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В учебном пособии рассмотрена вопросы обоснования и выявления суть рынок ценных бумаг в Республики Таджикистан. На основе исследования существующая мировая практика, а также исследовании отечественных и зарубежных ученных собрана материалы для раскрытия суть рынка ценных бумаг в условиях Республики Таджикистан. Развитие рынка ценных бумаг в Таджикистане, согласование условий его функционирования с международными рынками ценных бумаг, а также обеспечения их финансовой стабильности требует качественной подготовки специалистов.

Монография предназначена для студентов, магистрантов, аспирантов, преподавателей, и других заинтересованных лиц.

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**TOPIC 1. THE ROLE OF THE FINANCIAL MARKET AND THE SECURITIES MARKET IN A MARKET ECONOMY**

**1.1. Theoretical and practical concepts of the financial market in modern times**

**1.2. Financial market functions**

**1.3. The main components of the financial market (securities market)**

**1.1. Theoretical and practical concepts of financial market**

**in modern times**

In recent years, the term financial market has become available in the economic literature. Although some issues of the market economy are relatively broadly addressed, the issue of the financial market, which is one of its components, has been neglected. Therefore, economists decided to express their views on this concept as much as possible and to conduct more in-depth research. Before we talk about the scope of the financial market, we must first study the concept of finance in depth and then return to the main criteria.

Finance is a set of economic relations that arise in connection with the formation and use of special purpose funds for the distribution and redistribution of net public product and national income. Relationships that encompass the concept of finance are part of the productive relations of any society. In today's conditions, the Republic of Tajikistan has also brought to the scope of production relations, the essence of which is market relations. Finance as an integral part of economic relations can not go beyond market relations. Finance and the factors that determine the relationship between the organization and use of special purpose funds, inevitably take on the characteristics and laws of a market economy, and develop and expand in accordance with their requirements and mechanisms.

The financial market is one of the most important components of the modern market economy, its “blood system” provides the surplus of capital by seeking more efficient use between sectors, localities and economic entities**.**

Another reason for the market nature of finance is that finance itself is a key element of the market infrastructure (finance, insurance, banks, taxation, social insurance, stock exchanges, finance of enterprises and sectors of the economy) and is based on the application of market laws and mechanisms. is left. The organization, distribution and use of monetary funds of economic entities, regardless of the form of ownership, operate in accordance with the laws of the market and, in proportion to the existing financial relations, give a market character.

Concepts that express the essence of finance (costs, profits, payments, financing, taxes, cost, profitability, fixed assets and working capital, consumption (depreciation, price, inefficiency, wages, etc.) are formed on the basis of the laws of a market economy and in turn adapt finance to market conditions.

Tajikistan's economic sovereignty means that it conducts its economic activities in accordance with the laws of a market economy and receives finance that is adapted to market conditions.

Financial market is a market that distributes funds among the participants of economic-intermediary relations. Through this market, free financial resources are accumulated and directed to the entities that use them most efficiently. As a rule, it is in the financial market that the means for the development of the real sector of the economy are found.

The financial market plays a special role in the emerging market economy. The securities market allows governments and enterprises to expand their sources of funding without restricting budget funds, self-financing and bank lending. International experience shows that at the end of the 20th century, in particular, the stock market became the main source of investment resources in developing countries. The securities market provides deposits for investment and promotes sustainable economic growth to a certain extent and increases the well-being of the population.

Regulation is an important part of the financial market, and this process in different countries of the world, as a rule, operates under two different models.

First, the priority regulation of government agencies and only a small part of the authority to observe, control and establish the rules of transactions is given to the associations of professional market participants - self-regulatory organizations (SCOs) (for example, in France).

Second, giving more power to self-regulatory organizations. At the same time, the state retains control functions and the ability to influence the process of self-regulation (UK) at any time. In most countries, there is a degree of centralization and strict regulation between these two perspectives. At the same time, the structure of government market regulators depends on the market model chosen by the country (banking, non-banking), the level of centralization of management in the country (in federal countries part of the jurisdiction is delegated to regions, for example in the US).

The general trend in the global practice of financial market regulation is the creation of an independent service or securities commission. Among more than 30 developed market countries, more than 50% of them have independent securities authorities, in about 15% of countries the market is regulated by the Ministry of Finance, and in 15% there is joint management. In some countries of the market banking model (Germany, Austria, Belgium) the main responsibility for the development of the stock market rests with the central bank and the banking supervisory authorities. With the exception of Switzerland, which does not have a central government body regulating the securities market (this task is assigned to the regions).

Taking into account the special nature of activities in the stock market, the regulatory body assumes the task of establishing relations in the market. In most cases, this means a strict system of admission of organizations or individuals to operate in the stock market.

In the United States, this body is the Securities and Exchange Commission. According to the current procedure, it is responsible for the registration of publications, licensing of market participants, activities of special registers of shareholders, brokerage, dealership, clearing and organization of securities trading. The Commission also restricts the professionalism of the organized stock market as an exclusive activity and the possibility of participation of organizations such as commercial banks, industrial enterprises and trade only through brokerage firms.

In addition to central government in the United States, self-regulatory organizations (such as all stock exchanges, the National Association of Dealers - NASD, the National Futures Association - NFA, etc.) play an important role in regulating the stock market. They are professional market participants who follow the professional ethics of cooperation, rules and practices in the market. Their decision is not binding, but may significantly restrict market participation and even release a professional participant whose existence is a mandatory requirement of the Securities Commission.

The activities of self-regulatory organizations in the United Kingdom have been criticized for harming the interests of investors, and the stock market is still largely regulated by the state.

It should be noted that in addition to professional participants in the stock market, there are a large number of institutional investors who have significant financial resources and are able to enter the market and determine its status. These participants may include banks, non-government pension funds and insurance companies.

In Germany, the main people operating in the financial markets are traditionally commercial banks. They have a significant impact on the functioning of the stock market, and they themselves can provide brokerage services, depending on their position, use both a broker and an investor. However, it should be noted that the number of ethical violations by banks in Germany is less than in the United States and the United Kingdom.

There is no ideal model of functions and regulation of financial markets in the world. At its best, there is a “golden mean” between highly centralized management and professional regulation of professional organizations. Each country needs to take into account the level of market development and its infrastructure, its trends, the mentality of the participants (for example, the value of the reputation of the participant), the confidence of regulators and the amount of capital traded in this market.

At present, none of the existing models of organization and regulation of the financial market is suitable for the Republic of Tajikistan. The bodies that regulate the securities market include only the Ministry of Finance, the National Bank, and the State Committee on Investments and State Property Management. Non-governmental regulation is not carried out by self-regulatory organizations, as they do not operate.

If we talk about the current state of the securities market in the Republic of Tajikistan, it has not been formed yet. Attracting investment to the real sector is relatively weak. The range of activities of market participants is focused on obtaining initial income, there is no incentive for long-term investment. There are no institutional investors in the market. A limited number of participants only interact with each other. The regulatory framework for the stock market is weak.

At the stage of deep structural restructuring, it is necessary to increase the role of the state in regulating the stock market. However, the increase in the role of the state is not in the creation of redundant regulatory infrastructure, but in the phased construction of the market to the professional community, the stimulation of development and the formation of its direction to invest in the real sector. The work of regulators should be subordinated to the goals of sustainable economic development through the securities market. The end result of this activity should be the number of investments through the securities market in the real sector of the economy.

Establishment of a non-governmental regulatory structure and assignment of some tasks to it is an inevitable tendency for the Republic of Tajikistan. Part of the main tasks, such as licensing, control, professional regulation of participants, can and should be delegated to self-regulatory organizations, stock exchanges, various market participants. However, in order to perform these tasks, it is necessary to train highly qualified personnel with practical experience.

**1.2. Financial market functions**

In today's market economy, the financial market, from the point of view of economists, must solve such economic problems.

- to ensure investment, lending, economic insurance and sovereignty, depending on the facilities under construction, which the government has undertaken to ensure economic independence, the creation of a “financial market” in optimal condition;

- The "financial market" and the mechanisms used in it must provide incentives in the economy for entrepreneurship, entrepreneurship, competition, competition, production and intellectual efficiency (intellectual);

- “Financial market” to provide social guarantees to everyone, regardless of employment;

- The "financial market" can organize competition between enterprises, joint stock companies and sovereign states in relation to investments that create the domestic market and create opportunities abroad.

- "Financial market" can guarantee the economic security of domestic, foreign entrepreneurs and loss-making enterprises;

- “Financial market” can provide financial means to state-owned enterprises and entrepreneurs in bankruptcy, which are the only (monopolist) in the country and whose products are essential for the national economy or have laid the foundation for economic sovereignty;

- Audit services are one of the components of the financial market and should not be engaged in auditing the financial condition of enterprises and organizations, to provide entrepreneurs with advice on the state of the economic market and what the economic situation is expected in the future. that is, the financial structure should have a guarantor advisor and improve the economic situation of enterprises and the market;

- Today the audit service is organized separately in each ministry and organization, to the detriment of the national economy of Tajikistan. It should support the activities of all forms of ownership in the service, support the financial interests of the state and be located in one center.

The financial market and its efficiency are determined by nominal indicators, ie the number of entrepreneurs invested abroad in relation to all entrepreneurs. This indicator can also be determined by dividing the amount invested by the total amount invested.

The real indicator of financial market efficiency can be determined by the level of real wages of the population of Tajikistan, or by the situation and opportunities of entrepreneurs, which reflect the average level of profitability in the national economy.

For the public sector, this is an indicator of the state of the budget.

**1.3. The main components of the financial market (securities market)**

The financial market in the modern literature is defined as the securities market and the credit capital market. This interpretation, in our view, is a deliberate, extreme, market limitation.

When we interpret the financial market as a market for securities or capital, we separate the concept of the financial market from the definition and the financial system. Every economic activity that economic entities undertake in connection with the establishment of a business is organized in accordance with the laws of a market economy in order to seek financial gain and not to lose it. The relations that have arisen in this context express the concept of the financial market and expand its content.

The stock market and credit capital are part of the financial market. Basically, the market of securities is organized for the purpose of accumulation of temporarily free funds of all subjects and objects of a national economy and their further use for the purpose of financing.

The securities market is organized in the form of stock exchanges or a department of a commodity exchange.

The main task of this market is to collect and redistribute financial resources across the country. The importance of securities market institutions is due to the fact that a large part of the national wealth of all countries has been transferred to movable values, and with the development of credit relations, new types of obligations have been created. Therefore, a market was needed to sell debt obligations (securities), and a “stock market” was created as a specially created institution, the structure of which is as follows in modern times (see Figure 1).

**SECURITIES MARKET**

Stock market (organized)

Primary market

Secondary market

Non-exchange market (unorganized)

**CAPITAL MARKET**

**Figure 1. The capital market structure**

**TOPIC 2. CAPITAL MARKET AS A COMPONENT FINANCIAL MARKET**

**2.1. The capital market as an integral part of the overall market factors of production**

**2.2. Demand and supply in the capital market**

**2.3. Capital market percentage and its rate**

**2.4. International credit capital market**

**2.1. The capital market as an integral part of the overall market factors of production**

In the analysis of capital as a factor of production in the modern economic literature, three main types are considered:

Physical (technical) capital, which also includes a set of material assets, is used at different stages of production and increases the productivity of human labor (machinery, equipment, facilities, computers, etc.).

Financial capital - a set of funds and monetary expression of the value of securities. The task of financial capital is to create favorable conditions for the integration of factors of production. With its financial resources, the entrepreneur buys the necessary means of production and hires a certain amount of labor, after which the production process begins.

Human capital - as a factor of production, capital is any productive resource (machinery, equipment, tools, facilities, the latest technology and processing, computer software). Through them, entrepreneurs can create economic benefits for profit. In this sense, three things are emphasized:

1) Capital is the resources created by man.

2) Capital is something used for productive activities. Food, clothing, footwear and other consumer goods, which are not created by people and are not used in production, are therefore not capital.

3) The purpose of production in which capital is used is to make a profit.

Capital is one of the main factors of production, as it determines the specific features of the economy: 1) industrial (technological) nature: 2) specialization and cooperation; 3) determines the availability of production and large enterprises. The production capacity of each country is reflected in the accumulated capital resources. It is the quantity and quality of capital used that reflects the economic potential of each country.

A distinctive feature of capital is its ability to be reproduced on a large scale. Manufactured products are sold by profitable enterprises, which, as a rule, direct part of their income to the expansion and improvement of production capacity.

The concept of “capital market” is multifaceted: it connects the market of capital assets, the market of credit capital, the market of capital services. The capital market is the interaction of a firm's demand for credit capital for financing, on the one hand, and the supply of credit instruments provided by firms and households, on the other.

The capital market is not only a market for investment resources, but also a market for capital goods. Both markets are united by interest rates. In the case of both the purchase of capital goods and the receipt of investment loans, the issue of interest rates comes first.

It is necessary to distinguish between capital and capital services. And here they use the concepts of reserve and flow. Existing capital itself acts as a resource, and its services are seen as turnover, movement. Climate is a device that acts as a capital resource, and the maintenance of this device is seen as a movement in the process of using it as a turnover.

In scientific research, economic and political literature, official information, mass media, along with the concept of "capital", the word "investment", "investment resources", "investment goods" are used, which should be distinguished.

The concept of investment is an investment that is not yet reflected in the means of production, but is invested in their creation (means of production).

Investment (from the lot. - invesire- cover) - a long-term investment for this or that business. There are two types of investments: direct investment (direct investment in real production, real - for equipment, machinery, equipment, facilities, technology) and portfolio investment (investment) - investment in shares, bonds, bank deposits, deposits.

Physical capital is also called production funds, as well as capital goods. Capital as a boon for production purposes consists of fixed capital and working capital. Fixed capital takes the form of long-term capital benefits of production (production building, machinery, equipment) and loses its value as it eats over several production cycles. Working capital, which consists of raw materials, supplies of finished products, loses its value during one production cycle.

**2.2. Demand and supply in the capital market**

In the market of capital goods, the demand for it is provided by business (firm), and the supply is provided by households. Households that provide capital benefits do not provide machinery in kind to businesses (firms). They provide credit (their savings) for investment, which leads to capital gains. In the capital services market, supply and demand are created by the firm (business). Own capital benefits are leased by the firm at a fixed rate (or rent).

Physical capital is productive for demand. It should be noted that when we talk about capital as a factor of production, the demand for credit capital, which is necessary for the acquisition of physical capital (machinery, equipment, devices, facilities), must be taken into account. Demand for capital is a demand not for money in general, but for credit instruments (debt capital). Apparently, the demand for credit capital is the demand for a certain amount of money. But the demand for money as money and the demand for credit capital are not the same. Business needs a certain amount of money to buy production funds (physical capital), ie to generate investment. Of course, households also need money, but the nature of such needs is different. Because it is not related to business. In addition, the demand for physical capital, like other factors of production, is a product demand, that is, it depends on the demand for the goods and services for which physical capital is used.

As a large amount of capital services is involved in the production process, the final product of capital in monetary terms, the final return on capital, decreases. The law of diminishing returns also applies. This law allows to understand the continuity of the level of income or net productivity of capital. Given the fact that the amount of factors used in labor and land remains unchanged, the net productivity of capital or the natural rate of interest (return on capital) tends to decrease along with the involvement of capital services in production. A.Smith, D.Ricardo are still interested in such legitimacy. K. Marx, A. Marshall had pointed out.

In addition to the downward trend, there is a tendency to equalize the level of return on capital in the case of capital migration between different sectors in conditions of full competition. In fact, the high level of return on investment in this or that sector attracts the attention of many entrepreneurs. Along with the increase in investment in this sector, its level of profitability decreases, while in the sector where the capital flows, the return on capital increases. Thus, in conditions of full competition, the free transfer of capital from one sector to another leads to the equalization of the alternative values ​​of different investment projects.

To determine how much capital services a firm can obtain, it is necessary to compare the final product of capital in monetary terms with the price of capital services set in the market (ie, the rental price). The best amount of capital services arises when the final product of capital in monetary terms is equal to the rental price.

Capital services are provided by mutual companies to the lessor of the equipment at their disposal. Most of the capital services are provided by the equipment itself. Provision of capital services in the short term is irrelevant, as in a short period of time the amount of maintenance of machinery, equipment, which is used at a constant level of intensity, does not increase. In the long run, the supply of capital services will weaken, as the volume of capital reserves (machinery, equipment) will change, which may increase the provision of capital services.

The capital services market is directly related to the credit market. The more money a firm invests in the acquisition of capital goods, the more final costs and opportunities to increase revenue.

The rental price should be incurred to cover expenses incurred in the lease of capital goods (in terms of years), the annual depreciation of the leased property, and the payment of borrowed funds (if borrowed for capital goods).

* funds generated from the movement of fixed capital;
* funds created in the movement of material elements of working capital;
* funds intended for payment of wages;
* means for the expansion of production.

In addition to own capital, cash income and savings of various segments of the population can also be a source of credit capital. In the form of deposits, they are transferred to credit institutions and used as an element of credit capital until they are purchased for consumer or industrial goods.

Thus, the emergence of temporarily free cash is the result of the accumulation of capital, on the one hand, the removal of temporarily free cash from its owner and, on the other hand, their attraction and appropriation for the development of production.

In the process of capital turnover, the temporarily free funds of the banks themselves become a source of credit capital. In their new role, they create their own circle, which results in an increase in capital itself.

In the hands of the borrower, money acts as an industrial or commercial capital, generates real turnover and generates income. Therefore, the movement of credit capital is not independent and is associated with the movement of industrial and commercial capital. At the same time, debt capital differs from real capital, which is the most important material form. It creates the potential for the use of real capital.

**2.3. Capital market percentage and its rate**

The nature of the commodity-credit capital is the creation of a special form of income - interest. Interest is a payment for the use of foreign capital received by a lender (lender) from a borrower (borrower) for the use of a monetary loan.

The nature of debt capital is, first of all, expressed in the form of its long-term investment. Withdrawal of any goods, as a rule, in the form of purchase and sale is the transfer of the sold goods to the buyer. Withdrawal of the loan capital is in the form of a loan given to another person to the buyer only for temporary use. The return of capital occurs after the expiration of the term specified in the contract, with a fixed payment in the form of interest. Thus, interest is a form of property (factor) income. It is the part of the profit that the active investor returns to the lender. The profit from the use of the loan capital is divided into two parts:

* interest for loan use;
* Business income.

If the interest is received by the lender, the business income is received as profit by industrial and commercial investors for business activities.

