



ACTIVITY OF THE STOCK EXCHANGE IN THE FINANCIAL MARKET

Shamsutdinov Khanzoda

*3rd year student of Tashkent State University
of Economics, Faculty of Finance and Accounting*

Abstract: In this article you will learn about financial market and stock exchange financial market instruments financial market models

Key words: money, shares, bonds, loans, securities, currencies, insurance policies, pension funds, precious metals, derivative financial instruments.

The financial market is a market in which temporary redistribution of free funds through financial intermediaries takes place based on the use of financial instruments. Without a financial market, attracting large capital and investing in large projects is a complex matter. Through the competition mechanism formed as a result of the large number of sellers and buyers, a single market price for a financial asset is formed in the market and information transparency is achieved. In the conditions of today's high technological capabilities, due to the large number of operations in special intermediary structures, the costs of money and other assets circulation are reduced, risks are insured, and the types of assets for sale are expanding. A deeper understanding of the role of the financial market requires knowledge of its functions. Robert Merton, laureate of the 1997 Nobel Prize in Economics, distinguishes the following functions of the financial market: time, inter-industry and inter-country redistribution of capital, capital accumulation and participation in enterprises, payment-settlement, risk management, prevention of problems related to information asymmetry.

The financial market model is a type of market organization based on different methods of financing the economy and the importance of the role of different financial intermediaries. There are two main methods of financing an economy, they are bank loan financing and stock market financing. Bank loan



financing is the main method of financing in continental Europe. In order to attract financial resources, the bank is approached. The bank examines the company's financial situation, provides a loan taking into account the fulfillment of other conditions while positively evaluating the project presented and its efficiency. Banks may reject the application for financing in cases where the relevant requirements are not met or the presented projects are not evaluated positively, as well as when the projects are deemed high-risk. In addition, it should be noted here that the financing of several loans for the financing of activities is a complex process. Disadvantages of such practice are high bank rates, low possibility of granting a large amount of credit independently of a particular bank. Disadvantages of lending by banks, in turn, create the need for companies to raise funds through the stock market. Stock market financing is the main method of financing the economy in the United States and countries such as the United Kingdom. In this, companies issue securities and sell them on the market to raise capital. While raising funds from the stock market is convenient for a capital raiser, using securities to finance projects is not always considered convenient. Because in order to attract a bank loan, it is enough to gain the trust of the bank, while attracting capital through securities requires gaining the trust of many investors. In this case, it is necessary to convince the investors of the efficiency of the project and, most importantly, that the issuer will regularly provide the investor with income.

Attracting funds from the stock market is directly related to the following:

- the issuer should be open and authoritative for investors, its projects, financial reports and indicators should be easy to familiarize with;
- attracted capital should be cheap compared to credit.

For this, special attention is usually paid to raising a large amount of capital through the issuance of securities. As can be seen from the above, according to the development of economy and finance in different countries, two main models of the financial market based on banking and securities market have been formed in



the world. These models are also commonly referred to as insider and outsider models, German and English models. Due to the emergence of obvious differences in financial schemes and relationships, the Islamic model of the financial market is also noted recently. The bank model is a system based on bank financing, which is widely used in Germany, France, Japan and many other countries around the world. Although the financial market in Uzbekistan has given priority to financing by banks, it should be noted that there are certain different aspects. The main features of this model are as follows:

- commercial banks perform the functions of financial intermediaries (broker, dealer, underwriter);
- long-term financing of companies through lending mechanisms prevails;
- a high share of ownership is concentrated in the hands of groups. The share of state and large corporate structures is high;
- additional placement of securities is closed;
- the composition of the share capital is based on the control package and vertical participation;
- small shareholders owning up to one percent of capital constitute a minority, as well as the activity of collective investment institutions becomes important in the activity of small investors.

Stock exchange - an exchange where securities and other financial instruments are traded; one of the levers of the financial market serving the movement of money capital. An important link of the market infrastructure, it performs regular and organized activities on securities (government bonds, shares and bonds of enterprises, bank credit notes, commercial promissory notes), currency exchange.

The main tasks of the stock exchange are: mobilization and accumulation of accumulated monetary capital by organizing the sale of idle money and securities; financing of private economic entities and state investments by organizing the



purchase of their securities; ensuring a high level of liquidity of securities, i.e. quick conversion to cash without losses for security holders. According to the legal status, in the world practice there are types of mixed stock exchange with the participation of private and public capital in the form of general legal, joint-stock companies operating under permanent state control.

It was established on the basis of the decree of the President of the Republic of Uzbekistan "On deepening economic reforms, ensuring protection of private property and measures to develop entrepreneurship" adopted on April 8, 1994. , No. 745 of 1994, its activity is closely related to the reforms implemented in the republic and the policy of establishing open joint-stock companies on the basis of privatized state enterprises.

To sum up: the subject and purpose of RFB "Tashkent" activity is to create the necessary conditions for trading in exchange goods by organizing and holding public and open stock market trades at a predetermined place and at a certain time based on established rules. consists of by forming the securities market, necessary conditions for the free circulation of securities and disclosing information about them by forming the price of securities based on the real ratio of supply and demand.

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