (PhD)...authorref. - T.: 2021. - 54 p.;

^{iv}Boev B. The main directions for improving the practice of public placement of shares. Diss. for Ph.D. abstract. Tashkent, 2021. - 56 p.

^vKarimov A. Improving Mechanisms of Attracting Free Money of the Population in the Securities Market Development. //International Finance and Accounting. - 2022. - T. 2022. – no. 1. – P. 16.

^{vi}F. Mukhamedov. Development directions of stock market trading systems in Uzbekistan. Doctor of Economics (DSc) Diss. abstract. - Tashkent, 2019. - 60 p.

^{vii}Chinkulov Q. Improvement of financing of joint-stock companies. // Economy and education, 2021. #5. - B. 243-250.

^{viii}Sherkuzieva N.A. Increasing investment attractiveness by optimizing the dividend policy in joint-stock companies. PhD diss. abstract. - Tashkent, 2021. - B. 56.

^{ix}Elmirzayev S. et al. Financial market. Textbook. - T.: "Economy-finance", 2019. - 324 p.

ANALYSIS AND RESULTS

it is also important to support the expansion of private businesses and transformation into joint-stock companies in order to develop the corporate stock market . Although the minimum requirement for authorized capital has been canceled since March 20, 2019, the complexity of corporate management, the complex requirements set for information openness, the requirement to transform the financial statements of joint-stock companies drawn up according to national standards in accordance with the international standards of financial statements, the transition to reporting based on the international standards of financial statements has a negative impact on the decision-making of limited liability companies and private enterprises on changing their organizational and legal form. According to statistics, as of January 1, 2022, a total of 316,903 limited liability companies are operating in the Republic of Uzbekistan ^x. As of April 1, 2023, 613 joint-stock companies are operating. It is necessary to relax the stated requirements in order to stimulate the aspirations of limited liability companies to the open corporate securities market.

Seventh, it is recommended to improve the listing requirements in order to increase the number of joint-stock companies listed in the corporate securities market. At least 5% of all shares issued by a joint-stock company must be in free circulation in order to enter the listing under the "Standard" category. As a result, the number of joint stock companies of this category in the list is very small. Therefore, the minimum requirement of 5% for shares in free circulation should be reduced to 1%. As a result, dozens of issuers' shares will be traded from the Transit category to the Standard category.

Eighthly, the issue of turning the population into a shareholder-investor by holding a popular IPO based on the principle of "one share - one lot" is on the agenda. The following 40 joint stock companies are expected to be publicly placed^{xi}. We will pay attention to the extent to which one state-owned Aloqabank ATB and one private Trustbank ATB are ready for the practice of mass placement of shares. The first aspect is undoubtedly the issue of investment attractiveness of their shares (Table 3).

Table 3

Analysis of investment attractiveness indicators of Aloqabank ATB and Trustbank XATB^{xii}

No	Indicators	Aloqabank	Trustbank
1.	State share, in percent	66.6	0.001
2.	Nominal price of shares, in soums	121	1000
3.	Amount of assets, billion soums	12,756 , 872	6,950 , 369
4.	Private capital, billion soums	1 697 , 389	1 222 , 28 4
5.	Net profit at the end of 2022, billion soums	228.4	605.3
6.	Return on assets, in percent	1.8	8.7
7.	Return on capital, in percent	13.5	49.5
8.	Shares market price, in soums	54.01 (04.07.2023, 02.10.2023)	6006 (04.05.2023)
9.	Return on par, in percent, when 30 percent of net profit is allocated to dividends	5.07	32,41

^x https://t.me/statistika_rasmiy/1915

^{xi} Decision of the President of the Republic of Uzbekistan " **On additional measures to reduce state participation in the economy** ", dated March 24, 2023 No. PQ-102

^{xii} It was compiled by the author based on the sites www.cbu.uz , www.uzse.uz , www.openinfo.uz .