The amount (rate) of interest is determined as the ratio of annual income received from loan capital to the amount of loan capital. At any given time, the amount of interest depends on the ratio between supply and demand for credit capital. Interest rate is an indicator that has a direct impact on the behavior of market economic counterparties. High interest rates, as a rule, do not stimulate entrepreneurship, and low interest rates, on the contrary, become a practice of activation and efficiency of investments.

The movement of credit capital is carried out through specialized institutions - banks, which conduct dual-passive and active operations. Passive operations - attracting deposits through banks, accumulation of funds and cash reserves. Active operations are related to placement and lending. At the same time, the difference between the interest that the bank receives on the loan (interest on the loan) and the interest. which is paid on the deposit (interest on the deposit), is the income of the bank.

Nowadays, there are different forms of credit. Along with traditional loans for the development of industrial and agricultural production, new forms of lending are widespread. Including:

* tax investment credit;
* Mortgage loan (mortgaged land, housing or other real estate);
* leasing credit (not only for the purchase of real estate, but also for the acquisition of modern technology, new goods necessary for a comfortable life - cars, expensive video equipment, etc.)

The time factor has a significant impact on the formation of interest rates. By abandoning its current use, the owner of the capital offers other entities the opportunity to use the current capital.

Economists prefer the benefits of “today” to the benefits of “future”. This prudent economic behavior of market economic entities is called a temporary priority. There are nominal and real interest rates.

Nominal interest rate is the current market interest rate without taking into account inflation. The real interest rate is the nominal amount adjusted to the inflation rate.

Thus, in a market economy, interest is seen as the equilibrium price in the capital market. For the owner of the capital (the subject of the offer) the interest is the income, and for the borrower (the subject of the demand) the interest is the expense.

**2.4. International credit capital market**

A loan is a sum of money given to customers in exchange for interest and repayment within a certain period of time.

This topic is devoted to the study of credit capital and its sources at the level of individual countries. This topic is devoted to the peculiarities of the organization and operation of international credit capital markets.

The international credit capital market includes the following operations:

 Part of operations of credit capital markets of individual countries (credit relations with nonresidents);

 Credit and deposit operations with foreign currency performed outside the territory of the country in which the currency was issued;

The development of the international credit capital market began with the national capital markets. Initially, they carried out international credit operations. Along with the development of international trade and the increase in foreign exchange transactions, there was a need to separate foreign exchange operations from national credit markets and to establish global rules for this type of activity. As a result, the largest credit capital markets in London, Paris, and New York have become international markets. Their activities were carried out in accordance with the general rules determined by market participants. Then, along with the increase in foreign exchange lending, the markets of Zurich, Tokyo, Brussels, Bahrain and others began to operate. Nowadays, due to the progress of science, especially the emergence and widespread use of the Internet in the field of banking, the procedure for conducting foreign exchange lending operations and the functioning of capital markets is completely changing.

Credit operations in the international credit capital market are performed by:

 Central banks, international financial institutions, commercial banks, insurance companies, pension funds, stock exchanges and companies.

Depending on the term of the loan capital, its international market can be divided into three parts:

1. International money market - the market of short-term loans (from one day to one year). This group includes interbank loans and deposits, bank certificates, bank promissory notes and acceptances.

2. International market of medium and long-term foreign loans - the market for loans with a maturity of more than one year. These types of loans are provided by foreign banks for the development of manufacturing, construction of roads and so on. For example, as noted earlier, in 1996-2006, a group (consortium) of Swiss banks provided loans to Tajik enterprises to finance cotton planting and production. The Hungarian bank also provided a long-term loan to the Dushanbe Dairy Plant for a period of five years. Another bank in 1998 provided a long-term loan to the Dushanbe city government to purchase trolleybuses.

3. The international financial market is a securities market that began operating in the second half of the 1960s. Lenders - issuers of securities are governments, international organizations, international companies, local governments and government agencies. They put their securities on the market as collateral and borrow in return.

In Tajikistan, bonds of the Ministry of Finance have been put up for sale since 1997, with the aim of attracting funds from the population to cover the state budget deficit.

Securities are issued for different terms (from 5 to 40 years). They are divided into the following types depending on income:

• Simple;

• Percentage of “floating”;

• No interest;

• Convertible;

• Options;

Ordinary securities make up more than 60 percent of them. The difference between ordinary securities and other securities is that for the entire term of the loan, the holders of ordinary securities are given a clearly defined interest rate.

The interest rate of the second group of securities (their “floating” interest rate) varies depending on changes in the market interest rate. Borrowers and lenders in this practice often rely on clothing or changes in the prices of certain goods (oil, gold) on the world market.

Holders of interest-free securities receive their income not every year, but only once at the end of their term. In fact, the holders of these types of securities receive a certain income, but not in the form of interest, but in the form of a reduction in their selling price. Depending on the term, the selling price of this type of security can be 30-40% of the face value (face value). At the end of the term, the owners return them at their face value, which exceeds their selling price. The difference between the nominal and sale prices is the profit of their owners.

Convertible securities give less income to their holders, but they have the right to replace the securities with shares of their company after a certain period of time, of course, if the percentage of securities is less than the dividend of shares.

Optional securities are specific to other types. These types of securities give their holders the right to exchange one type for another. For example, they have the right to exchange securities for shares in the company or for securities with “floating” interest rates on ordinary securities.

The purpose of issuing securities is to attract funds from the population and governments and companies. These funds will be used to cover the budget deficit and implement large-scale programs.

Thus, the activity of the international credit capital market is constantly changing and adapting to modern requirements. Depending on the progress of science and technology, new forms of commitments and loans are proposed, the purpose of which is to attract temporarily free funds. These funds are used as loans for the development of production, trade and international settlements.

**TOPIC 3. THE STOCK EXCHANGE AND ITS ROLE IN THE SECURITIES MARKET**

**3.1. The essence and concept of the stock market**

**3.2. Functions of stock exchanges**

**3.3. Exchange as a form of organization of the securities market**

**3.4. International commodity exchanges: their significance and nature**

**3.1. The essence and concept of the stock market**

**The concept of "stock market"** t is used in modern economic literature as a synonym for “securities market”. The stock market is an integral part of the financial market.

How does the stock market come into being?

Securities (bills) and the first securities markets appeared in the form of fair fairs in the Middle Ages in the cities-states of Italy. However, in the modern understanding of the stock market, it is worth noting that the government has been issuing debt obligations since its inception, and the first joint stock companies were established to issue shares, and stock exchanges were created to trade these funds.

Historically, the first stock market was the Dutch market. The English stock market, which began to appear in the XVII century, was restored to the real market with all the necessary signs (attributes) in 1773, the year of the world's first specialized stock exchange - the London Stock Exchange. In the United States, the stock market emerged at the end of the 18th century (the establishment of the New York Stock Exchange in 1792).

The first joint-stock companies are companies established in England in the 16th and 17th centuries, Moscow, Levantine, Baltic, East Indies, as well as the Dutch East India Company. Shares of commercial companies have been the subject of sales deals in both England and the Netherlands since their inception.

From the point of view of international business, it is necessary to distinguish between the national stock market, the international stock market and the global stock market.

The national stock market is a system of relations and institutions that are formed on the territory of the country depending on the issuance and circulation of securities.

The international stock market is a system of relations and institutions that are established between countries through the movement of counterfeit capital (securities).

The global stock market is considered as a set of national and international markets under the influence and interdependence.

Depending on the level of maturity, the markets of individual countries are divided into "emerging" - the stock markets of countries with sustainable economies and "recovering" - the stock markets of developing economies and countries with economies in transition.

The group of revived markets includes most of the world's countries - about 160 countries. Emerging markets according to the classification of the International Finance Corporation (IFC) of the World Bank are 23 units.

A recent report by the International Monetary Fund (IMF) on global financial markets classified emerging markets as: 1) all countries included in the FTA and the World Bank as developing countries; 2) countries with economies in transition, as well as 3) Hong Kong, Israel, Korea, Singapore and Taiwan. A total of 160 countries. The formed markets according to the ICC classification are also equal to 23 units.

In modern times, the stock market in countries with sustainable economies is an organized and well-regulated market.

What is the size of the global stock market?

It is possible to give a single general estimate and quantity due to the different nature of different types of securities. For example, it is not advisable to combine information on long-term securities (stocks, bonds), short-term (bills, checks) and derivatives (options, futures).

Taking into account this definition, the total size of the global stock markets in the late 90s of the twentieth century - 72 trillion. While the world's gross domestic product (GDP) is estimated at $ 30 trillion. dollars.

In 1998, 46% of the global stock market belonged to the United States, 13% to Japan, and the G8 countries in general (with the exception of Russia) - about 75%. The share of the seven developed countries with sustainable economies in the global stock market is almost twice their share in the world's GDP.

The three main groups of participants in the global profit market are issuers, investors and professional intermediaries.

Issuers. Issuers of shares are only joint stock companies. Forms of joint stock companies can be very different in different countries. Their specific differences are determined by the laws on joint stock companies (companies, corporations).

The total number of joint stock companies in the world is in the hundreds of thousands, but from the point of view of international business and the study of the stock market, we are concerned only with those who have a permanent quote (ie listing) in the organized market. Provides international statistics, information on issuers, and places facts and figures only on the market of listed companies.

In countries with stable economies, the number of issuers is relatively stable. In 1985-1998, their number increased from 18,000 to 20,000.

The situation is similar in the emerging markets of developing and transition economies. During the same period, the number of issuers doubled from 9,000 to 20,000. In emerging market countries, the average size of the issuer is more than 850 mln. $ 0.1 million in Saudi Arabia dollars It is different in Bulgaria and Mongolia.

Issuers of loans (bonds) are both private enterprises and government agencies.

In most cases, the main issuer of bonds is the state. Public sector Securities are securities issued by the government and government agencies.

Stock market investors.

The term investor in the stock market refers to those who have surplus funds and use them to buy securities. There are three groups of investors: a) individuals (population); b) corporate investors (enterprises) and c) institutional investors.

Historically, the “old” group of investors is the population. At the beginning of the stock market, this was the only group of investors. Gradually, the majority of investments in securities went to banks and other financial institutions.

In the second half of the twentieth century, a group of financial institutions became the main investors in financial assets, which are defined as “institutional investors”.

Institutional investors are the following institutions: insurance companies, pension funds, and collective investment institutions. In turn, ICCs are investment funds (investment companies), hedge funds, and trust departments of banks. Given the importance of institutional investors, the Organization for Economic Co-operation and Development (OECD) has been publishing the Statistical Yearbook since 1997, which provides a comprehensive definition of their role in highly developed economies. The status and prestige of institutional investors is constantly growing. In 1981, the assets of institutional investors in the CIS countries amounted to 3.2 trillion soums, or 38% of GDP, and in 1991 - 16.3 trillion soums. dollars (90%) and more than 23-24 trillion. dollars In the late 90s (106% and more). More than 90% of the assets of institutional investors are securities. A comparison of the total size of the global stock market and bonds shows that they cover 35-40% of the global stock market.

The largest group of institutional investors are insurance companies. At the end of the 1990s, their share was 31% of the total assets of institutional investors. In second place - pension funds (27%), in third place - investment companies (26%), but investment companies show the highest growth rates - an average of 16% per year, and their share is growing steadily.

Pension funds are the second main group of institutional investors, but in the United States and the United Kingdom they are the first group in which the growth of pension funds exceeds the GDP growth rate.

Indeed, pension funds use money to buy corporate securities, creating a real basis for future pension payments, as these funds are mainly used to invest, ie to create conditions for the production of goods and services.

The main group also includes investment companies (investment funds). Forms of investment funds are different and have different names in different countries, but their economic content is expressed in the accumulation of savings of different segments of the population through the issuance of private securities (stocks, shares, etc.).

Collective investment institutions have different organizational and legal forms: joint stock companies, trust companies, contract forms and others.

Another form of collective investment institution is an investment trust. Investment trusts are formed on the basis of a trust agreement. Trusts issue certificates of equity participation, which are mandatory marketable securities. The distinctive feature of trusts is that they do not have a Board of Directors. The trust portfolio is stable and cannot be changed. When concluding a trust agreement, the structure and size of the trust's portfolio are determined in advance.

Investment funds collect money from the population and use it to buy securities. Taking into account the high social prestige of these institutions, the state strictly regulates investment companies (funds). In EU countries, such institutions are referred to as CCCs (collective investment enterprises).

Hedge funds are also investment companies (funds), but they are not affected by the laws governing the activities of investment companies. Hedge funds are organized in such a way that they are not affected by the law. In this case, they do not have the right to freely sell their securities. Most of them are registered in offshore (free) zones and thus “evade” taxes. Hedge funds make up a small proportion of institutional investors, although in the 1990s they showed the highest growth rates of up to 40% per year. According to various estimates, the total number of hedge funds in 1998 ranged from 1,200 to 400. Their capital is estimated at 150-200 billion somoni. dollars and assets - 400 billion. dollars It was determined. Most of the founders of these funds are rich people (80% of all funds).

Different forms of hedge funds differ depending on the strategy used and the scope of activities. Macrophones and global funds are more prevalent. Global funds specialize in investing in emerging markets or in the financial markets of individual regions. Representatives of this group are the Tiger Fund and the Quantum Fund, headed by D. Soros.

**3.2. Functions of stock exchanges.**

Analysis of the evolution of the exchange activity allows us to make the following conclusions:

The exchange, as an element of the market system in the process of its development, has become a financial institution, the important function of which is to determine the price. At the end of the 20th century, the main task of the stock exchange was to find out the real market price, taking into account supply and demand. The economic function of the exchange is expressed as a pricing mechanism at the current stage of development of a market economy. In addition to the task of determining prices for current exchanges, there is a price forecasting, price insurance and regulatory function.

The first task of the exchange is to adjust supply and demand and determine the actual price based on it.

The purpose of stock quotes is to determine prices. The exchange quotation is the official price of the transaction and for standard goods, in accordance with the exchange rules, is the official working hours of the exchange.

The second function of the stock exchange is to insure against price risks (hedging). This includes a system of measures to eliminate price risk. Insurance against price risks in the futures market to protect against price changes.

Hedge of English. - protection, insurance against possible losses.

The concept of hedging is implemented with the help of a new type of exchange transactions - options. An option is a type of special agreement (exchange transaction) that is concluded between investors.

An investor sells an option in writing, and the person who buys it has the right to purchase the value within the period specified in the terms of the option. Option buyers have the right to use any asset, but not the obligation.

These assets can be specific goods, insurance or a futures contract.

The third task of stock exchanges is to determine the price of goods with prospects in the main conditions of the pricing policy.

The fourth task of stock exchanges is to regulate the market and prices. Price regularity is the presence of supply and demand. Regular price and market factors are the establishment of the official price level at the beginning and end of the exchange days. Voting on the conclusion of a transaction agreement, the level of price changes per day, and the provision of information to members of the exchange on demand and supply at commodity exchanges also have an impact.

**3.3. Exchange as a form of organization of the securities market**

By investing, the stock exchange has a regulatory effect on the entire market system of the country. The capital automatically goes to the most profitable sectors. High bank interest rates have little effect on share prices. The nominal value of a share increases with inflation, and the company's assets also increase. Therefore, taking advantage of the exchange mechanism, a more stable company acquires another company.

Forms of organization of stock exchanges are different, but they have one thing in common. The stock exchange, as the structure of the securities market, should provide an opportunity for sellers and buyers to meet in this market. For these meetings to be effective, it is necessary to create certain conditions for trade. Each security must have its own price, which is the same for buyers, and bidders must be provided with a certain guarantee when investing.

All these and other requirements led to the creation of a device, the nature of which is recorded in the legislation.

The stock exchange has always been an intermediary organization, the purpose of which is to provide a stable exchange of securities.

The diversity of the organizational nature of the exchange is reflected in the nature of intermediaries operating in these markets. A relatively legal intermediary is an exchange broker.

A broker is an intermediary who, as a rule, does not have the right to act on his own behalf in the performance of his duties, nor does he meet his obligations.

**3.4. International commodity exchanges: their significance and nature**

At present, in the framework of the world economy, about 70 types of goods are the object of international exchange trade, the share of which is about 30% of international trade turnover. The turnover of international commodity exchanges on all operations is 3.5-4 trillion annually. dollars.

The main part of the international exchange turnover is futures, which does not provide for the transportation of real goods. The total number of futures markets reaches 150, including 110 exchanges of agricultural commodities and 40 exchanges of industrial raw materials and semi-finished products.

Volume and structure of the goods circulating in the international commodity exchange:

- group of agricultural goods.

a) oily seeds and products of their processing (flax and cottonseed, soybeans, soybean oil) - 38% of turnover;

b) cereals (wheat, corn, barley, rice) - 22% of the turnover;

c) live cattle and meat - 18% of the turnover;

d) textile goods, sugar, coffee and other foodstuff - 20% of turnover;

f) natural rubber - 1.0% of turnover.

- group of industrial raw materials and processed products:

а) crude oil, diesel fuel, fuel oil, gasoline, gas - 50% of turnover;

b) precious metals - 30% of turnover;

c) non-ferrous metals (copper, tin, lead, zinc, aluminum) - 20% of the turnover.

The main international trading centers of the stock exchange are the USA, England, Japan, which account for 98% of the international turnover of the stock exchange.

The largest US stock exchanges are:

- Chicago Board of Trade - 46% of transactions in the United States,

- Chicago Mercantile Exchange - 30%,

-New York Stock Exchange - 25%,

-New York Cotton Exchange

-New York Coffee, Sugar and Cocoa Exchange.

In England:

- London Futures Exchange - "FOX" - 75.0% of the British stock exchange.

-London Metal Exchanges.

- London International Oil Exchange.

In Japan:

-Tokyo Stock Exchange.

The nomenclature of goods on the international commodity exchanges depends on the diversity of the exchange, ie whether it is universal or specialized.

a) the universal exchange;

in the United States; - "Chicago Board of Trade" - wheat, corn, barley, plywood, gold, silver, oil, gasoline.

“Chicago Mercantile Excellence” - live cattle, meat, potatoes, gold.

New York Cotton Exchange - cotton, orange juice concentrate, oil, gas, propane.

In England: - FOX Exchange - cocoa, coffee, sugar, fuel oil, oil, leather.

“Baltic Futures Iskens” - wheat, barley, oil, ship rental agreements.

In Japan: - Tokyo Commodity Exchange - gold, silver, platinum, cotton yarn, silk yarn.

b) specialized exchanges specializing in groups of goods.

USA: - New York Stock Exchange - copper, silver, gold, aluminum, sugar, coffee, wool, potatoes, cotton.

