



ABOUT THE STOCK MARKET, ITS HISTORY AND IMPORTANCE IN THE COUNTRY'S ECONOMY

Isayeva Nilufar

Master Student of KIUT Samarkand Branch,
nilufar.isayeva@internet.ru

<https://doi.org/10.5281/zenodo.10963776>

Annotation: This article is about the stock market and the introduction of the article contains a brief history of this market. Also, in the main part of the article, the importance of the stock market in the economy is clearly explained. Currently, securities are one of the most flexible financial instruments. Securities, as an object of civil rights, closely support the development of commodity-money relations and the development of the country's economy. At first, in the conditions of the planned economy, some types of securities were used in property relations (bonds, lottery tickets, bills of exchange in foreign trade). To date, the transition of the economy to the market economy and the formation of the securities market required the restoration of the types of securities and the creation of new types.

Key words: Securities, economy, market, share, bond, letter of credit, promissory note, check, stock market, credit.

INTRODUCTION

The stock market is a market in which transactions are carried out on the sale of specific goods (shares, bonds, letters of credit, promissory notes, checks). Therefore, the stock market is a securities market that is part of the financial market.

There are several types of markets in which exchange rates and quotes are determined - commodity, stock (stock, bond, stock), currency market, futures (transactions for future periods) and options. Also, several types of stock markets can be combined in one exchange - such exchanges are called universal. In them, one organizational structure serves several markets at the same time, as a rule, it only divides them into separate departments. An example of a universal exchange for several markets is the Moscow Stock Exchange (MICEX). An example of an exchange for a single stock market (metals) is the London Metal Exchange.

METHODS

The history of the stock market goes back several centuries. Its emergence is often associated with the emergence of the state securities market in the 15th and 16th centuries. During this period, countries began to issue and place securities both within the country and abroad in order to attract additional funds necessary to cover the deficit of funds for state needs. For example, in 1556, a stock exchange appeared in Antwerp, where operations for the placement of government securities were carried out. At the beginning of the 16th century, the evolution of trade led to the emergence of stock exchanges.¹

The first stock market was the London Stock Exchange, which began in 1773 in a coffee house where traders met to trade shares.² The first stock exchange in the USA was started in 1790 in Philadelphia.³

¹ Starodubtseva E. V. Securities market. M, 2006.

² London Stock Exchange. "Our History"

The same trends typical of most developed countries were observed in the development of stock exchange trading. Initially, stock market trading was carried out mainly on bonds issued by the state, municipalities and railway companies, and the share of shares was not very large. However, with the development of the share ownership form at the end of the 19th century, shares became the main type of securities on the stock exchanges. From the middle of the 20th century, they were replaced by options and futures, and at the beginning of the 21st century by synthetic derivatives, such as credit.⁴

The stock market plays one of the most important roles in ensuring the circulation of financial resources in the economy through the issuance of securities, their circulation in the market and, accordingly, the purchase of these securities. This market activity is extremely important in the market economy system. The stock market helps producers in need of additional resources to quickly obtain the necessary financial resources at their disposal through instruments such as securities. Issuers issue securities and then sell them.

The stock market is the main element between the population with temporary free funds and the enterprises with additional free financial resources. With the help of the market, people and enterprises realize the possibility of converting temporarily free money and other resources into capital.

At the national level, the state plays a key role in the stock market. The stock market is used not only by citizens and enterprises, but also by the state. The state enters the stock market to realize the possibility of covering the state budget deficit by issuing public debt. This special type of stock, like any other, is traded on the stock market. The description of users helps to identify three groups of market participants: the state, owners of capital and consumers of capital.

The development of the financial market on a modern scale indicates that the role of the stock market has not changed and that this role is stable, but the market has expanded its boundaries. Through modern technological systems, the stock market makes it possible to transfer financial resources around the world, that is, to attract funds not only at the national level, but also to attract foreign residents, foreign corporations and foreign countries to participate. There is a certain similarity in the fact that the stock market partially duplicates the functions of banks that collect temporarily free funds. But the stock market offers more diverse rates and opportunities, that is, rather than "dry" fixed interest rates, it allows you to change the level of income and choose more profitable offers for interest and time periods. The market allows those who want to profitably deploy financial resources, get high-yield profits and constantly regulate them.

DISCUSS

The goal of stock market regulation is to ensure financial security of participants and standardize procedures. That is: to protect investors, to ensure smooth and efficient functioning of markets, to minimize the impact of adverse market conditions on the economy, to support competition and to prevent unfair practices. The areas most targeted by regulators are financial disclosure and insider trading.⁵

³ Pennsylvania Magazine of History and Biography.

⁴ Moshenskiy S.Z. Chaos and synergy: The securities market of the post-industrial era. K.: VB "VIPOL", 2018. - P. 76-79, 409-410, 437-442. — 504 p.

⁵ Moshenskiy S.Z. Securities market: transformation processes / M., Economics, 2010.

One of the emerging laws of the modern world is the economic internationalization of economic processes. In this regard, national economic entities are increasingly involved in economic relations with foreign partners. Internationalization in the financial sector leads to the emergence of the world financial market. The stock market occupies a central place in the country's economy at the international level. In the system of international economic relations, capital export and capital import are mainly related to the stock market. The capital flow balance includes three groups of investments: direct investments, portfolio investments, etc.