It is clear from the data of the given table that Trustbank XATB is more attractive for public placement of shares. Aloqabank ATB, although the volume of assets is extremely high, profitability and investment attractiveness are extremely low, and with the current economic situation, it is not recommended to go for public placement of shares. Because shares are not allowed to be placed below their par value and even when they are offered at par, it is difficult for an investor to make a decision to buy from the stock exchange at a low price.

We believe that both analyzed banks should pay attention to the following in terms of preparation for IPO (Table 3).

Table 3**Stages of preparation and implementation of IPO practice^{xiii}**

Steps	Actions to be taken
Stage of preparation for IPO practice	<ul style="list-style-type: none"> - Development and implementation of a business strategy for successful IPO; - making additions and amendments to the charter of the joint-stock company "Regulation on Dividend Policy" from the point of view of investment attractiveness; - achieving an increase in the market price of shares by switching to dividend payments based on market profitability during the period of increasing investor interest; - internal assessment of training level pass the test; - external evaluation of the level of preparation and establishment of external cooperation on going to IPO; - Presentation of reliable, profitable projects implemented at the expense of funds attracted to the account of IPO.
Stage of successful implementation of IPO	<ul style="list-style-type: none"> - selection of stock exchange where IPO will be held based on listing requirements; - conducting special advertising-presentations (road-show) for potential investors, in particular for a wide range of the population; - determination of the price range of placement of shares on the basis of a discount for future quotation growth based on the market price of shares; - setting the upper limit that one investor can make an offer for shares; - choosing an economic period with high economic activity of the population and investors as the time to launch an IPO;

Taking into account the mentioned aspects, other joint-stock companies should also prepare for public placement of shares. Otherwise, the risk of an IPO, i.e., getting burned by preparation costs, is much higher, and the IPO is likely to be considered a failure.

In general, it should be noted here that it is extremely important for the population, the corporate stock market, and business development to turn the public into a shareholder-investor by conducting a popular IPO based on the principle of "one share - one lot".

^{xiii}Compiled by the author.

CONCLUSIONS

1. In the public placement of the issue of corporate securities, it is important for the issuer to be able to convince investors of the accuracy, perspective and efficiency of the project, which will be implemented at the expense of the attracted funds, along with its investment attractiveness. Otherwise, investment attractiveness may decrease.

2. In practice, if corporate bonds are allowed to be issued within the authorized capital after obtaining an auditor's report and rating, loans can be taken in extremely high amounts compared to the authorized capital. In order to ensure that the segment of corporate bonds appears as a competitor to the credit market in the market of debt instruments of financing the economy, it is necessary to ease the conditions for issuing bonds.

3. Due to the transformation of financial statements, complex requirements related to information openness, the transformation of limited liability companies into joint-stock companies is almost not observed. As a result, the activity of private issuers in the market of corporate securities remains low. In the future, in order to increase the activity of the private sector in the stock market, it is necessary to relax the conditions such as the international standards of financial reports, publishing information in three languages.

4. Issuers with a high share of the state in the charter capital have limited financial management independence, so their activity in the corporate securities market remains relatively low. As a result, opportunities to raise cheap capital through the issuance of shares are not being used enough. On the other hand, the introduction of the state share through closed placement further limits independent financial decision-making.

5. The secondary market of corporate securities remains at a relatively low level due to the low investment attractiveness of corporate issuers and the somewhat complicated requirements of the stock exchange listing. In the future, achieving passive income through regular dividend payments will act as a catalyst in the development of the secondary corporate securities market.

6. At the same time that the corporate securities market is expected to be developed by actively involving the population in the stock market, joint-stock companies that are going to public placement of their shares must undergo long-term preparation in this regard. Thorough preparation in terms of investment attractiveness guarantees the success of the IPO.

7. In order to increase the transaction value in the share market and bond market segments of the Stock Exchange, decreasing commission payments will have a positive effect on the activity of both institutional and individual investors in the market.

8. It is necessary to develop the market of corporate securities by introducing an over-the-counter market, which will perform the task of preparation for listing for issuers that have not been listed on the Stock Exchange. Because not all issuers can fully meet the listing requirements at once. Therefore, it is appropriate to set the requirements of over-the-counter trades lighter than the stock exchange listing requirements.

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