New York Coffee, Sugar and Cocoa Exchange.

Grain Exchange (in Minneapolis).

England: - London Metal Exchange - Miss, tin, lead, zinc, aluminum, silver, nickel.

c) limited specialized exchanges:

USA: - “Kaznas City Board of Trade” - wheat, Winnipeg Stock Exchange - barley.

England: - London Wool Exchange and International Oil Exchange.

Japan: - in Koba - grain, in Yokohama - sugar, rubber, silk.

Stock exchanges are divided into international and national in terms of their areas of activity, tasks and role in world trade.

International stock exchanges serve separate world commodity markets. Their features as international stock exchanges are that they provide the following operations:

- free transfer of profits received as a result of exchange operations abroad;

- conducting arbitration transactions, ie transactions for the purpose of making a profit on exchange differences in stock exchanges of different countries;

- the international character of exchanges is also ensured by appropriate currency, trade and tax regimes of the countries where they are located.

With this in mind as international stock exchanges:

- in the USA - all exchanges in Chicago and New York;

- in England - the London futures exchange and the London metals exchange;

- in Japan - all exchanges where goods are traded on the world market.

International exchanges also include exchanges serving regional markets. These include the London Stock Exchange, Baltic Futures Exchange, Winnipeg, Paris, Sydney, Singapore, Hong Kong and others.

International stock exchanges usually conclude two main types of contracts:

1. Agreement on physical goods;

2. Futures contract.

The contract for the actual goods usually ends with the transfer of the goods from the seller to the buyer, ie the transfer and acceptance of the actual goods in one of the warehouses of the exchange. This means that the seller who sold the goods on the exchange must have these goods and actually place them within the period agreed in the contract.

The agreement on the actual goods depending on the time of delivery to:

- contract on urgent transportation;

- and future transportation contract;

The decision on immediate shipment is usually called a contract for cash (“cash” or “spot”). This means that it must be placed in one of the warehouses of the exchange and delivered to the buyer immediately after the conclusion of the contract (under the term “immediate” shipment is understood as a period of one to 15 days).

Contracts for the carriage of goods in the future are commonly referred to as forward contracts, or forward contracts. They provide for the transfer by the seller of cash goods at the price specified in the contract at the time of its conclusion and within the period agreed in the contract. The duration of this period is determined by the exchange. For example, the London Metal Exchange sets the shipment period for all metals at three months (except for silver - seven months).

Contrary to the agreement on physical goods, the futures contract does not stipulate the obligations of the parties for the transfer or acceptance of the actual goods (within the term of the contract) and provides for the purchase and sale of rights to the goods (counterfeit transactions).

It is difficult to cancel a futures contract. If such an agreement is signed, it can be rescinded in two cases:

- or by concluding a counter-contract with an equal quantity of goods;

- or with the carriage of the contracted goods within the time period stipulated in the contract.

The result of a futures contract is not the receipt of cash, but the payment or receipt of the difference between the price of the contract on the day of its conclusion and the price of the contract on the day of its conclusion and the price on the day of its execution.

In general, international stock exchanges perform the main and auxiliary functions.

The main tasks include:

- purchase and sale of real goods;

- determination of the price;

- contract insurance (hedging).

Pricing is very important. This is the recording and printing of prices on the stock exchange. Pricing is carried out by a special department - the pricing commission, which is formed by the exchange committee under the chairmanship of one of its members.

Determination of exchange prices can take various forms:

According to the nature of the price it is:

a) the price of the contract; b) seller prices; c) the price of the buyer.

By time of transaction:

a) prices at the opening of the exchange; b) prices between stock exchange meetings; c) prices at the end of the day of the exchange.

At the same time, international stock exchanges also perform ancillary functions:

- speculative operations;

- determine the standard of exchange goods, develop standard contracts;

- registers trade traditions. In carrying out these functions, exchanges determine what types of futures contracts are possible and which types of goods are delivered under these contracts. Some exchanges introduce standard private trademarks. Others develop model contracts that can be used in both exchange and over-the-counter trading.

- acts as an arbitrator. Third permanent courts (arbitration commissions) are established on international stock exchanges, the decisions of which are binding and have judicial force;

- conducts settlements between members of the exchange through cash desks or the Chamber of Accounts. In this case, they record futures contracts and non-cash settlements;

- are engaged in information activities.

Taking into account the experience of conducting international business, certain modern trends in international exchange trading can be identified, which include:

1. Growth of the exchange turnover in general is typical for development of the international exchange trade.

2. The process of development and structure of the international exchange trade is influenced by the following factors:

- the ratio of supply and demand in individual world commodity markets;

- changes in the monopolization of markets and forms of trade in real goods;

- Increased use of goods - substitutes and the emergence of new exchange goods;

- increasing the experience of intergovernmental financial agreements (sugar, coffee, oil);

- use of computer equipment and technology at all stages of exchange trading;

- regulation of markets for manufactured goods by the European Union;

- Increasing the prestige of international universal exchanges.

**TOPIC 4. BILL OF EXCHANGE, BONDS AND TRANSACTIONS WITH IT IN THE SECURITIES MARKET**

**4.1. Transactions with promissory notes in the securities market in the Republic of Tajikistan**

**4.2. Carrying out operations with bonds in the securities market**

**4.1. Transactions with promissory notes in the securities market in the Republic of Tajikistan**

A promissory note is a security (a written certificate) issued by the holder or another person (the payer) to the holder upon expiration of the promissory note.

State treasury bills are issued on the basis of the Resolution of the Government of the Republic of Tajikistan “On issuance of state treasury bills” under №627 from November 17, 2009 in order to cover the state budget deficit.

The issuer of promissory notes is the Ministry of Finance of the Republic of Tajikistan. Promissory note circulation services are provided by the National Bank of Tajikistan (hereinafter referred to as the Bank) on the basis of mutual agreement with the issuer.

Government treasury bills are short-term qualitative (discount) government securities issued by the Government of the Republic of Tajikistan in non-documentary form with a face value of 100 (one hundred) somoni per bill and with a maturity of 28 to 364 days.

General certificate is a document prepared by the issuer for each issue of government treasury bills after the auction with an indication of the issue.

State treasury bills are issued in accordance with the following normative and legal acts:

- Agreement between the Ministry of Finance of the Republic of Tajikistan to the National Bank of Tajikistan under №2009-01 BM dated December 18, 2009;

- Law of the Republic of Tajikistan “On State Budget of the Republic of Tajikistan” for the relevant year;

- Calendar of issuance of state treasury bills, which sets out the main conditions for the issuance and circulation of state treasury bills.

The issuer shall, in accordance with a mutual agreement, issue an auction for the issuance of government treasury bills through the Agent for the issuance, placement and payment of government treasury bills (the Bank).

Issuer of securities - a legal entity that issues securities in accordance with the legislation of the Republic of Tajikistan and undertakes on its behalf obligations to owners of securities that are subject to the terms of the issue of securities (hereinafter referred to as the securities);

The issuer prepares each issue with the General Certificate for the entire volume of the promissory note issue, which is assigned a state registration number.

During 2015, State Treasury Bills were issued in the amount of 196.0 mln. Somoni and out of the provided amount 76.11 mln. Somoni, with an income of 0.89 thousand somoni. Somoni. Also from the republican budget 78.62 mln. somoni for the payment of Government Treasury Bills during 2015, including:

- the basic amount - 77,44 million somoni;

- payment of interest - 1,18 thous. somoni;

It should be noted that on January 23, February 17, June 14, July 23, August 17, September 13, and December 13, 2016, the auction was not held due to unsatisfactory bids. It follows that the unfulfilled 7-month plan for the sale of promissory notes will have a direct negative impact on the budget deficit. It should be noted that one of the reasons for not selling promissory notes is the lack of competition in one of the main market mechanisms. In order to survive the competition in the promissory note market, the purchase and sale of promissory notes should be carried out only on the Dushanbe Stock Exchange, so that the secondary promissory note market continues to operate and demand for other types of promissory notes (bank promissory notes, promissory notes).

Bills are placed at a discounted price and paid at face value. Calculation of the price of promissory notes, depending on the yield, is carried out according to the following formula: 

where it is:

C - desirable discount price (somoni);

F - nominal value (somoni);

I - the size of interest income (%);

d - number of days before payment.

The term of circulation of state treasury bills according to normative legal acts of the Government of the Republic of Tajikistan is 91 days.

Example 1.

Tojiksodirotbank on March 16, 2015 at the auction of the National Bank of Tajikistan at face value of 28 mln. somoni with 0.5% yield, bought government treasury bills, determine the market selling price of the bill.

Solution:

C = 28000000 / (1+ (0.5 / 100 \* 91/360)) = 28000000 / ((1 + 0.0012639)) = 28000000 / 1.0012639 = 27964655

It follows that Tojiksodirotbank buys a promissory note from the National Bank of 28,000,000 Somoni in the amount of 27,964,655 Somoni.

Upon maturity, the Issuer shall instruct the Bank to make payment of promissory notes from the transit account of placement and payment of the Treasury Bills opened in the Bank. In other words, Tojiksodirotbank returns the promissory note to the issuer and receives 28 million somoni from the transit account for placement and payment of state treasury bills to Tojiksodirotbank. somoni for the purchase of a promissory note.

Payment of bills of exchange shall be made on the day announced by the Issuer. If this day corresponds to a day off, payment is made for the next working day. Upon completion of the payment, the Bank shall return to the Issuer the General Certificate marked “Paid” or “Canceled”. The general certificate is kept by the Issuer for 3 years.

**4.2. Carrying out operations with bonds in the securities market**

A bond is a security that confirms the issuer's obligation to reimburse the owner of the security for its nominal value within a specified period of time with payment of a certain interest rate.

Bonds are issued in series and the minimum face value of the bond is not limited. Bonds are issued by enterprises and organizations recognized as legal entities in accordance with the legislation. Terms of issue and distribution of bonds are determined by the laws and charters of the enterprises.

The bond must contain the following information:

- the name of the security "Wombarg";

- name and location of the bond issuer;

- face value;

- state registration number;

- the serial number of the bond;

- place and date of issue, etc.

From the above, it can be seen that the development of the securities market plays a special role in the emerging market economy, allowing governments and enterprises to expand their sources of funding without restricting budget funds, self-financing and bank lending. International experience shows that at the end of the 20th century, in particular, the stock market became the main source of investment resources in developing countries. The securities market provides deposits for investment and promotes sustainable economic growth to a certain extent and increases the well-being of the population.

Bonds are issued by legal entities in the Republic of Tajikistan in accordance with the Law of the Republic of Tajikistan “On Securities Market” and have the same face value and the same terms of issue and payment.

The minimum nominal value of bonds is 10 somoni. The nominal value of bonds of more than 10 TJS must be divided by the minimum nominal value of the bonds.

In case of issuance of a documentary form, the bond must contain the following information:

- the name of the security ("bond"), the brand name and location of the issuer of the bond, the brand name or the name of the holder of the bond or the inscription on which it is issued, the face value;

- the amount of interest, if any;

- procedure, terms of payment and payment of interest;

- place and date of issue, as well as the state registration number, series and serial number of the bond;

- signature (facsimile) of two authorized persons of the issuer and the rights arising from the bond, as well as the name and address of the professional participant of the securities market, who maintains and maintains the register of bondholders.

The bond certificate may also contain other information about the issuer.

Currently, bonds are issued in the Republic of Tajikistan only by the Ministry of Finance in two types:

- Treasury bonds of the Ministry of Finance;

- Winning domestic and government bonds of the Ministry of Finance;

Treasury bonds in the amount of 153,790.9 thousand. Somoni was issued to cover the budget deficit, which is valid until 2021.

Domestic winning government bonds of the Republic of Tajikistan are issued for a period of 10 years from March 1, 2009 to March 2019. Bonds are freely sold and put into circulation by the State Savings Bank of the Republic of Tajikistan "Amonatbank". The bonds are sold at a price set by the Ministry of Finance of the Republic of Tajikistan and purchased at face value. The nominal value of the bonds is 10 and 20 somoni.

Bonds with a face value of 10 sites are issued in a single digit series, while bonds with a face value of 20 sites are issued in a series of two digits. The difference is that bonds of 20 sites have twice as many chances of winning as bonds of 10 sites.

During the 10 years of the bond's circulation, 60 draws of games, ie 6 draws per year, are held within the terms established by the Ministry of Finance of the Republic of Tajikistan.

In the draws of the games for each level of the bond the following number of winnings is placed. (see Table 5)

TABLE 5

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **The amount of winnings**  **(in somoni)** | The amount of winnings in  1-draw The amount of winnings | The amount of winnings in  1-draw The amount of winnings | The amount of winnings in | |
| 1-draw The amount of winnings | 1-draw The amount of winnings |
| 1500 | 1 | 1500 | 60 | 90.000 |
| 1000 | 2 | 2000 | 120 | 120.000 |
| 500 | 3 | 1500 | 180 | 90.000 |
| 300 | 3 | 900 | 180 | 54.000 |
| 200 | 4 | 800 | 240 | 48.000 |
| 100 | 5 | 500 | 300 | 30.000 |
| 40 | 30 | 1200 | 1800 | 72.000 |
| 20 | 4752 | 95040 | 285120 | 5.702.400 |
| **TOTAL** | 4800 | 103440 | 288000 | 6.206.400 |

According to the Resolution of the Government of the Republic of Tajikistan dated December 31, 2008 6669 "On Issuance of State Bonds", winning bonds, as well as undefeated bonds, which must be purchased at face value, can be repaid by March 1, 2020. to be done.

**TOPIC5. SECURITIES OF JOINT STOCK COMPANIES AND METHODS OF ISSUE**

**5.1. Definition, nature and issue of shares by joint stock companies**

**5.2. The role of certification of shares in the activities of joint stock companies**

**5.3. Issuance of other types of securities by joint stock companies**

**5.1. Definition, nature and issue of shares by joint stock companies**

A stock is a security issued by a joint stock company. It certifies that the owner has transferred certain assets to the joint-stock company as property, and transfers the right of ownership over a part of the authorized capital. A share provides its holder with the right to receive a portion of the profits from the company's activities and to participate in its management.

Shares are indefinite, ie they do not have a fixed term. A share may be indivisible or may belong to several individuals as common property.

All information about the shares to be issued is reflected in the draft, which is registered by special government agencies, and this is done in accordance with the law.

Shares acquired by members of a joint stock company are called outstanding shares and additional issued shares are called declared shares.

The amount, nominal value and conditions of their placement are determined by the charter of a joint stock company.

Shares issued by the company are divided into ordinary shares and preference shares.

Ordinary shares give the holder the right to vote (one share - one vote) at the general meeting of the company. Owners of ordinary shares have the right to participate in the distribution of profits of a joint-stock company only if the reserve funds are replenished from the net profit and dividends on preference shares are paid.

Therefore, the holder of an ordinary share is not guaranteed a dividend, as it depends on the results of commercial activity and the gross profit received.

In case of liquidation (bankruptcy) of a joint stock company, ordinary shares provide the holder the right to own a part of the property only after settlements with creditors and holders of preference shares.

Preference shares can have different types. One of their forms is cumulative shares, which are more convertible than ordinary shares and other types. Deductible cumulative type, which has a liquidation fund, includes preferred, silent and other preferred shares. The quantity and nominal value of the issued types of shares, which are distributed or will be published in addition, shall be in accordance with the charter of the joint-stock company.

Preference shares do not give their owners the right to vote at the general meeting of a joint stock company, unless otherwise provided by the Law “On joint stock companies” and the company's charter.

The advantage of holders of preference shares over those who have ordinary shares is that in the event of bankruptcy of the company, they can be the first to recover their profits and property.

Preferential shares provide their owners with a fixed amount of dividends.

In the case of publication, all paid dividends on preference shares are determined.

In case of settlements with holders of preference shares, first settlements are made, then with holders of ordinary shares.

According to the Law on Joint Stock Companies, the founders of a joint stock company have the right to extend the rights of holders of preference shares in respect of each type of share, payment of dividends and return of funds to the shareholder in the event of bankruptcy. In order to solve the problems of improvement and liquidation of a joint stock company, the general meeting of a joint stock company shall be attended by all holders of preference shares with the right to vote. For example, the general meeting of a joint stock company provides voting rights to the holders of certain types of preference shares.

Preferential or preferred shares are generally issued at a nominal price and are used to attract microfinance. Therefore, in the management of a joint stock company and the solution of its problems, the holders of a large package of ordinary shares may have an advantage.

Shares are common, preferred, registered and anonymous shares (to the bearer). Holders of registered shares shall be registered in a special register. By mutual agreement the shares can be bought and sold freely to the bearer and there are no conditions for registration.

It should be noted that these shares are not widely used in practice, as they cause many problems in the management of the company.

The supply and demand and the market price of shares are affected by the following factors: advertising, market conditions, the amount of dividends per share, the bank's interest rate. The higher the dividend, the higher the market price of the stock, and conversely, the higher the bank interest rate, the lower the market price of the share.

To determine the share price, the market price of a share is divided by its nominal value and its yield is multiplied by 100.

For example, a share with a face value of 2 somoni is sold at the market price of 2 somoni 50 dirams. Then the share price is 2s50d / 2 x 100 = 125.

The market price is 1.25 times higher than the nominal value. In Western countries, according to the law on joint-stock companies, each joint-stock company has the right to sell additional ordinary shares at a price 10 percent lower than the market price to the company's shareholders who have a preemptive right to purchase shares.

In addition, joint stock companies have the right to offer additional shares to intermediaries at below market prices. In this case, the market price of the shares is reduced to the level of the broker's bonus.

The relative price of a share is determined as follows: the market price of a share is divided by the total profit per share. This rate is called the fund rate.

The increase and decrease in the value of shares recorded on stock exchanges is evidenced by the rise and fall in the value of shares due to changes in the state of the economy, the level of activity of stock exchanges and bank accounting standards and other factors.

As a rule, shareholders do not keep shares at their disposal. In exchange for shares, they are issued one or more share certificates.

**5.2. The role of certification in the activities of joint stock companies**

A share certificate is a piece of paper that certifies that the holder owns a certain number of shares.

A share certificate is a document that confirms a shareholder's right to property. One organizational certificate is issued to a shareholder free of charge in exchange for all shares purchased in the company. Upon request, additional certificates are sold to shareholders for money, the price of which is determined by the board of directors.

The right of ownership over shares is transferred to another person only if the confirmation of shares is registered in accordance with the regulations.