The stock market is part of the market mechanism of relations. Based on its level of development, conclusions can be drawn about the state of the economy of the entire country. Therefore, the stock market needs support and a developed regulatory system. Because ineffective regulation can lead to market imbalances at all economic levels. When the stock market is seamlessly integrated into the market system, financial resources or investments begin to generate returns to the economy. This will increase efficiency and increase development processes, they will have a growing character. It has a positive effect on the economy. The role of stock exchanges will continue to be of great importance for the country's economy, and its role will not weaken, but will strengthen.

RESULTS

As we all know, the Republic of Uzbekistan has been gradually transitioning to a market economy since the first days of its independence. The development of the stock market became the center of attention of our state. The formation of the stock market, which is an effective tool for managing investment processes and attracting idle funds to the economy, dates back to the early 90s. On September 2, 1993, the Law of the Republic of Uzbekistan "On Securities and Stock Exchange" was adopted, which is the legal basis of this market activity. In a short period of time, the main institutions of the infrastructure of the stock market - in 1994, the republican stock exchange "Tashkent" began its activity. According to the Decree of the President of the Republic of March 26, 1996 "On the Establishment of the Center for Coordination and Control of the Activities of the Securities Market under the State Property Committee of the Republic of Uzbekistan", the Center for Coordination and Control of the Activities of the Securities Market, which is the authorized state body that regulates the securities market in the republic was built. In 1999, a two-tier system of depositories was established, including the central depository of securities and more than 30 second-level depositories, which keep accounts of the state contribution (right) in shares of privatized enterprises. More than 300 professional participants, consisting of brokers, dealers, management companies, investment funds, investment consultants, registrars and investment companies, operate in the Republic Stock Market (2004). Among them, the clearing house "Elsis Clearing" (1998) helps to make effective mutual settlements between the participants of the primary (organized) stock market in the republic. The National Depository "Time" (1994) is a major institution of the stock market, which maintains the custody of securities and accounts of rights to them. "Davinkom" ("State Investment Company", 1999) is an authorized representative of the State Property Committee of the Republic of Uzbekistan for the sale of shares of privatized enterprises to investors. In 2000, the national association of investment institutions was established in the republic. It has more than 45 investment institutions (2004).

Samples of contracts, reports, orders and notices, as well as other documents related to the exchange, used in securities trading. The stock exchange independently develops and approves the procedure for entering into transactions, checking transactions, and making calculations based on them during stock trading. Stock exchanges and fund departments operate on the basis of the regulations and work rules for the implementation of securities transactions agreed with the Ministry of Finance of the Republic of Uzbekistan, the charter of the stock exchange (the Charter on the fund department). Only its members can carry out operations at the stock exchange.

In countries with relatively large territories, regional or local stock markets are usually formed. In Uzbekistan, for example, the local securities markets are represented by the principle of entrusting the trading of securities to the administrative-territorial structures of the Republic of Karakalpakstan, the city of Tashkent, and 12 regions. In each of these regions, there are state administration offices, stock exchange departments, general and special stock market infrastructure institutions. Despite the common principle of organization, regional markets differ from each other in terms of the level of economic development in general, the issue's belonging to a certain sector, the quantitative and qualitative characteristics of issuers and potential investors, the development of infrastructure, the activity of professional participants and, in turn, the volume of securities transactions. Of course, for example, the owners of securities issued in Surkhandarya region are mostly local organizations and citizens. In this way, regional markets will be allowed to circulate funds within the region in relation to the supply and consumption of funds by households and residents. In this regard, it is possible to talk about securities markets that differ from each other by the above-mentioned characteristics, for example, in the city of Tashkent, Andijan region, the Republic of Karakalpakstan and other regions. However, it should always be remembered that these markets are interconnected, regulated and managed by a single center, and all have a common legal basis, forming the single stock market of Uzbekistan.

Currently, the "Tashkent" Republican Stock Exchange is considered the main trading area of the country's securities market, where various securities are traded.

CONCLUSION

One of the factors that activates the activity of the stock exchange is the expansion of the number of potential investors. In today's globalization process, the opportunity to make quick profits through stock trading is expanding compared to previous years. It is known from the world experience that investments in securities are more profitable than investments in other sectors and can reliably protect against inflation. Undoubtedly, a class of investors is forming in our country, who are increasing their activity in the stock market and understand that they can own their assets by purchasing shares of joint-stock companies.

In short, the stock market increases the flow of investors investing in our country and serves the growth of the economy.

References:

1. John C. Hull "Options, futures, & other derivatives", Fifth Edition, Prenticehall, Uppersaddle River, New Jersey, 2005.
2. London Stock Exchange. "Our History".

3. Moshenskiy S.Z. Chaos and synergy: The securities market of the post-industrial era. K.: VB "VIPOL", 2018. - P. 76-79, 409-410, 437-442. — 504 p.
4. Moshenskiy S.Z. Securities market: transformation processes / M., Economics, 2010.
5. Pennsylvania Magazine of History and Biography.
6. Starodubtseva E. V. Securities market. M, 2006.
7. Usmonova Kh "History of development of stock market types", Tashkent, 2006.