

## INCREASING THE ACTIVITY OF INSTITUTIONAL INVESTORS IN THE DEVELOPMENT OF THE SECURITIES MARKET

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**Abstract:** *This scientific article presents the theoretical foundations of organizing the activities of institutional investors in the securities market of the Republic of Uzbekistan. The trading activities of institutional investors in securities in recent years have been analyzed. Scientific conclusions regarding the development of the securities market are provided.*

**Keywords:** *Financial market, securities, bonds, shares, infrastructure projects, financial management, corporate governance.*

### *Main Text*

The development of the securities market in Uzbekistan is considered one of the priority directions of financial market strategies. However, the securities market remains one of the slowest-growing segments of the financial market. In recent years, alongside the increasing share of insurance companies and commercial banks in the financial market, their financial performance has shown high dynamics, necessitating the introduction of new management mechanisms in the securities market. It is noteworthy that compared to 7–8 years ago, the securities market has grown several times. However, when compared with other emerging economies, significant gaps remain evident.

In 2024, although the activity of retail investors in the stock market of the "Toshkent" Republican Stock Exchange (RSE) decreased threefold, the number of transactions in the debt instruments market increased sevenfold, and the trading volume grew by more than 40%. According to analysts, in 2025, further growth in the debt instruments market and the establishment of trading on international platforms such as Bloomberg are expected to drive positive trends at the Tashkent RSE.

According to the press release published by the Tashkent RSE on the results of 2024, the total trading volume in the stock market amounted to 19.18 trillion UZS, showing an increase of 16.56 trillion UZS or 632% compared to the previous year. Additionally, most of the trading volume (18.6 trillion UZS) came from primary share placements and block deals on the secondary market conducted on the Free of Payment Board (FoP) platform. The significant growth in transactions on the FoP platform is explained by the gradual transition of issuers from the unorganized over-the-counter market to the organized market, contributing to greater transparency and openness in the stock market. This transition has led to a reduction in the share of the unorganized market from 94% in

the previous year to 58% in 2024. Consequently, the share of the organized market increased from 6% in the previous year to 42% in 2024 (see Table 1).

**Table 1. Key Indicators of the Stock Market (2020–2024)**<sup>27</sup>

Indicator	Amount	2020 y.	2021 y.	2022 y.	2023 y.	2024 y.
1 Trading volume	UZS million	510 800	11471 10	47057 90	26205 70	19182 120
2 Average daily trading volume	UZS million	200 3	4588	19052	10567	77347
3 Average volume per trade	UZS million	14,2	16,1	58,4	6,4	43,2
4 Quantity of trades	units	359 83	71187	80652	41139 3	44384 9
5 Average daily number of trades	units	141	285	327	1659	1790

According to the table data, the average daily trading volume amounted to 77.4 billion UZS, while the average daily number of transactions reached 1,790. The increase in the number of transactions is largely attributed to the entry of retail investors into the securities market, facilitated by the active implementation of FinTech solutions for stock trading.

Throughout the year, under the "People's IPO" program, a single public offering was conducted—the SPO of "UzRTXB" JSC—with a total value of 42.9 billion UZS. In fact, in November 2024, Uzbekistan witnessed its first secondary public offering (SPO) in the last five years. A 4.44% stake in the Uzbekistan Commodity Exchange (UzRTXB) was sold by the state for 42.9 billion UZS. This was part of the privatization initiative called "People's IPO." Unlike traditional IPOs, this process involved selling state-owned shares rather than issuing additional securities.

By the end of the year, the market capitalization of the stock market grew to 242.42 trillion UZS, accounting for 16.3% of GDP, while the market capitalization of freely circulating shares (free float) amounted to 4.3 trillion UZS, or 0.3% of GDP. As of January 1, 2023, the total market capitalization of issuers included in the stock exchange listing stood at 94.38 trillion UZS (see Figure 1).

<sup>27</sup> <https://uzse.uz/analytics/>



Figure 1. Total Market Capitalization of the Stock Market (2018–2024)<sup>28</sup>

In 2023, stock exchange trading was conducted with the securities of issuers from 10 different sectors of the economy, with the highest number of transactions occurring in the banking and industrial sectors. A total of **229,898 transactions** were executed with **banking sector securities**, accounting for **55.82% of total stock exchange transactions**. Meanwhile, **36,798 transactions** were carried out with the securities of **12 issuers from the industrial sector**, representing **8.93% of total transactions**.

The **banking sector securities** accounted for **35.83% of the total exchange volume**, with a transaction volume exceeding **971.97 billion UZS**. Transactions involving the securities of issuers from other industries amounted to **702.69 billion UZS**, constituting **25.90% of the total exchange volume**. Deals with the securities of **agribusiness and energy sector joint-stock companies** amounted to **597.74 billion UZS** and **119.45 billion UZS**, respectively. The **construction and leasing sectors** recorded the lowest transaction volumes, with **17.76 billion UZS** and **13.90 billion UZS**, respectively.

<sup>28</sup> <https://uzse.uz/analytics?page=3>

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