Certificate of shares has the following specifications:

- name of the document;

- name and location of the joint stock company;

- the degree (category) of a series (series) of shares owned by shareholders, the rights and limitations of which must be certified;

- nominal value of one share of this level;

- the number and number of shares owned by a shareholder;

- name and place of residence of the shareholder;

- dividend rate (if the amount of dividends is specified);

- signatures of two persons in charge of the company;

- the seal of the company.

In the absence of any of the above, a share certificate shall be considered invalid.

Dividend is the income paid to shareholders at the expense of a part of a company's net profit. Dividends are paid between shareholders depending on each share they hold.

Dividends are expressed in absolute form in somoni (money) or in multiples. Dividends or interest rates on dividends are defined as the income that dividends provide in monetary terms relative to the nominal value of a share.

The dividend interest rate proves the security of share income.

In accordance with the charter of a joint stock company, dividends are paid to shareholders not only in cash but also in kind.

Dividends on common shares can be paid quarterly, or every six months, or once a year in accordance with the decision of shareholders or the charter of the company.

The source from which dividends are paid is the net profit for the year.

Dividends are paid in the interim period based on the decision of the Board of Directors of the joint stock company, but the amount and form of payment of annual dividends is determined based on the decision of the general meeting of the company.

It should be noted that the amount of annual dividends should not be less than the amount of intermediate dividends, and not more than the total dividends determined by the Board of Directors.

The order of payment of dividends is established depending on the type of share. First of all, dividends on preferred shares are paid.

Dividends on certain types of preferred or preferred shares may be paid from special funds made up of net profit.

In developed countries, the law on joint-stock companies gives the general meeting of shareholders the right to decide not to pay dividends on certain levels of shares. Dividends on preferred or preferred shares are not paid in full if there is a net profit.

Acceptance of such a decision by the general meeting of shareholders is necessary if the funds of the joint-stock company are directed to the financing that provides development of business.

Payment of dividends depending on the type of share is made in the established order.

First of all, dividends are paid on preferred or preference shares, the amount of which is indicated in the company's charter. According to the decision in force in Russia, dividends on preferred shares of types A and B are calculated in this way. Dividend is paid for each type A share in the amount of 10% of the net profit of the joint-stock company, which is distributed to each share depending on the results of the last financial year, and makes 25% of the company's authorized capital.

Dividend for each share of type B is set at 5% of the net profit of the joint-stock company, which is determined based on the results of the last financial year and makes 25% of the company's authorized fund.

If the dividend on each preferred share of type A and B is less than the dividend on ordinary shares, then the dividend on preference shares is increased to the amount of dividends on ordinary shares.

In the future, dividends on preferential shares will be paid on a regular basis, depending on the type, by reducing their preferential rights.

In the end, dividends on preferred shares are paid, the amount of which is not specified in the company's charter.

Dividends on ordinary shares are paid upon full payment of dividends on all types of preferred shares.

In case of financial difficulties, non-receipt of profit or use of financial resources for the development of economic activity, it is possible not to pay dividends on ordinary shares.

Upon the proposal of the Board of Directors, the actual amount of the company's annual profit shall be announced by the general meeting of shareholders.

Dividends are not paid on shares issued or registered on the company's balance sheet.

Dividends shall not be paid until the shareholders have fully fulfilled the conditions for the purchase of shares. The law on joint-stock companies of developed countries stipulates that dividends are paid provided that the company's authorized capital is paid in full and the value of the company's net assets after dividends is greater than the authorized capital and reserve fund.

In case of signs of bankruptcy or tea, bankruptcy is not allowed to pay dividends. This can be seen in the following example.

Out of 30 thousand ordinary shares registered by the joint stock company, 29 thousand were sold to shareholders.

Over time, the company bought back 1,500 shares from shareholders. According to the results of the year, the meeting of shareholders decided to distribute 60.5 thousand somoni of net profit and its distribution in the form of dividends. Taking into account the redeemed shares, 27,500 shares (29,000-1,500) remained in circulation. There are 2,500 shares (30,000 - 27,500) on the company's balance sheet, for which no dividends are paid.

The total dividend per share is 2.2 somoni (60,500 / 27,500).

2. The authorized capital of a company is 300 thousand somoni. A total of 3,000 shares were sold, including 2,700 ordinary shares and 300 preferred or preferred shares. The total amount of the fund distributed in the form of dividends is 63 thousand somoni, and the fixed dividend rate is set at 309%. It is necessary to determine the amount of dividends, which corresponds to ordinary and preferred shares.

The nominal value of each share is equal to 100 somoni (300,000 / 3000) and the registered dividend rate for preferential shares is 30%, then the dividend yield per share is equal to 30 somoni (100 x 30/100).

Dividend paid to holders of preferred shares is 9000 somoni (30 x 300). The remaining profit used to pay for ordinary shares is 54,000 somoni (63,000-9,000).

In this case the dividend for each ordinary share is 20 somoni (54000/2700).

**5.3. Issuance of other types of securities by joint stock companies**

Bonds - a form of issuance of bonds of a joint stock company, which has certain legal conditions.

A joint stock company organizes the use of credit resources by issuing bonds. The general meeting of shareholders shall determine the terms and conditions of issuing bonds. The issue of issuance or issuance of bonds is resolved by the decision of the board of directors, unless otherwise provided by the charter of the joint-stock company.

A joint stock company has the right to issue bonds in two forms; issue guaranteed and unsecured bonds. In the latter case, the size of the property is set for the bondholders and they are guaranteed.

Unsecured bonds can be issued by third parties only after two years of effective activity of the company. In this case the total amount of bonds issued in circulation should not exceed the amount of authorized capital or the value of property pledged by a third party to a joint stock company.

A bond is a security that represents the debt obligation of a joint stock company and obliges the company to return to the holder of the bond the face value or face value within a specified period of time. After full payment of the authorized capital, the company has the right to issue a bond.

Bondholders differ from shareholders in that they do not own the company, but act as creditors to the company.

However, the bondholder has an advantage over the shareholder. Payment of interest on the bond is made at least once a year, regardless of the size of the company's profits and financial condition, up to the settlement and payment of dividends. Holders of bonds have an advantage over shareholders in the liquidation of a joint stock company over the assets (assets) of the joint stock company.

A joint stock company has the right to issue three types of bonds: a bond secured by property, a bond secured by a third party, and bonds not secured by property.

According to the law of developed countries on joint-stock companies, a joint-stock company has the right to issue a bond without a property guarantee only after three years of operation, provided that it is approved in the company's annual balance sheet.

The holder of the bond may, upon request, invalidate the bond ahead of schedule, but not earlier than the period of invalidation indicated in the publication document.

Shares and bonds are securities of a joint stock company, so the general meeting of the company may decide on the possibility of issuing convertible bonds.

In accordance with the decision of the general meeting, bonds can be exchanged for shares under certain conditions. However, a company may not distribute bonds convertible into shares if the number of declared shares is less than the number of shares of the same type and the bonds have the right to be converted. According to the law, bonds are issued in two forms: nominal and anonymous (to the bearer).

Holders of registered bonds are registered by the joint-stock company in a special register. Therefore, the holder of registered bonds informs the company about any changes that need to be registered.

A nominal bond has the following characteristics:

\* bond number;

\* nominal value;

\* interest rate;

\* name, household name, name of the shareholder.

In case of loss of a registered bond by the bondholder, he shall have the right to restore it by payment of a certain amount.

Anonymous bonds (issued to the bearer) are called coupons, and the holder of such bonds can receive them only upon presentation of a coupon form attached to the bond. Those who issue anonymous bonds do not keep track of their holders.

Indication of the bond to the bearer:

\* name of the publishing society;

\* total amount of the bond;

\* conditions and method of interest payment on the bond.

In case the owner of the bond loses it to the bearer, his rights shall be restored by the court.

Confirmation of a bond is a security that confirms the right of the holder of nominal bonds in relation to their quantity and type. If the confirmation certifies the right to have one bond, it shall be called a bond.

When a registered bond is sold to another person, a new certificate shall be issued and the previous one shall be revoked.

Confirmation of a bond is determined by the following indicators:

- the name of the security;

- name and place of the joint-stock company;

- the date of issue and the total amount of the bonds, the series and the rights of the bondholder;

м term of cancellation of bonds;

ис face value of each bond;

мик quantity, number and nominal value, certified by the holder;

ном name and characteristics of the person indicating the security of the bond as a third party;

њ the amount and method of calculating the interest on the bond and the method of paying (issuing) the interest;

\* signatures of two persons in charge of a joint stock company;

\* seal of a joint stock company.

Bondholders are paid more interest than dividends. The percentage of a bond to its face value is determined regardless of the exchange rate of the bond.

Initial selection of a bond in the first year of the joint-stock company's activity requires payment of interest in proportion to the actual time of the bond's circulation (unless otherwise provided by the charter).

The interest rate on a bond is fixed, as it varies slightly depending on the term of the transaction and its expiration. Interest on the bond is paid from the net profit of the joint-stock company and in case of its deficiency from the reserve fund.

Interest is paid directly by the joint stock company that issued the bonds or by an agent bank or financial intermediary after payment of certain taxes.

Payment of bonds is made mainly by non-cash means by checks, payment orders, money transfers by mail and telegraph.

Payment of interest on bonds is made in the form of cash, securities, goods or property rights that have a monetary value. In case of repayment of the proceeds of the bond, the same bond shall indicate that interest has been paid or a part of the coupon for the bearer has been deducted. If it is indicated on the bond that the value of the issue is less than its face value, no interest shall be paid on the bond.

Interest on the bond is repaid once in three months, half a year or one year. If a joint stock company fails to pay interest on the bond within the specified time, it is declared insolvent or bankrupt.

The property of a bankrupt joint stock company that has issued a bond may be used to pay interest on the bond.

The annual income of the bond can be determined as follows. A nominal bond has a face value of 100 somoni. The interest rate on the bond is set at 50 percent per annum. In this case the current annual income of the bond is 50 somoni (100 x 50/100%).

A joint stock company also has the right to distribute other securities.

In addition to bonds, promissory notes and certificates of deposit are also included in credit securities.

A promissory note is a confirmation that the holder of the promissory note must return a certain amount to the bearer within a specified period.

Confirmation of deposit - a written certificate of a credit institution on acceptance of a depositor's money for deposit for a certain period of time, ie the bank is obliged to return the deposit of an individual with interest.

Confirmation of deposit also confirms the right of a representative to be a legal entity.

A check is a security that is used as a means of settlement.

A check is a written order of the check issuer to the paying organization, which must pay the specified amount of money to the holder of the check.

A bill of lading is a security that certifies the right of ownership over a specific good in case of its carriage by sea.

In case the goods are received by the carrier from the owner of the goods, the carrier shall issue a bill of lading to the owner of the goods and shall indicate the consignee there.

The group of securities that arises depending on the production includes options and futures.

Registered securities are a means of attracting additional financial resources.

Register of shareholders of a joint stock company

The register contains information about shareholders in the interests of the company.

The second circulation of shares on stock exchanges and their activation requires that all information about shareholders be in the register. For a shareholder, registration in a joint stock company means acquiring ownership rights over the shares.

After the state registration of a joint stock company, the joint stock company fills in and maintains the register of shareholders within one month.

The general rules for maintaining and maintaining the register of shareholders and making entries shall be determined by the legislation of the Republic of Tajikistan.

The information to be recorded in the register (how to keep the register) should include each shareholder of the joint-stock company, the nominal shareholders, indicating the grounds for registration in the register.

First of all, the following information about a joint stock company shall be included in the register:

legal address of the joint stock company;

маълумот information on state registration;

\* amount of authorized capital;

мик quantity, nominal value of a share type, its division and consolidation;

маълумот information on dividend payment and its amount, type of shares purchased by the joint stock company.

Information about each shareholder to be transferred to the register should contain the following information:

\* full name (name);

муш Identification of shareholders (account number of legal entities, place of residence, passport data for individuals);

мик quantity, type and nominal value of shares owned by a shareholder;

таърихи history of share purchase;

охирин date of last payment for shares;

\* the date of withdrawal of the person from the membership of the joint stock company and other information specified by the legislation of the Republic of Tajikistan with respect to the joint stock company.

**TOPIC 6. PROFESSIONAL MEMBERS OF THE SECURITIES MARKET: BROKER, DEALER AND UNDERWATER**

**6.1. Duties and responsibilities of a broker-dealer in the securities market**

**6.2. Rules for conducting transactions with securities**

**6.3. Underwriting operations and internal control of activities broker-dealer in the financial market**

**6.1. Duties and responsibilities of a broker-dealer in the securities market**

Brokerage (commission) activity is the conclusion of transactions with securities on behalf of and at the expense of the client or on its own behalf for the benefit of another person by mutual agreement with the client. A professional participant in the securities market who carries out brokerage activities is called a broker.

An assignment agreement or commission agreement for the provision of brokerage services is concluded between the client and the broker (brokerage company), in which a certain percentage of the amount for the execution of the order is paid to the broker. That is, the broker concludes the deal on his own behalf, but at the expense of the client. The broker can execute the received order in exchange and over-the-counter trading. All clients' funds paid to the broker for investing in securities, as well as funds received as a result of brokerage services, must be kept in a separate bank account of a non-bank financial or credit institution.

Dealer activity is a conclusion of an agreement on purchase and sale of securities in one's own name and at one's own expense by officially announcing the purchase or sale price of certain securities with the obligation to buy or sell these securities at the declared price by the person who carries out this activity.

A professional participant in the securities market who carries out dealer activity is called a dealer.

In addition to the price, the dealer has the right to announce other terms of the contract of purchase and sale of securities, including: the minimum and maximum number of securities to be bought and sold, as well as the period during which the announced prices are valid.

According to Article 38 of the Law of the Republic of Tajikistan "On Securities Market", brokerage activity is the conclusion of transactions with securities on behalf of and at the expense of the client or on his own behalf for the benefit of another person by mutual agreement with the client. Currently, the Ministry of Finance of the Republic of Tajikistan has issued 10 licenses for brokerage and dealer activities.

The list of professional participants who have a license for broker-dealer activity:

1. "Orienbank" OJSC, "Capital-plus" OJSC, "Tajprombank" OJSC, SSB RT "Amonatbank", OJSC "Agroinvestbank" \*\*

2. OJSC "Banks of Eskhata" \*\*

3. OJSC "Somon Capital"

4. OJSC "Tojiksodirotbank"

5. LLC "Rakhshon"

6. LLC "The first brokerage company"

\*\* Of these 6 licenses issued for broker-dealer activities, the date of issuance of their licenses is 18.11.2010. This is a sign that in 2010 they obtained a brokerage and dealer license to sell shares in Rogun. Since 2011, professional participants have not submitted reports on their activities to the Ministry of Finance, as these professional participants have not conducted any other brokerage or dealer activities. In order to facilitate this type of activity, it is necessary to operate an exchange, as most clearing, brokerage, dealer and depository activities are carried out through bank accounts.

Dealers who regularly buy and sell certain securities at certain prices in accordance with the rules of an organized market are called market makers. There should be at least 2 such market makers in the market for different types of securities.

In accordance with the Law of the Republic of Tajikistan "On Securities and Stock Exchanges", dealer activity may be carried out on the basis of a license issued by the relevant authorities.

Dealers and brokers can participate in the initial placement of securities, including consulting services on the acquisition of securities and the provision of loans for the purchase of securities (with a deposit of 50% of the same securities).

The functions of a broker and dealer are:

a) preparation and submission of information and recommendations necessary for making investment decisions by its clients;

b) transaction of securities at its own expense and at the expense of clients, on its own behalf and on behalf of the client, registration of transactions with securities of the client;

c) providing consulting and information services with the client's consent.

The obligations of a broker and dealer include:

a) determination of the purpose and objectives of investing in securities by the client and carrying out its activities in accordance with these purposes;

b) to act within the authority established for the client in accordance with the terms of the contract;

c) fulfillment of the client's orders on terms and prices that are beneficial for the clients;

d) in accordance with the procedure established by the brokerage service agreement, provide the client with confirmation of each transaction and fulfillment of related obligations;

e) failure to accept an order to deal with the client's securities, which does not guarantee payment for the transaction, in case of having securities and presenting them to the broker-dealer within three banking days from the moment of transfer of the client's order.

According to the Law of the Republic of Tajikistan “On Brokerage and Dealer Activities”, a broker and a dealer are obliged to notify clients of any conflict between the interests of the client and the broker-dealer, as well as the reasons for the decline. inform them of their financial condition or of the imposition of a penalty by the competent authorities within three days. This notification shall be made by the broker-dealer in accordance with the procedure established by the brokerage service agreement. Deterioration of the financial position refers to the non-compliance of the broker-dealer's financial stability with the requirements of the Ministry of Finance.

**6.2. Rules for conducting transactions with securities**

Securities belonging to the broker-dealer are stored separately from the client's securities in a special broker-dealer account in the Central Depository.

Upon receipt of money or securities of the client, the broker-dealer is obliged to place them in the specified account.

In one broker-dealer's account can be placed securities and funds of all his clients.

A broker-dealer has the right to use the client's funds in his favor for commissions and other fees related to the transaction, but does not have the right to use these funds for transactions of other clients and other transactions not specifically specified in the brokerage service agreement. to spend.

Funds of broker-dealer clients may not be confiscated by a third party without cases stipulated by the current legislation.

A broker-dealer carries out transactions on behalf of a client and has the right to participate in a transaction as a broker or dealer.

When acting as a dealer, a broker-dealer buys and sells securities at his own expense.

Requirements for carrying out dealer activity by the broker-dealer in the emerging markets shall be established in accordance with the criteria of the auction organizers for securities.

The broker-dealer performs operations with the client's securities as follows:

a) fulfillment of the client's market order through immediate purchase and sale of securities for the client at market price;

b) fulfillment of the client's normative order by purchasing securities for the client at the price not exceeding the rate indicated in the order, or sale of securities at the price not lower than the rate indicated in the order;

c) performance of the client's conditional order - by performing actions related to the client's assets after the previous order.

The broker-dealer is obliged to make every effort to fulfill the client's order, and he must follow the principle of the priority of the client's interests in the event of a conflict of interest.

A broker-dealer shall not have the right to disseminate unreliable information on the offer of purchase and sale, price and quantity of securities through mass media.

Reassurance of the deal with the broker-dealer is allowed only if it is stipulated in the contract or in case of unforeseen circumstances, in order to protect the interests of the client with his consent and with its documentation in accordance with the legislation. The Republic of Tajikistan will do it.

Based on the brokerage service agreement, the client gives the broker-dealer the right to make investment decisions.

The order of development of the instruction on making the investment decision by the client and making the independent investment decision by the broker-dealer concerning the active assets of the client includes the following issues:

a) a list of broker-dealers responsible for making investment decisions and developing instructions for the client to make investment decisions, as well as documentation of these actions;

b) the procedure for recording the sources of information on the basis of which the investment decision was made or instructions were given.

Promotion of documents

The broker-dealer prepares and registers the following documents and information when dealing with securities:

a) agreement with the client on brokerage services;

b) client's order;

c) list of the client's orders;

d) a trader's order;

e) broker-dealer agreement concluded for the performance of a brokerage services contract and a client's order in the securities market.

The contract of brokerage services is concluded with the client before the beginning of any transactions with securities and funds of the client, as well as after acquaintance of the client with the internal rules of the broker-dealer.Шартномаи хизматрасонии брокерӣ илова ба шартҳое, ки дар қонунгузории ҷорӣ пешбинӣ мегардад, тартиби фаъолиятро муайян намуда ва иборат аст аз:

a) details of the parties to the contract;

b) subject of the contract: provision of brokerage services, including nominal depository services;

c) rights and obligations of the parties;

d) the conditions for the entry into force of the contract and its termination;

e) procedure for making additions to the contract;

f) settlements between the parties, including in the event of termination of the contract;

g) the method of giving the client's order to the broker;

h) settlement of disputes related to the relationship between the parties;

i) the amount of commission income for services and transactions with securities, including when the client does not have funds to pay the broker-dealer;

j) exchange of information between a broker-dealer and a client;

k) completion of transactions of securities with persons authorized by the client;

m) dealing in the presence of several owners.

In the case of services for the nominal storage of securities, the contract must also stipulate the terms and procedure for providing information to the client on the status of his accounts.

The term of the contract is determined by agreement of the parties.

The contract shall terminate in this case:

a) with the consent of the parties;

b) at the request of one of the parties, who notified the other party within 20 days in advance;

c) termination or revocation of the broker-dealer;

d) unilaterally in case of non-fulfillment of the terms of the contract.

Upon termination of the contract, the broker-dealer is obliged to take measures on return of securities and client's funds within a period not exceeding 10 banking days, unless otherwise stipulated by the contract for brokerage services.

Transactions with the client's securities are performed by the broker-dealer on the basis of the client's regular order.

The client's order includes:

a) customer order number;

b) date and time of receipt of the order;

c) name of the client or his / her personal account number;

d) type of assignment;

e) type of order - purchase or sale of securities;

f) the type of name of the security;

g) time of the order;

h) the procedure for payment or delivery of securities;

i) quantity of securities;

j) the estimated transaction price;

k) information on the client's obligation to pay securities in the event of an increase in its market price;

l) signature of the client and a stamped copy for the legal entity;

m) information on the broker-dealer specialist who accepted the order;

o) information on the availability of indications by the broker-dealer on the performance of this transaction;

o) information on securities submitted by the client for sale and its regular and accurate documentation;

p) other information.

The client's order may be delivered to the broker-dealer in writing and by electronic means upon receipt of the original documents and executed in the order of receipt, unless otherwise provided by the contract of brokerage services.

The broker-dealer is obliged to confirm the acceptance of the client's order within one banking day in accordance with the procedure established by the contract of brokerage services and the rules of the auction organizers.

A copy of the client's order must be delivered to the broker-dealer units, which directly record the transactions with securities and are reflected in the register of the client's order, which is presented in chronological order.

When providing a one-time service to a client by a broker-dealer, the contract of brokerage service and the client's order may be replaced by a contract-order.

Execution of the client's order is carried out by a broker-dealer trader in an organized and unorganized market, which is based on the broker-dealer's order, the following information should be noted:

a) the current number of the trader's order;

b) date and time of giving the order to the trader for execution;

c) type of assignment;

d) information on the trader's order;

e) list of securities;

f) quantity of securities;

g) information on participation in a broker-dealer transaction as a broker or dealer;

h) the date and time of receipt of the report on the implementation of the assignment.

Execution of transactions with securities of a broker-dealer as a broker instructed by the administrator must additionally include:

a) the date, number and time of receipt of the client's order by the broker-dealer;

b) information on the availability of broker-dealer recommendations to the client on this transaction.

The terms and procedure for giving the instruction to the administrator, additional information and the form of instruction to the trader may be established in accordance with the internal rules of the auction organizers, as well as the broker-dealer.

Transactions and transactions with securities are carried out by the administrator on the basis of an instruction given to the trader or another authorized person of the broker-dealer in the unregulated market.

The agreement signed by the broker-dealer when dealing with securities in the unorganized market must include, in addition to the provisions of the current legislation:

a) information about the person who performed the transaction and documents confirming his authority;

b) full and official list and address of the broker-dealer and counterparty;

c) type and value of securities;

d) the procedure for the calculation of the parties and the total amount for the calculation of the procedure for covering the costs of the transaction;

e) information on the broker-dealer's participation as a dealer or broker;

f) the date of the decision of the transaction;

g) and so on.

When performing a transaction by a broker-dealer as a broker, the client must have additional information about the contract. The contract or a copy thereof shall be provided to the client or his authorized person and a copy thereof shall be kept by the broker-dealer together with other information about the client.

The rules of organizing the securities auction may provide for other acts confirming the transaction with securities.

Transaction documents must be submitted by the trader to the broker-dealer on the day of the transaction.

After signing the transaction with securities, the broker-dealer must fill in the remaining parameters of the client's order:

a) place of signing the transaction;

b) the exact date and time of the transaction;

c) the date of performance of the respective transaction obligation;

d) the value and quantity of securities;

e) information on the transaction agreement.

**6.3. Underwriting operations and internal control of activities broker-dealer in the financial market**

A broker-dealer has the right to carry out underwriting activities in accordance with the agreement with the issuer on the placement of its securities, which includes the procedure of receiving securities from the issuer and selling them to the investor, including:

a) its technical value when placing securities;

b) the form of underwriting, indicating the obligations of the broker-dealer when placing securities;

c) payment of broker-dealer commission for supervision, documentation of issuing associations, taking into account the services of a legal adviser;

d) obligations of a broker-dealer to provide services to the issuer;

e) commission fees charged on one security and distribution of securities taking into account one underwriter;

f) reduction of the price for each broker-dealer participating in the placement of securities, paid at the expense of one security;

g) terms and procedure for payment of each transaction with securities;

h) the date of entry into force of the underwriting agreement and the terms and conditions of its termination.

Placement of securities by a broker-dealer prior to the registration of their issue may not be carried out in accordance with the procedure established by law.

An underwriting agreement may provide for other types of services that are related to the underwriter or the issuer association in arranging the issue and the initial placement of securities.

The underwriter's manager, who accepts the placement of a small part of the issue of securities, heads the issue association and has the following responsibilities:

a) management and organization of the work of the issuing association;

b) placement of staff and regulation of the issuer's association;

c) development and conclusion of an underwriting agreement and an emission agreement;

d) representation of the issuing association for communication with shareholders and third parties.

The underwriter has no rights:

a) misrepresent potential investors;

b) give erroneous reports to the issuer on the conducted research, as well as provide incomplete or incomplete information on the draft of the issue or provide it with incomplete information;

c) use and distribute the issue forecast when issuing securities, which differs from the forecast recorded in the order established by the current legislation.

If the issuer has suffered significant damage as a result of illegal actions of the underwriter and the issuing association, they shall be liable to the issuer.

Internal control. The broker-dealer must provide internal control by persons who do not perform accounting functions directly to ensure the completeness and confidentiality of information that arises during the establishment and compliance with the following rules:

a) recording, storage and submission of documents to the archive, availability of the archive and recovery of numbers from the archive;

b) storage of electronic statistics;

c) availability of information to employees when working with statistical software on securities and client funds;

d) implementation of instructions by the staff;

e) professional ethics of a broker-dealer;

f) fire-fighting measures and actions of specialists in case of unforeseen and emergency situations.

These rules are set by the broker-dealer and the self-regulatory institution in accordance with the legislation of the Republic of Tajikistan.

**TOPIC 7. THE ROLE OF CATEGORY OWNERS IN THE SECURITIES MARKET**

**7.1. Activity of register holders in the Republic of Tajikistan**

**7.2. Duties and responsibilities of registry holders in the securities market**

**7.3. Methods of concluding contracts between registry owners and joint stock companies**

**7.1. Activity of register holders in the Republic of Tajikistan**

How to fill in the register of shareholders. Documents confirming the ownership of the shares must be submitted for entry in the register.

Establishment of a joint stock company and the basis on which information is recorded in the register are the agreement on establishment of a joint stock company and the documents confirming the payment of their contribution.

A written order of a shareholder or a joint stock company and other documents confirming the ownership of a share may be the basis for recording the obligations in respect of shares in the register.

At the request of a new shareholder, a record is made in the register based on the submission of documents confirming the right to the share. Entries in the register of shareholders at the request of the shareholder or the holder of the name of the shareholder shall be made within three days from the date of submission of documents.

Refusal to register in the register by the registrar is prohibited, unless there is a violation of the law in the joint-stock company.

**7.2. Duties and responsibilities of registry holders in the securities market**

The registrar shall give the reasons for denial of registration on the grounds within five days from the day the request was submitted.

Keepers of the register of shareholders. If the number of shareholders of a joint-stock company is less than 500, the joint-stock company itself can. be the custodian of the register. In this case the joint stock company registers the shareholders and provides registration in the register.

If the number of registered shareholders exceeds 500, then the company transfers the maintenance of the register to a special registrar who is a legal entity and concludes a contract with it.

Shareholders and nominal owners of a joint stock company cannot act as a special registrar of a joint stock company.

In accordance with the terms specified in the contract, the special registrar shall inform the public of all changes in the register and shall analyze and compare on a monthly basis the number and types of shares distributed and shares of registered persons.

Although a joint stock company has a special registrar, it is not exempt from responsibility for maintaining and maintaining the register of shareholders. The custodian of the register shall be required to include in the register records of each shareholder and information about the nominal holder of the share.

In case of re-participation of shares, participants of the securities market must provide the owner of the register with information about the shareholders of the issued shares.

The owner of the register, whether it is a joint stock company or a special registrar, has no right to conduct financial transactions with shares of shareholders listed in the register. As an exception, a company may repurchase its shares if this is in accordance with applicable law.

Shareholders and nominal shareholders must promptly notify the register holder of any changes in the information that must be included in the register, otherwise a special joint stock company is not exempt from liability for the damage caused in person.

The owner of the register is obliged to make copies of the information on the register at the request of shareholders or nominal holders. Copying from the register is not a security, it only confirms the shareholder's right to the securities. The transfer of a copied copy does not transfer ownership to the holder.

Maintaining catalogs on paper in large joint-stock companies is a very labor-intensive and difficult task, so in today's world, electronic recordings are widely used using computers.

|  |  |  |  |
| --- | --- | --- | --- |
| **№** | **Name of professional participant** | **2016** | |
| Quantity of transactions (pieces | Amount (in soms) |
| **1** | Lamans LLC | 14 | 8 497 873 |
| **2** | LLC "Register Plus" | 69 | 1 849 462 |
| **3** | LLC "New Register" | 22 | 2 900 |
| **4** | LLC «Catalog owner» | 26 | 2 343 191 |
| **5** | OJSC "Bentora" | 0 | 0 |
| **6** | LLC «Listing commercial company» | 0 | 0 |
| **7** | CJSC "Orien-Company" | 0 | 0 |
| **8** | LLC "IC Orien Capital" | 0 | 0 |
| **Њ А М А Г Ї** | | **131** | **12 693 426** |

**Activities of register holders -** The Ministry of Finance of the Republic of Tajikistan has issued 8 licenses to maintain the register of holders of securities, 4 of which are inactive.

Today there are 4 professional participants in promoting the list of holders of securities, but their activities are limited. In order to expand the activities of the register holders, the legislature should provide them with ample opportunities to operate.

Holders of the register operating in the Republic of Tajikistan:

1. LLC "Lamans"

2. LLC "Register Plus"

3. LLC "New Register"

4. LLC "Catalog owner"

The validity of the licenses of professional participants in maintaining the register has been suspended by the Ministry of Finance:

1. OJSC "Bentora"

2. LLC "Listing business company"

3. CJSC "Orien-Company"

4. LLC "IC Orien Capital",

The reason for not operating is the lack of profitability (lack of customers), the absence of an exchange. For the development of this type of professional participant it is necessary to increase their activity and provide more tax benefits, so that the legal entity (owners of the register) does not try to liquidate the enterprise.

**7.3. Methods of concluding contracts between registry owners and joint stock companies (for independent work of students)**

**TOPIC 8. FREE SECURITIES AND FINANCIAL INSTRUMENTS**

In developed industrial countries, in the process of developing the securities market, free securities appeared. These securities are called free, which are secondary to the main classical securities - stocks and bonds.

In today's conditions, such securities are called derivatives. This group of securities includes options, financial futures, warrants and depository receipts.

Free stock markets are developing rapidly and occupy a prominent place in the stock market.

Options. Options trading was first organized on April 26, 1973 on the Chicago Board of Trade. while options trading in the over-the-counter market has been around for 100 years. For investors, an option is an additional tool for managing risk.

An option is the purchase and sale of a certain number of securities at a fixed price for a specified period of time, and the holder has the right to sell or buy a certain number of securities within a specified period.

Fixed price - the executed price is considered to have expired if the specified option period has expired.

Upon purchase of an option, the buyer pays the seller the value of the option in the form of a bonus, or the price of the option. The bonus paid at the time of purchase of the option is the magnitude of the purchase and sale, the remaining terms are not changed by its price.

The price of an option arises from the effect of bids.

Depending on the term of their implementation, the options are as follows:

- European - their execution is carried out in case of payment;

- American - their performance in all cases is considered until the end of its term.

The option is offered by the seller, who first receives a profit in the form of a bonus from the buyer, which is part of the seller's portfolio income.

The amount of the option bonus varies in each case: For example:

- the existing ratio between the price of the asset on which the option is based and the price of its execution;

- a splash in the price of a share or other security on the basis of which an option is issued;

- remaining time before execution of the option;

- yield of securities that form the basis of the option.

Financial futures are also free instruments.

Financial futures are a contract (an obligation, not an option, to choose from an option) to buy or sell a certain standard number of securities on a given day for the future at a price at the time of the contract. are sold.

This standard contract specifies all parameters, such as: term, standard lot size, deposit insurance guarantee.

The purpose of futures traders is not to buy securities as a rule, but to differentiate their prices.

The holder of the contract tries to sell it at a higher price, but the seller tries to buy such a contract in the future at a lower price.

In addition, a futures contract is issued for the purpose of insuring against the loss of risk, ie in the event of a rise in prices for the purchase of bonds or other securities, the operation of which is unexpected for buyers.

The largest options and futures trading centers are the American Stock Exchange.

These include: the Chicago Board of Trade, the International Financial Futures Exchange, the Paris Options and Futures Exchange, the Amsterdam European Options Exchange, the Singapore International Exchange, and others.

Warrants. Warrants are securities, the holder of which can buy securities in the future at a predetermined price and number.

In practice, warrants are similar to options, options last for several months, and they differ only in their issuance.

It is very interesting that warrants are offered in the same package with other securities, as they give the shareholder the right to buy some of these securities at a lower price in the future. In addition, the validity period of warrants is in many cases from 10 to 20 years, and their circulation period is not limited.

An American deposit receipt is a freely convertible receipt of a foreign share placed in a US bank as a depositor. American depository receipts are shares of corporations registered outside the United States. Transactions on American depository receipts are carried out in combination with securities held in the bank or in the hands of the recipient. These investment instruments (instruments) are traded on methods issued by foreign stocks. American depository receipts date back to the 1920s.

Financial instruments. In addition to the classical form and securities, industrialized countries have a wide range of financial instruments, which are instruments of circulation and one of the areas of mobilization of funds, which are returned to the real investment.

The most timely are certificates of deposit, savings and promissory notes.

Certificate of deposit is a revolving instrument issued by commercial banks or credit and savings associations for a term deposit of up to $ 100,000. and more are released. They have a fixed payment period and are an independent object of trade

Deposit certificates differ in their issuer, term of the bond and form of settlement.

In the United States, the following certificates are distinguished by their issuance:

- banks issuing domestically;

- banks issuing abroad;

- dollar certificate of deposit;

- Foreign banks that issue certificates in the United States.

Foreign banks with branches in the United States may issue US dollar certificates of deposit. By term of the bond, certificates of deposit are as follows:

- (up to demand) on demand;

- fixed-term deposit certificate.

A promissory note is a security, the holder of which or another person (the payer) inscribed on it, upon the expiration of the term of the promissory note to transfer to the holder a certain part of the amount.

It should be noted that in today's conditions in industrialized countries, the volume of bills in the market and their role as a financial instrument is not so great. This form of payment is widely used in the United Kingdom, the United States and Canada. Because they are used as acceptance of bank payments in foreign trade.

**TOPIC 9. STATE SECURITY MARKET REGULATION SYSTEM**

**9.1. General issues of securities market regulation**

**9.2. Securities market regulators**

**9.3. Legislative basis of the securities market**

**9.4. Regulation of securities market participants**

**9.1. General issues of securities market regulation**

The securities market is an integral part of the credit capital market and is the object of state regulation, aimed at protecting investors against actions against them by issuers and their intermediaries. Government movement to protect the interests of market fund participants who act as intermediaries in the conversion of depositors to investors. State regulation of the securities market is carried out directly through the state. In this case, the government does not participate in the pricing of securities. Market participants retain the right to self-control and self-regulation. Government regulation of the securities market is carried out in three directions:

• activity of control bodies;

• a database of copyrights and open information on the activities of market participants;

• a specific mechanism for regulating the securities market;

Due to the globalization of the economy, there is a need for interstate regulation of the securities market. Prior to the beginning of the twentieth century, there was no state regulation of the securities market in the United States.

The market fund was characterized by price movements, now it is considered an illegal indicator everywhere. Such a move would be to the advantage of simultaneous fraudulent transactions, the purchase and sale of securities to organize active transactions in the market and contractual agreements with two agents at a pre-negotiated price in order to change the situation in the market.

When necessary, the corner concept of stocks was broadly organized for a specific group of traders who ordered their own prices in the market. The famous financier Henry Clues recalls the post-war period of 1861-1865 and says that all of America's wealth was made up of corners. During this period, the most active were short-selling, where many market participants participated in this type of business and bought at a relatively low price. The essence of this method of trading is that the businessman sells securities, which he now does not have in the form of postage. The buyer promises to make the profit available to him in a relatively short period of time.

“Short” sales can change the state of the market in a short period of time. Therefore, in the Netherlands in the early seventeenth century there was a tendency to limit the number of these securities. In Great Britain in the 18th century, the country's parliament passed a bill to repeal it. Nevertheless, this form of trade continued to flourish in many places.

Only in the 30s of the XX century, after the crisis of 1929-1933, strict measures were taken against them.

The securities market was organized only by the method of self-regulation of market fund specialists. Self-regulation was practiced to support specific rules among professionals and their participants. Already in the early twentieth century, businessmen and traders supported the need for government regulation of this market. In some US states, a law to protect investors has been passed under the name of the heavenly law (Blresky laws). However, there was no government regulation at the national level. State regulatory movements are facing opposition from Wall Street on all sides.

After the First World War, counterfeit capital in the United States rose at a rapid pace, consisting of the issuance of unsecured shares. This, of course, involves the intrigue of professionals, such as secret negotiations, in the case of buying and selling shares, the release of information about this or that type of security, etc. How to manipulate the price on its collective basis, or make it money (money) ) is also widely developed. For example, in 1929, the 107th issue of shares on the New York Stock Exchange issued money manipulation (monetary manipulation), which was encouraged by the members of the exchange themselves. Legalization is considered to exist if the directors of the corporations are involved in the money.

In practice, the construction of financial pyramids was widely used, and dividends were paid to the investor not from the income, but from the capital received as a result of the next issue. The most widespread financial pyramid of the same period was the 1929 financial pyramid of the Swedish company Kruger & Toll.

In the years of stock market failures, banks not only bought and sold securities through their branches, but also lent money to investors through intermediaries (brokers) or directly to themselves to buy securities. Due to the fact that the amount of coverage (margin) of losses, or the share of banks' own funds, was determined, this amount was not so high. Therefore, the failure of the market fund led to the non-payment of the banking system, which in turn led to the mass bankruptcy of banks.

After his election as President of the United States in 1932, Roosevelt F.D. took a number of measures to regulate the primary stock market. One of these measures was to ensure state control over the activities of investment institutions.

The difficult financial situation and limited opportunities for Walt Street professionals to make decisions hindered the regulation of their activities. At Roosevelt's request, former chairman of the Federal Trade Commission X. Thomson, author of the Democratic Platform for Securities Market Regulation, drafted an appropriate law, which was passed by the Senate after some reforms.

In May 1933, the Law "On Securities" was adopted, which, along with other laws, still applies today.

**9.2. Securities market regulators**

Supervision over the functioning of the securities market in industrialized countries was established mainly after the global crisis of 1929-1933. These government oversight bodies have been established to regulate the securities market. A special body for regulating the securities market was established in the form of a commission on securities and the stock exchange. In a number of countries, the task of state regulation of the securities market was assigned to the Ministry of Finance or government agencies. In order to implement the laws of 1933-1934 in life in the United States, the Securities and Exchange Commission (SEC) was established, which is basically an independent supervisory commission. controlled the issuance and circulation of securities. The leadership of the SEC consists of five members, they should not be from one party and they should not be more than three. The head of this oversight commission is appointed by the President of the United States and approved within five years. The composition of the SEC must be changed annually after the expiration of their terms. The SEC's mandate includes:

• registration of issuing companies, brokers, dealers, securities consultants;

• regulation of the activities of professional participants in the securities market;

• regulation of securities trading in circulation;

• control over the activities of all types of investment funds;

• determining the registration procedure;

• publication of information on all types of securities traded on national stock exchanges;

• Investigation of unforeseen illegal events in the securities market;

• provide for administrative penalties for violators of the law, etc .;

In the creative field, the US Congress should be allowed to communicate to the SEC and its representative the right to publish legal acts that are considered equal to the laws of the country. This representative can investigate violations of applicable law himself. Punishment is provided for the gravity of the crimes committed, or the materials prepared are submitted to the Ministry of Justice, which initiates criminal proceedings against the offender.

The following information testifies to the activity of the SEC commission:

• In 1996, the SEC inspected 8,500 registered brokers and dealers, which included 62,000 branches and 530,600 registered representative offices;

• operating stock exchanges, NASDAQ and street market, 15 registered clearing agencies and audited investor protection corporations;

The federal and state laws governing the rights of insiders and insider trading say nothing. It should be noted that there is a law "On securities trading." Insiders are those who are obliged to open information communication with the stock exchange and regulatory authorities.

Each holder of more than 10% of the company's securities registered with the SEC is accountable to each chairman of the board of directors and chairman of the company's board of directors to the SEC and the exchange's management. Not later than 10 days after the end of the following month, operations on changes in the size of the controlling stake and the structure of the portfolio itself are obliged to notify the SEC and the management of the exchange of each holder. Make this information available to the public through a special data bank and the business press.

There are restrictions on insider trading. Employees of the issuing company, conducting operations with securities, must transfer all their income to their own company within six months. However, the use of information that is not available to the public in business is not considered.

The issue of identifying inaccessible media is not addressed, and its content is not significantly affected. Provide access to the media, which is not allowed to wait and contract for a certain period of time. In such cases, the effect is prohibited within 24 hours of the publication of the news, any contracts. Proper understanding of such information will benefit investors.

Non-publicly available media include:

• planned changes in dividend payments;

• Adjusting sales adjustments, negotiations;

• mergers and sales;

• changes in the management of companies;

• development of new productions;

• changes in the composition of share capital, etc .;

The law does not clearly define the rights of insiders, but the law fully supports this group of people. This group includes active insiders - those who use the news when making contracts, as well as inactive insiders - those who provide unknown information to active insiders for small rewards. If both groups are identified, they will all be held accountable, regardless of their identities.

In the U.S. securities market, activities that are not required by law, whether administrative, civil, or otherwise, are subject to prosecution. In the case of insiders, they are given many rights by the SEC. If earlier in a civil case he could have applied to the court for illegal income, now after the amendments to the 1980 law, active and inactive insiders are required to recover the damage caused. The recovered amount will be paid to the federal budget.

The supervisory bodies of stock exchanges during the operation of the stock exchange determine the rules of placement on the stock exchanges. In addition, the order of purchase and sale of securities is determined, and participants in the securities market who violate the established procedure are subject to fines. These responsibilities are legally assigned to them, but in the event of unsatisfactory performance by these bodies, the SEC will intervene.

The activities of the stock exchange supervisory bodies are connected by electronic registers of current operations to the national networks. The detection of unreliable transactions is computerized. The NASDAQ e-commerce system is staffed by 50 supervisors and uses 40 types of specialized electronic products.

In the event of a withdrawal from NASDAQ, additional investigations will be conducted by obtaining additional information from the contracting agents. Every year they deal with many incidents and about 250 of them face various fines.

In severe cases, they apply to the SEC.

Japan. In Japan, there is a two-tier system. where control over the market is exercised by both the state (Ministry of Finance) and the self-regulatory organization.

In 1948, like the SEC, the U.S. Securities and Exchange Commission was formed. After the end of the occupation in 1951, the commission was abolished and its functions were transferred to the Ministry of Finance. In Japan, it is customary for a civil servant not to work in a good position with a high salary after retirement (55 years).

The Ministry of Finance maintains close ties with brokerage firms. The number of employees of the Securities Department of the Ministry of Finance of Japan reaches 150 people.

Under the Ministry of Finance of Japan, a Board of Securities and Exchange Council has been established, consisting of 20 specialists who deal with securities and are appointed by the Ministry for a period of two years. The task of this Council is first of all to prepare any recommendations, instructions for financial control on improvement and regulation of securities legislation.

In July 1992, after the crisis of the Japanese stock market (1990-1991), the mistakes of the participants of the securities market were identified and a new Commission on Securities and the Stock Exchange was established using the information inside. The main task of this commission is first of all to control the securities in the market. The difference between this Commission and the SEC is that the Japanese Commission is one of the institutions of the Ministry of Finance for securities, and as before, the Commission only monitors and regulates market activities.

The Federal Bank of Germany (Bundesbank) has jurisdiction only over the regulation of banks and a special supervisory body of the Federal Chamber of Supervision of Banks.

**9.3. Legislative basis of the securities market**

The legal framework of the securities market has been actively developing since the crisis of 1929-1933. This has allowed many countries to adopt the right conditions and laws on the securities market and the stock market. This, of course, provides for the further development of the securities market and its regulation for several years. These laws were designed to ensure the development of the securities market and prevent the stock market crisis, protect the interests of investors, and regulate the activities of market participants.

The basis of the securities market legislation in the United States. The basis of the legal stability of Western countries during this period was provided by the stock market as an additional source of financing the economy. An example of this is the American securities laws.

Thus, the law on securities, adopted in 1933, covers the following issues:

• providing the investor with information on the public sale of securities;

• prevention of any cases of fraud in the sale of securities;

The purpose of this work is to register the issued securities and trade them through the disclosure of financial information. All bonds, shares owned by corporations, limited liability companies, trusts and their other issuers must be registered with the SEC. These rules are inviolable to the securities of federal governments and most local governments.

Registration is required for securities issuer companies. Investors should be able to assess the benefits of these securities and they should make an appropriate decision to purchase them.

Registration is approximate, but it does not guarantee the accuracy of the registration application. The law generally does not allow the dissemination of false information. For spreading false information, large fines or imprisonment are imposed. In addition, investors who have bought securities, but the information provided is false, and in this case, if they can prove this false information, their losses from the purchase of securities will be reimbursed. Dissatisfaction can be submitted to the head of the issuing company or the person in charge of this company, who is engaged in the sale of securities.

Registration does not mean that risky shares will not be put up for sale, and in this case the shares of both loss-making companies will be put up for sale. The SEC does not have the right to issue such an action. There is a requirement for everyone to have complete and accurate information on issuer companies and issuers of securities.

During the registration process for each type of company the following documents are filled out:

• registration of the activities of the company and its property;

• a record of the securities offered for sale and the relationship of these securities with other securities of the same company;

• company management information;

• financial statements with an independent auditor's report;

An application or design registered with the SEC will be made available to the public. But the sale of securities will take place after 20 days.

The SEC will consider the registered application and, if it meets all the requirements, will be allowed to issue. In case of any errors or omissions, the commission will request additional information from the company. If the commission finds that the information was compiled with known errors in advance, it shall not issue a permit for the issuance of securities.

The basis of Japan's securities market legislation was the country's Securities and Stock Exchange Act of 1947, based on US law. This law mainly defines the types of national securities and provides for the criteria of market participants, access to information, the structure and organization of the stock exchange, supervisory authorities, penalties for violators of market rules, and so on. The law has since been amended six times.

On April 1, 1993, Japan repealed the Financial System Reform Act, which established some boundaries between commercial banks and brokerage firms. Japanese banks were allowed (first long-term loans, but then others) to underwrit a certain percentage of securities. At the same time, brokerage firms are allowed to access banking trust operations. The basis of the securities market legislation in Japan, like the United States, is the sustainable development of the securities market as an additional source of investment in the economy.

**9.4. Regulation of securities market participants**

Consider the regulation of the securities market in the example of the experience of the US national market. In the United States, since 1939, unorganized market intermediaries have been integrated into the National Association of Dealers (NASID). The main unifying force of this Association was, first of all, the Great Depression of 1929-1933. The disappearance of brokerage firms, the many cases of dishonesty, and the misconduct of officials have left the US federal government in a state of disarray.

In the early 1930s, as part of a series of government measures to overcome the remnants of the crisis and the growth of the US economy, a special body called the National Restoration Administration (The National Kecoveky AdministKation.NKA) was established. The main purpose of this body is, first of all, to stimulate the main sectors of industry and the financial sector, and to develop and adopt a number of regulations to resolve real conflicts.

As a result of joint work of representatives of the NCA and the largest investment banks in 1934, the Banking Code and the establishment of a self-governing commission to regulate operations in the over-the-counter market and control over the Code were completed.

In 1938, the U.S. Congress (Maloney Act) merged with the NASD to create an organization (or organizations) of investment banks to regulate operations in the over-the-counter stock market.

Proof of the correctness of the position of the Code of Investor Banks, entitled "Rules of Fair Conflict of NASD", the Malon Act was actually intended to represent the NASD to the general public, to regulate the over-the-counter market. The main purpose of the NASD is first and foremost to prevent unfair conflicts, price manipulation and the identification of unjustifiably high incomes, and to protect both the investor communities and individual investors.

As a punishment for members of the Association who evade the rules, be fined, suspended, or expelled from the NASD, they can no longer do so, and must change their activities.

In the United States in 1980, after examining a number of cases in this area, it was discovered that the secret trade in information was illegal. Well-known investment banks and brokerage firms took part in this work.

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As a result, the US Congress was forced to pass a law in 1983 on insider trading and securities fraud. Strict measures were taken by the state for such operations. The SEC, along with the US Congress, has imposed stricter penalties for such illegal actions. Thus, corporation officials were banned from buying or selling shares for six months. Measures taken by the state to combat violators of economic laws have played a role in the stock market.

**TOPIC 10. SECURITIES TRANSACTIONS IN THE IMMEDIATE MARKET**

**10.1. The process of operations in the immediate market**

**10.2. Forward and swap operations**

**10.3. Depositary receipts**

**10.1. The process of operations in the immediate market**

Of particular importance in the structure of modern financial markets is the securities market as an instant market, or as it is called an instantaneous securities market.

Pricing for securities issued on the basis of existing asset prices, which should be prepared in the future depending on the terms of the contract. Transactions with issued securities allow all investors, in the case of investments, to earn a certain return on investment with minimal investment and low risk (risk) over existing assets.

Transactions with issued securities are of an urgent nature and their functions must be performed immediately and within a certain period of time.

In addition to securities of the first order (shares, bonds, promissory notes, etc.), there are securities of the second order; there are options for futures, options for swaps and various hybrid contracts.

We need to distinguish between securities issued in connection with the financial market on the basis of active finance, assumptions (including financial futures, options) and securities based on financial markets (commodity markets). Here we consider the securities issued, which are based on financial assets.

The price of the issued securities depends on the price of the underlying assets. The price of an asset in an immediate contract is the price of the immediate market. Contracts according to which assets are transferred to the holder immediately within 2-3 business days are called treasury (cash) or spot, but the market for such contracts is called treasury (spot) or spot market (spot). . The price of assets in the spot (treasury) market is called the spot price (treasury).

In order to report assets in the immediate market within a certain period of time (from a few days to six months), participants in the immediate market have the opportunity to submit their contract for the reporting of assets at the same time, ie the opportunity to buy or sell a contract. the presence or absence of assets. However, the sale of non-existent assets in the spot market is impossible. Because in case of purchase and sale of this or that goods, in case of purchase and sale of this or that goods, they must be in cash.

Buyers and sellers - special terminology is used to indicate the participants of the instant market and their operations. If a participant in the immediate market buys a contract, then they are told that they will occupy a long position. If a market participant sells a contract, it is said that he has a short position. Then both buying and selling in the immediate market is an opening of the position. Closing the position is possible only by reverse operation. If a bidder has the opportunity to open a short position (contract sale) and he can close the position and open a long position, he must buy a contract.

The operation through which the position is opened is called an offset. The immediate market for the issued securities can be exchange or non-exchange. In the stock market, futures securities, options contracts, depository receipts and warrants are traded, and in the over-the-counter market, forwards, options, swap contracts, depository receipts, warrants and options certificates are traded.

According to the purpose and tactics of the emergency market participants, they are divided into three groups:

- speculators; (executioners)

- hedgers;

- arbitrators.

Fraudsters (intermediaries) - participants in the instantaneous market are constantly trying to earn income from the difference between the exchange rates of future financial instruments. The income of the investors depends on how the price of the underlying asset will change in the future. The attraction can predict its position in the long run and in the short run.

Attractors are included in the participants of the immediate market because they increase the liquidity of the immediate contracts. And they take the risk of price fluctuations passed by other participants in the immediate market - hedgers.

Hedges - participate in immediate trading in order to determine the price level in a timely manner, and according to them participate in the future to determine the price level, and according to them contract in the future for a certain amount of financial assets, insure the purchased assets in the spot market they are.

There are different hedging strategies. However, the main purpose of hedgers is, first of all, that they are ready to reduce their basic income in order to protect against rising prices from any unforeseen events.

Arbitrators are participants in the instantaneous market, whose goal is primarily to generate income from the simultaneous purchase or sale of the same asset and their sale in different markets at different prices. For example, we can buy (sell) an asset in the spot market and buy (sell) an asset at a price according to the value of the security (futures contract). In general, an arbitration transaction is a transaction that gives a participant a profit, which is obtained with minimal risk. In addition, the implementation of arbitration allows you to equalize the price of assets in different markets.

**10.2. Forward and swap operations**

There are four groups of issued financial instruments circulating in the global securities market, which include:

- forwards;

- futures;

- options;

- swaps.

Forwards. Forward (forward contract) is a contract between a seller and a buyer on obligatory purchase and sale of a specific material (goods) with a preliminary indication of its term. In case of refusal of one of the parties, the refusing party shall pay a fine.

The subject of the agreement may be various assets, such as shares, bonds, currencies, etc. An obligor who is obliged to present the said asset and open it in a short position (term), ie this person is a forward seller. The buyer who acquires the asset opens a long position, ie he buys the contract.

The content of the contract, ie the number of invested assets, their price depends primarily on the contract between the buyers. Forward contracts are always individual and their size is non-standard. Therefore, there is no secondary market for it. If a person wants to give up this forward, he can do so only with the consent (counterparty) of the mediator. It is also important that the preparation of the contract does not require significant costs from the (counterparty) intermediaries (except for the costs of drafting the contract and commission fees, if the contract was drawn up with the participation of the intermediary).

Forward contracts are usually issued for the sale or purchase of specific assets. On the other hand, the purpose of buyers and sellers is to insure the seller's or buyer's money against accidents due to higher or lower prices. It should be noted that the drafting of such an agreement has the following shortcomings:

- First, it is difficult for a third party to fulfill the obligations assigned to him;

- second, the probability that the obligation will not be fulfilled by one of the (counterparty) intermediaries, in case of fluctuations in the price of goods or changes in the financial environment (counterparty) of the intermediary, for the period prior to the performance of the contract.

A forward contract is concluded for the conduct of any games on the difference in the exchange rate of the assets. A long position opener is used to increase the value of assets (base), but a short position (short position) is used to decrease this indicator. Thus, a shareholder buys a share at the same price and sells it on the spot market at a relatively high price - the spot price, of course, if the calculations are correct, then the asset exchange rate rises and the income is high.

Currency and forward contracts

A forward contract for a foreign exchange contract is a contract of purchase (sale) of a certain number of foreign currencies at the exchange rate determined in case of making a contract and carried out within the specified period. The exchange rate specified in the futures contract is called the forward rate. It may differ from the spot exchange rate, ie it must differ from the first exchange rate.

If the forward exchange rate is higher than the spot rate, then based on the experience gained, the currency will be priced with a bonus, and if the spot rate is lower, then the currency will be devalued.

Forward interest on the contract

Forward interest on contracts (FQA) is an agreement that specifies the future interest rate on the loan, or the loan, provided that a certain amount of money is deposited in the future at the interest rate at the time of the contract. are given.

For example. The investor fund assumes that after t months the loan in q% per annum will amount to N dollars. then the probability is that after t-months the interest rate will increase. In order to increase the hedge (insurance) against the increase in the interest rate, then the fund enters into an agreement with the commercial bank FQA (FQA-buys), conditionally, it undertakes to repay the loan in dollars. with (annual interest) q% per annum, for a period of t-months. If after t-months the rate (interest) q% increases (increases) and it becomes equal (q + Δq), then the seller's bank undertakes to lend to the buyer FQA (to the fund) Δq% per annum with t-months in the amount of Ndoll, ie the fund receives this amount.

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S = ----------------.

100. 365

If the interest rate drops to Dq, then the buyer of FQA pays this difference to the (counterparty) intermediary. In the event of an increase in the interest rate of the fund, the income received from the PFA will cover the additional costs incurred due to the increase in interest. In the event of a decrease in the interest rate, the fund loses tFQA, but it borrows less with interest (q-Qq), while it should have received more interest at the previous rate.

In both cases, the fund does not make a profit, but the importance of this operation is that the fund does not suffer in this case. If the forward agreement was not made, the fund would have made a profit in one case and a loss in another. In this case, the FSA was used for insurance (hedging operation), which, of course, reduces the likelihood of risk.

A forward contract for securities is a contract concluded between two (counterparty) intermediaries for the purchase and sale of securities in the future at the price recorded at the time of concluding the contract. The asset of such a transaction can in many cases be shares or bonds.

The price of this type of forward for a certain amount was obtained on the basis of the current spot price at the time of drawing up the contract, taking into account the profit, if these funds were deposited in a bank.

If the term of the contract is less than 1 year, then the forward price of the securities is as follows:

Нf = Н (1 + гt / 365),

where q is the effective annual interest rate;

t-term of the contract.

If the term of the contract is more than 1 year, then the forward price of dividend payment is taken into account.

Futures (futures contracts). We have partially addressed these issues in Topic 2, but here we would like to make some additions. In case of drawing up a contract, the price of the object to be procured shall be determined, and the assets shall not be paid until the reporting date. The parties to the agreement shall be responsible for the fulfillment of their obligations. As a rule, a futures contract does not have the purpose of reporting the actual goods. Global statistics show that about 5% of such contracts end with a real supply of goods.

Of course, the exchange can guarantee the execution of the futures contract. That is why the stock exchange makes it a marketable financial instrument. In today's world, there are more than 60 types of stock exchanges in the world, which form futures contracts. These exchanges are conventionally divided into four groups:

- agricultural products and metals;

- securities (mainly bonds);

- foreign currency;

- stock exchange index.

In general, more than half of this is the percentage of futures, four percent is financial futures, and the total experience of the seventh part - futures - is the stock exchange index.

The description of investors' expectations about the future price of an asset is called the futures price, and this price is recorded when a futures contract is drawn up. This price can be higher or lower than the base price of the asset, and in the current case it is called spot price. If the futures price is higher than the spot price, then the contango, if it is lower, is called backward.

There are three types of futures, depending on the type of underlying asset that forms the financial basis of futures;

- interest (percent);

- foreign exchange;

- fund index.

Interest futures - futures contracts made for securities (long-term securities). In the American market, the most common form of futures for promissory notes, as well as medium- and long-term bonds, are the U.S. Treasury and the 30-day interest rate.

Futures price based on short-term interest is determined by the following method:

The contract records a 100 percent rate. The position (scale of movement of the contract price) is the base point (tick), equal to 0.01%. Each base point, depending on the form of the contract, has an absolute value, which is determined by the following formula;

Cnb = (Bn. Nk. Sk): 12,

Here Cnb is an estimate of the value of the base point;

Bn - base point (tick, equal to 0.0001);

Nk - nominal contract standard;

Sk - standard term of contract execution (month).

Currency futures - futures contracts, the basis of which is a foreign currency. The basis of futures pricing is determined by the currency. The price of the futures contract is determined in dollars for each contract.

The price of the base point is determined by the following formula:

Cnb = Sz. Nk,

where - the cost of the base point in US dollars for each contract;

Sz is the standard content of the base point, which can be determined by the exchange in dollars for each contract.

The peculiarity of foreign exchange futures is reflected in the fact that, like a forward contract, it can determine the value of a certain amount of currency before its presentation, in the contract until the next term. However, the difference from a forward futures contract is that it is standardized and traded on the stock market. The advantage of a futures contract over a forward is, first of all, that its marketability is accelerated, ie it is more likely to be bought and sold on the stock market.

It is important that investors earn a lot of money from futures finance when hedging.

Futures contracts give foreign exchange market participants the following advantages:

- pricing, as market participants insure their operations (hedging) and businessmen (speculators) communicate with each other, and in the future they will determine the price of any contract;

- when the market is open for trading, its participants can quickly buy or sell their goods (currency);

- be able to protect the privileges of customers in case of forcible transfer of currency.

Standardized futures contracts are determined by one (parameter) of values of the exchange and their content consists of;

- unit of goods (materials);

- volume of the contract;

- terms of its implementation;

- the minimum change of the price;

- pricing method;

- price range;

- supply or margin requirements;

- early determination of the end date of the trade;

- includes the date of the settlement, etc.

Futures in stock indexes (futures in stock indices) are contracts based on stock market growth indicators. In the United States, futures are higher on the Standard & Poor's 500 futures index and the New York Stock Exchange index.

Drawing on futures contracts in the stock index has become more common in recent years. These forms of futures are contracts for the purchase and sale of a package of securities offered at the expense of shares of the largest market corporations at the time of aggregation of the value of the index exchange.

Investors who examine the prospects of these activities and determine the probability that some of the assets will be profitable in the future make these deals. On the other hand, these actions are risky, because if the investor's forecast is not effective, then he will not be able to cancel the contract and it will suffer. The investor can limit the risk only by drawing up the option agreement.

Option. In today's conditions, in various developed stock markets, options contracts are concluded for various goods, currencies, securities and so on. The development of the option market began after 1973. In the option market, instruments with basic assets are in the form of shares (about 60% of total trading volume) and stock indices (about 25%). Securities options are also called warrants, which we discussed in Chapter 2. These contracts give their owners the right to own a certain number of securities at a pre-determined price. In the United States today, option contracts are being made for more than 500 companies.

Both buyers and sellers of options should have certain guarantees for the exercise of options. In this case, the exchange offers guarantee requirements in the course of options trading, which is required as a system of protection against the movements of sellers known as “Margin”. In addition, brokerage companies are allowed to impose stricter requirements at their request.

Swap. A swap is an agreement between the parties to make future exchanges of underlying assets or to make payments for these assets in accordance with the terms and conditions set out in the contract.

Swaps are basically:

- currency;

- interest;

- fund (index) and others.

Swaps are based on such concepts as parallels or (loans) of complex loans, which appeared in the 60s and 70s of the twentieth century as a means of foreign financial financing in the context of currency constraints. The first interest rate swap was made in 1981 between IMC and the World Bank for Development and Reconstruction.

Swaps have a number of advantages for investors, the main ones being;

- reduction of currency risks and their interest rates;

- making a profit as the difference between the interest rates of any currencies;

- reduction of expenses for portfolio management of securities, etc.

All types of swaps are primarily over-the-counter, over-the-counter transactions, and their liquidity is paid by specialized intermediaries, who are often referred to by banks (often referred to as swap banks) and dealers. The peculiarity of this type of securities is that their circulation is not regulated by the state. In the swap market, the main place is occupied by banks engaged in this type of activity.

Currency swaps are a nominal exchange and a fixed percentage of one currency at face value and a fixed percentage of another currency. Currency swaps mainly include three types of cash flows;

- exchange of cash in the first stage;

- gradual payment of interest to each other by the parties during the term of the swap agreement;

- repeated exchange of fixed assets as a result of the expiration of the swap term.

Interest rate swap is an agreement between the parties on the arrangement of mutual payments, determined on the basis of preliminary interest and the amount agreed by the parties in the contract. The essence of a swap before the exchange of debt obligations is a fixed (floating) interest rate, a floating rate credit obligation.

In addition to interest rate and currency swaps, there are other swaps such as:

- return on assets;

- there is a swap of options.

**4.3 Depositary receipts**

Among the existing securities, the most notable (receipt) is the depository note, which we have clarified in the previous topic on this issue, the basis of this type of security are shares. Origin and issuance of American depositary receipts (inscriptions) American depository receipts (ADRs) are associated with the fact that the laws of the countries restrict the circulation of securities. However, in the case of acquisition of shares in foreign companies, they can do so by purchasing depository receipts.

As a matter of fact, depository notes are indirect holders of shares of foreign companies.

There are two types of depository receipts in the international securities market:

- Global billing system - global depository receipts with which several countries can conduct operations.

-ADQ (duplicate paper) - (receipts) of American depository notes, this type of security is valid only in the American stock market. Depository writings became even more obscure in the 1980s and 1990s as a result of the integration of global capital. During these years, the interconnection and interconnection of national securities markets (countries), the formation of a global stock market and, on the other hand, investors are constantly on the move to earn more income from the sale of securities to developing countries. .

In today's stock market, there are more than 1,100 issues of depository notes for various issued shares, the bulk of which are provided by companies in developing countries.

**TOPIC 11. OPERATIONS IN THE FOREIGN MARKET MARKET AND ITS PARTICIPANTS**

**11.1. The essence of foreign exchange market operations and its participants**

**11.2. Foreign exchange market participants and its operations**

**11.3. Exchange rate**

**Foreign exchange market** It is the largest financial market of our time. It plays an important role in the structure of the financial market. The foreign exchange market is a mechanism by which the legal and economic relations between producers and sellers of foreign exchange are established. The main object of the foreign exchange market is the desired financial demand expressed in foreign currency.

From the point of view of the market mechanism, foreign exchange operations are the exchange of one country's currency with another's currency. Demand deposits are instruments used in interbank trading and operating in the foreign exchange market (storage depot).

The main participants in the foreign exchange market are bank-dealers and other banks, exporters, transnational companies, financial institutions, investors, government agencies (Amonatbank, Tojiksughurta and financial departments of cities and districts of the country, enterprises and individuals).

Such legal entities have different requirements in the financial market, including the need for bilateral insurance in the foreign exchange market, the need to invest financial instruments in different regions of the world and the ability to buy from one country to another.

Today, the functions of foreign exchange operations in full compliance with the requirements of the foreign exchange market operate only in large banks engaged in foreign exchange transactions, such as advanced trading sectors of financial centers (international exchanges) in London, New York, Frankfurt, Singapore and Singapore. can.

The foreign exchange market consists of several different national foreign exchange markets, which are integrated into the global system.

This system allows the bank to conduct transactions in any foreign exchange center in the following ways:

Level 1 - Retail. Circulation in a national market, when the dealer bank deals with the client at the time of purchase and sale. A dealer is a market intermediary who can also act on his own behalf.

Level 2- Wholesale interbank trade. Circulation in the domestic market when two banks-dealers exchange with each other with the help of a foreign exchange broker, which is the interbank market.

Level 3 - International Trade. Transactions between 2 and more financial markets when bank-dealers of different shopping centers exchange with each other.

In the world system, there is a tendency of the law of the single currency to prevail. If there is a difference in the price ratio of the currency, the bank dealer or other market participants sell or buy the currency in order to take advantage of this difference.

**11.2. Foreign exchange market participants and its operations**

Foreign exchange market participants perform a number of key functions. These functions include remittances, mutual insurance, clearing and credit.

Clearing is a non-cash settlement between companies, enterprises, individual countries for securities sold on the basis of balance of payments terms. For example, one side to the other at a price of 500 USD. for 1 ton of cotton, the other side of the car at the price of 5000 USD. sells. When replacing 200 tons of cotton, on the other hand, 20 vehicles provide the balance of mutual payments.

It should be noted that the clearing activity in the Republic of Tajikistan is carried out by the National Bank of Tajikistan.

If a British company makes any kind of payment to a French company, then it is necessary to transfer funds from the UK to France. This is an international transfer of purchasing power through the foreign exchange market. The British company makes spot purchases in euros. Spot purchase is a fast or urgent delivery of the purchased goods. Forward purchase involves the movement of goods for a certain period of time.

The following important tools are used when working in the foreign exchange market:

* Telegraphic or electronic transfers with non-urgent deposits (demand deposits);
* Bank bills to the issuer;
* Commercial grants.

Electronic transfer is a method of payment in which the buyer provides the bank with the required currency, and the bank transfers the money to another bank via electronic means. This method is usually used when transferring large sums of money.

Special means of telecommunications accelerate the speed of payments. For example, the international electronic interbank payment system (SWIFT - in the Republic of Tajikistan is a member of this settlement system is the NBT and Sohibkorbank) transmits information with low errors and high speed.

Commercial drafts shall be deposited with the issuing or purchasing banks.

A draft (bill of exchange) is a promissory note that contains a written order of the issuer of a promissory note to the payer to pay the promissory note within a specified period and for a specified amount.

**11.3. Exchange rate**

Exchange rate is a ratio according to which one currency is exchanged with another.

The following exchange rates are available:

 The exchange rate for cash transactions is the exchange rate for 48 hours.

 Urgent exchange rate - is the rate that includes future trade turnover.

The exchange rate consists of the following exchange rate changes:

1. Currency exchange - determination of the value of foreign currency in national currency.

2. Currency devaluation - a non-targeted direction of the government's activities to reduce the exchange rate of the national currency against other strong currencies in order to stimulate the aggregate demand in the economic system.

3. Currency revaluation is a targeted activity of the government to increase the exchange rate of the national currency in order to maintain aggregate demand in the economic system.

**TOPIC 12. SECURITIES MARKET ANALYSIS OF THE REPUBLIC OF TAJIKISTAN**

In a market economy, the constant transfer of funds from one person to another has a number of requirements, which can be in the form of lending and collection, and through the issuance and placement of securities in the sale and purchase of goods and services. In this case, securities emerge as an embodied form of market relations between market participants, and these securities themselves serve as the general object of these relations. In other words, any contractual transaction in respect of a purchase or sale is not in the form of money or goods, but in the form of securities. The securities market plays a key role in the development of the country's economy, and its self-governing system provides part of the capital by seeking the most efficient use between sectors and businesses. The main object of activity of the securities market is a security, which temporarily replaces money.

The main task of this market is to collect and redistribute financial resources across the country. The importance of the securities market is due to the fact that a large part of the national wealth of all countries has been transferred to movable values, and with the development of credit relations, new types of liabilities have been created. Therefore, a market was needed to sell debt obligations (securities), and a “stock market” was created as a specially created institution, the structure of which is as follows in modern times.

International experience shows that it is impossible to improve the transition to a market economy without the organization and development of the financial market in the country. Thus, it should be noted that the Republic of Tajikistan has also faced the need to move to a market economy on a serious path of economic reform. Along the way, Tajikistan has faced a number of obstacles and challenges, which, first of all, it is necessary to create a new investment climate for domestic and foreign investors.

Today in the Republic of Tajikistan, when the state budget is approved, there is a high level of budget deficit and bankruptcy of a large number of enterprises. Due to this need, we consider the attraction of temporarily free funds of investors with securities as an important economic institution and its implementation in Tajikistan is very important.

Currently, the securities market of Tajikistan is in its infancy and its activity is developing almost gradually. The reason for the lack of a secondary market in the country is the unpreparedness of economic entities and financial intermediaries to adopt modern market mechanisms, as the securities market can not operate without its leading institutions, such as stock exchanges, brokerage firms and mutual funds. .

At present, the securities market in Tajikistan has not properly fulfilled the task of cash flow of investors, but to some extent its activity has not stopped and is developing in the form of a primary market. At the same time, the tendency of development of the securities market of the Republic of Tajikistan can be seen more in the securities, which are based on the primary market and limited activity. Tajikistan's primary securities market is largely represented by shares in the formation of joint stock companies or privatization of state property, promissory notes and bonds to cover the budget deficit, the National Bank's loans to regulate foreign exchange and bank checks for non-participants. .

Purchase and sale of shares in the unorganized market of shares of the Republic of Tajikistan is organized on the basis of normative legal acts and the Law of the Republic of Tajikistan "On securities market", "On joint stock companies". For an in-depth analysis of the development of the stock market, let us consider the data provided by the Ministry of Finance of the Republic of Tajikistan from 2008 to January 1, 2015.

In the Ministry of Finance of the Republic of Tajikistan from 2008 to January 1, 2015 277 joint stock companies, including 128 open joint stock companies and 149 closed joint stock companies bought and sold their shares for a total amount of 9.98 billion. somoni and are registered in the register of joint stock companies of the Ministry of Finance. More than 2.4 million somoni were transferred to the state budget through the registration of shares (0.1% of the civil service fee) (see Table 1).

Table 1

INFORMATION

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Years | List of companies | Public | Private | Registration fee (Somoni | State duty (Somoni) | OJSC | CJSC |
| 2008 | 48 | 5 | 43 | 354 456 296 | 352 028 | 16 | 32 |
| 2009 | 58 | 15 | 43 | 570 138 695 | 173 096 | 29 | 29 |
| 2010 | 51 | 21 | 30 | 7 247 588 649 | 173 203 | 31 | 20 |
| 2011 | 29 | 4 | 25 | 304 852 700 | 302 401,4 | 12 | 17 |
| 2015 | 34 | 7 | 27 | 865 001 780 | 792 290 | 15 | 19 |
| 2016 | 33 | 3 | 30 | 310 468 601 | 299 192 | 14 | 19 |
| Up to 01.01.2016 | 24 | 8 | 16 | 332 027 095 | 313 855 | 11 | 13 |
| **TOTAL** | **277** | **63** | **214** | **9 984 533 816** | **2 406 065.4** | **128** | **149** |

on purchase and sale of shares of joint stock companies

(from 2008 to January 1, 2015)

Source: Annual report of the Agency for Securities Market Development and Specialized Registration of the Ministry of Finance of the Republic of Tajikistan .

According to the schedule and chart of purchase and sale of shares of joint stock companies, from 2008 to January 1, 2015 in the Ministry of Finance of the Republic of Tajikistan registered a total of 63 issues of sale and purchase of shares of state joint stock companies and 214 shares of private companies. received a total of 277 units.

The growth of shares purchased and sold in the Ministry of Finance in 2014 amounted to 332 027 095 Somoni, which is 6.9% more than in 2016. The analysis of joint-stock companies whose activities are based on the issue of shares in Tajikistan shows that the growth rate of joint-stock companies in 2015 compared to 2011 increased by 17.24%. If we look at the baseline analysis (base year 2008), we can conclude that the growth rate of joint stock companies in 2015 decreased by 29.17%. The reason for the -29.17% decrease in the number of joint stock companies is that domestic investors do not have the necessary knowledge to conduct business in accordance with applicable law, often using the slogan "Tax evasion" to hide their real income. Detention by the Tax Committee imposes a fine on the enterprise, as a result of which the business entity loses its solvency and liquidates the enterprise.

Non-compliance with the reporting system by joint-stock companies, which leads to a lack of information in the stock market, may hinder the development of the stock market. Therefore, the pace of growth in the purchase and sale of shares in Tajikistan suggests that the purchase of shares of domestic companies in today's conditions will lead to an increase in income of the business entity, as low interest rates on fixed interest rates attract investors.

Other instruments of the financial market of Tajikistan are, first of all, bonds, treasury bills and bonds (securities) of the National Bank, which are credit obligations of the Ministry of Finance of the Republic of Tajikistan and the National Bank.

Currently, the Ministry of Finance issues two types of bonds:

- Treasury bonds of the Ministry of Finance;

- Winning domestic government bonds of the Republic of Tajikistan.

Treasury bonds in the amount of 153,790.9 thousand. Somoni were issued to cover the budget deficit, which is the term of circulation of these bonds until 2021.

Winning domestic government bonds of the Republic of Tajikistan were issued for a period of 10 years from March 1, 2009 to March 2019. This type of bond is freely sold and put into circulation by the institutions of the State Savings Bank of the Republic of Tajikistan “Amonatbank”. The bonds are sold at a price set by the Ministry of Finance of the Republic of Tajikistan, and their purchase is put up for sale at face value. The nominal value of these bonds is 10 and 20 somoni.

During the 10 years of the game, 60 draws will be held with winning domestic government bonds, of which 288,000 bonds will be won. In one game of these bonds 4800 bonds will be won for the total amount of 103 440 somoni, the annual rate of return of this type of bonds is 12%.

In the circulation of games for each level of the bond are placed the following amount of winnings (see Table 2).

Table 2

Schedule of winning domestic government bonds

Ministry of Finance of the Republic of Tajikistan

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Winning amount**  **(in somoni)** | **he amount of winnings in**  **1-draw** | **The amount of winnings**  **(in somoni) in 1st edition** | **Дар 60-тираж** | |
| Number of winnings | The amount of winnings  (in somoni) |
| 1500 | 1 | 1500 | 60 | 90.000 |
| 1000 | 2 | 2000 | 120 | 120.000 |
| 500 | 3 | 1500 | 180 | 90.000 |
| 300 | 3 | 900 | 180 | 54.000 |
| 200 | 4 | 800 | 240 | 48.000 |
| 100 | 5 | 500 | 300 | 30.000 |
| 40 | 30 | 1200 | 1800 | 72.000 |
| 20 | 4752 | 95040 | 285120 | 5.702.400 |
| **TOTAL** | **4800** | **103440** | **288000** | **6.206.400** |

Following the approval of the state budget of the Republic of Tajikistan, in order to cover the budget deficit in 2015, the volume of state treasury bills of the Ministry of Finance of the Republic of Tajikistan amounted to 85 mln. somoni was planned. To sell these bills, the Government of the Republic of Tajikistan instructed the National Bank of Tajikistan to organize the sale of state treasury bills in the form of auctions and transfer the proceeds to the treasury account of the Ministry of Finance. The term of circulation of one State Treasury Bill sold at auction is 91 days (see Table 3).

Table 3

Issuance of securities of the Ministry of Finance and the National Bank of Tajikistan (from January 1 to April 1, 2015)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Type of security | Issue Number | Issue Date | Issue Volume | Requested Volume | Proposed Requested Profitability Rate | Requested Profitability Rate |
| Securities of the NBT | К152007001 | 5.01.2015 | 5 000 000 | 5 000 000 | 3,99% | 3,99% |
| К152014002 | 6.01.2015 | 5 000 000 | 10 000 000 | 3,45% | 3,45% |
| К152014015 | 3.02.2015 | 5 000 000 | 15 000 000 | 2,98% - 4,50% | 2,98% |
| Promissory note of the Ministry of Finance of the Republic of Tajikistan | D 091210714 | 13.02.2015 | 35 000 000 | 35 000 000 | 0,30% | 0,30% |
| Securities of the NBT | К152056025 | 25.02.2015 | 10 000 000 | 10 000 000 | 2,87% - 3,98% | 2,87% |
| Promissory note of the Ministry of Finance of the Republic of Tajikistan | D091110615 | 12.03.2015 | 40 000 000 | 40 000 000 | 0,30% | 0,3% |
| Securities of the NBT | К152014032 | 13.03.2015 | 50 000 000 | 50 000 000 | 2,40% - 2,98% | 2,40% - 2,98% |
| К152014034 | 17.03.2015 | 20 000 000 | 30 000 000 | 2,97% - 3,98% | 2,97% |
| К152014034А | 18.03.2015 | 20 000 000 | 38 000 000 | 2,70% - 3,98% | 2,70% - 3,98% |
| К152028035 | 19.03.2015 | 20 000 000 | 18 000 000 | 3,98% - 4,00% | 3,98% - 4,00% |
| - | 30.03.2015 | 20 000 000 | 20 000 000 | 3,98% | 3,98% |
| - | 31.03.2015 | 20 000 000 | 35 000 000 | 3,98% | 3,98% |
| **TOTAL** | **-** | **-** | **250 000 000** | **306 000 000** | **-** | **-** |

Source: Somoni of the National Bank of Tajikistan (http: // www.nbt.tj).

From this table it was found that the demand for the required amount of securities by buyers of securities exceeds 56 million Somoni, which is 22.4% more than the volume of issued securities.

Bills of exchange of the Ministry of Finance and some securities of the National Bank are placed at a discounted price and paid at face value. Calculation of the price of a promissory note, depending on the yield, is calculated according to the following formula: [5]

Here:

C - desirable discount price (somoni);

F - nominal value (somoni);

I - the size of interest income (%);



Payment of bills shall be made on the day announced by the Issuer, if this day falls on a day off, payment shall be made on the next business day. Upon completion of the payment, the Bank shall return to the Issuer the General Certificate marked “Paid” or “Canceled”. The general certificate is kept by the Issuer for 3 years.

According to the analysis of the development of the securities market, the basis for the formation of the stock market in Tajikistan is not so good in favorable economic conditions, but there are many opportunities to establish a stock exchange. It is only necessary to properly introduce new levers to guarantee the inflow of investments with securities and to stabilize the internal market conditions. It is clear that there is a demand for the stock market in the country, ie this theory is based on the fact that in recent years around financial relations have increased the number of owners who bought state-owned shares, promissory notes and bonds of the Ministry of Finance and the National Bank. It would be good to sell all such securities as promissory notes and bonds of the Ministry of Finance, bonds of the National Bank, bank checks, shares of joint stock companies, shares sold during the privatization of state property, rather than as a separate auction. to establish government securities, but to collect and sell them in an organized market of securities (exchange). With this method, we can say with confidence that the secondary securities market of the country is functioning and contributing to the development of the country's economy.

**TOPIC 13. ANALYSIS OF THE DEVELOPMENT OF THE SECURITIES MARKET OF THE REPUBLIC OF ARMENIA**

Regulation and supervision of financial companies is carried out by the Central Bank of Armenia. The Central Bank of Armenia oversees the following activities: the banking sector (banks, credit institutions); insurance sectors (insurance companies, insurance brokers and insurance agents); securities market; accountability of organizations; pawnshops; currency exchange point.

According to the data provided by the Central Bank of Armenia, in July 2016, 9 investment companies, 21 investment service banks and 1 company manager were registered in the securities market of Armenia. We are now analyzing the sector of financial institutions. Number of investment institutions and their assets

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Types of investment institutions | **Number of investment institutions** | | **Published amount,**  **dollars USA** | |
| As of 01.01.16 | As of 01.07.16 | As of 01.01.16 | As of 01.07.16 |
| Investment companies | 8 | 9 | 56 480 293 | 67 066 956 |
| Including banks | 22 | 22 | 5 927 671 622 | 6 442 378 140 |
| Commercial banks | 21 | 21 | 5 910 459 619 | 6 424 704 541 |
| Lending organizations | 32 | 33 | 403 174 022 | 462 527 694 |
| Insurance organizations | 9 | 9 | 91790 683 | 122 592 036 |

As it is known from the modern economic climate, the most profitable sector in the world is the service sector, which accounts for 70.3% of the world's gross domestic product (GDP). Financial institutions can also be included in the services sector, making their direct contribution to the securities market. As of July 1, 2016, the total turnover of financial institutions in Armenia amounted to 13.5 billion. This is 8.9% more than in 2015. Out of the total number of financial institutions, the banking sector is the most developed, with total funds amounting to 13.3 billion somoni. dollars.

Stock market capitalization as of January 1, 2016 amounted to $ 127.59 million, which is 1.3% of GDP as of July 1, 2016, or $ 154.11 million, or 1.5% of GDP. . This is an insignificant indicator for the stock market and the stock exchange. Such purchase and sale of shares indicates that the development of domestic production in the country and the stock market of Armenia is not well developed.

The share price in the stock market depends on several factors, but the most important is the high amount of dividends. The higher its dividend yield, the higher the share price, and the higher the dividend depends on the higher profitability of production. High-income producers are those who have good economic performance in the process of production and exchange. To do this, it is necessary to produce high-quality and low-cost products in order to earn more money.

From the above, it can be seen that the development of the securities market plays a special role in the emerging market economy, allowing governments and enterprises to expand their sources of funding without restricting budget funds, self-financing and bank lending. International experience shows that at the end of the 20th century, in particular, the stock market became the main source of investment resources in developing countries. Now we consider the volume of securities registered in Armenia:

The volume of registered securities and number of issuers

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Type of securities | Number of issuers | | Volume of issue | | Volume of issue, in US dollars | |
| As of  01.01.16 | As of  01.07.16 | As of  01.01.16 | As of  01.07.16 | As of  01.01.16 | As of  01.07.16 |
| Shares | 11 | 11 | 12 | 12 | 126 551996 | 130 188 777 |
| Bond | 4 | 5 | 5 | 7 | 6 937 633 | 17 236 317 |
| TOTAL | 15 | 16 | 17 | 19 | 133 489 629 | 147 425 094 |

As can be seen from this table, in July 2016 the volume of disbursements amounted to 147.4 million dollars, which is 10.4% more than last year. It should be noted that the stock market in Armenia is 7.5 times larger than the bond market, which indicates that domestic production in Armenia needs additional funds. In the secondary market, the total sales of financial instruments at the beginning of 2016 amounted to 13.35 million dollars, including shares of 3.46 million dollars and bonds of 9.89 million dollars.

The total volume of sales of securities in the primary and secondary markets amounted to 13.35 million dollars, which is 0.13% of GDP.

Professional participants of the securities market are considered as intermediaries of the securities market. According to the report submitted by the Central Bank of Armenia on 01.07.2016, there were 83 units, including 57 banks, 8 securities portfolio management, 21 custodian activities, 1 depository activity and 1 securities trading organization. There has been no growth in the number of professional participants compared to 2015, but banking services have been reduced and replaced by depository activities.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Types of professional securities market participants | As of  01.01.16 | | As of  01.07.16 | |
|  | Total | Including banks | Total | Including banks |
| Broker-dealer activity | 53 | 39 | 51 | 37 |
| Securities portfolio management | 6 | 2 | 8 | 2 - |
| Custodian activity (bank account for safekeeping of securities) | 22 | 18 | 21 | 18 |
| Depository activities | 1 |  | 1 | - |
| Securities and financial instrument trading organizations | 1 | - | 1 | - |

In 2016, the Central Bank of Armenia conducted four inspections of 30 securities market entities, which resulted in the liquidation of one bank in the securities market that did not meet the requirements of the Armenian legislation and the establishment of a depository.

**TOPIC 14. FUNDAMENTALS OF THE SECURITIES MARKET IN KAZAKHSTAN**

On November 17, 1993 the National Bank of Kazakhstan was established together with 23 commercial banks, the Currency Exchange. The main task facing the stock exchange is that all companies and the development of operations in the national currency market is carried out only in the national currency (tenge). The Exchange was established as a legal entity on December 30, 1993 under the name "Currency Exchange under the National Bank of Kazakhstan" in the form of a CJSC.

On October 2, 1995, the stock exchange received a license №1 for the purchase and sale of other types of securities on the stock exchange. This license was issued only for the purchase and sale of government securities. On April 12, 1996, the stock exchange was renamed the "Kazakhstan Stock Exchange", which, in accordance with the laws of Kazakhstan, prohibited the sale of other types of goods on the exchange. On November 13, 1996 the Exchange received a license for the purchase and sale of goods and products of commercial organizations. Now we consider the following mechanisms for the development of the stock exchange in Kazakhstan:

The main mechanisms of development of the stock market of Kazakhstan

|  |  |
| --- | --- |
| 1993 | Establishment of foreign currency sales |
| 1995 | The first sale of government securities |
| 1996 | Initial sale of immediate contracts of domestic producers (swap, spot, forward, etc.) |
| 1997 | Initial sale of listed shares, government stock portfolio, unlisted securities |
| 1998 | Introduction of operations with KASE system |
| 1999 | The first sale of Eurobonds of Kazakhstan |
| 2001 | The first sale of corporate and municipal bonds |
| 2002 | Launch the repo market |
| 2003 | The first sale of international bonds of financial companies |
| 2006 | Automatically activate the repo market |
| 2007 | Sale of promissory notes |
| 2008 | The first sale of foreign securities |
| 2009 | The first sale of foreign corporate bonds |
| 2010 | Sale of shares of KazMunayGas JSC using KASE accounting system |
| 2011 |  |
| 2012 | Construction of a special area for the sale of securities in the financial center of Almaty |
| 2013 | Commercialization of KASE |

At present, the stock exchange is a commercial organization and operates as a legal entity in the form of a joint stock company.

The main investors in the securities market of Kazakhstan are financial institutions. This group of financial institutions includes the reserves of pension funds, investment funds, banks, insurance companies, and professional participants in the securities market.

One of the main investments in the securities market is the stock market investment. In 2015, the share turnover in the stock market amounted to 35,580.835 million US dollars, and in 2014 - to 43,301.482 million US dollars, which is 17.7% of GDP in 2015 and 23.3% in 2014. showed. As a result, the purchase and sale of shares in the stock market in 2015 decreased by 21.7% compared to 2014.

Now we consider the process of investing in financial institutions and their assets (see Table 1).

Table 1

The number of investment institutions and the size of their assets

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Examples of investment institutions** | **Number of investment institutions** | | | **Volume of assets**  **dollars USA** | | |
| **As of 01.01.15** | **As of 01.01.16** | **As of 01.07.16** | **As of 01.01.15** | **As of 01.01.16** | **As of 01.07.16** |
| Investment portfolio management | 33 | 33 | 28 | 805 256 064,7 | 619 145 548,6 | 523 303 659,7 |
| Organizations responsible for managing the investment of pension assets | 14 | 13 | 12 | 34 838 274,93 | 42 264 826,85 | 64 536 762,28. |
| Banks | 38 | 38 | 38 | 86373 989 218 | 92 014 727 345 | 98 706 231 454 |
| Pension fund collection | 11 | 11 | 10 | 630 727 762,8 | 713 811861,5 | 688 427 299,7 |
| Insurance organizations | 38 | 35 | 35 | 2 612 345 013 | 2 936 497 943 | 3 301 223 211 |

As shown in Table 1, as of July 1, 2016, there were 38 banks with assets of $ 98,706,231,454, 35 insurance companies with assets of $ 3,301,223,211. This indicator is higher in terms of quantity and assets than other financial institutions, but lower in terms of buying and selling securities on the stock exchange.

In the securities market, the contribution of professional participants is enormous and is the leading mechanism of the stock market. In Kazakhstan, 124 professional participants were registered in 2015, and in July 2016, 112, which is 12 less than in 2015. The reason for the decrease in the number of professional participants in 2016 was the violation of the law on professional participants, which was eliminated by the government. (see Table 2)

From Table 2 and the diagram we found that in 2016, 53 out of 112 professional participants were brokerage and dealer activities, of which 46 brokerage-dealer activities were carried out at the expense of the client's account and 7 brokerage-dealer activities were carried out at the expense of the client's account. they do. Most brokerage and dealer activities are carried out by banks.

According to the forecast, shares, bonds, government securities, foreign currency, loans of international financial institutions, and prompt contracts will be traded on the Kazakhstan Stock Exchange. (see Table 3)

Table 3

Purchase and sale of securities of the Stock Exchange Kazakhstan in the first half of 2016

|  |  |  |  |
| --- | --- | --- | --- |
| Groups | Type of sale of securities | Sales volume | |
|  |  | Tenge | US $ |
|  | Share | 0 | 0 |
| Primary market | Bond | bond | 668 537 019,51 |
|  | Government securities | 353 337 419 741,71 | 2 340 805 013,25 |
|  | Share | 45 759 311 334,44 | 303 254 355,75 |
|  | Bond | 57 174 551 735,64 | 378 508 909,69 |
|  | Government securities | 86 608 516 852,78 | 574 250 623,34 |
| Secondary market | Foreign currency | 7 319 162 375 300 | 48 497 950 896,8 |
|  | Repo operation | 4 911 094 918 595,19 | 32 528 852 247,58 |
|  | Instant contract | 3 063 453 542 | 20 274 196,07 |
|  | Bonds of international financial institutions | 15 510 534 500 | 102 671567,57 |
|  | Total sales in the primary and secondary markets | 12 892 685 036 860,9 | 85 415 104 829,57 |

As we know, the securities market is divided into two groups: first-tier and second-tier markets. It is clear from Table 3 that the secondary market in Kazakhstan is well established. The total turnover of the primary market is equal to $ 3,009,342,032.76 and the secondary market is equal to $ 82,405,762,796.8. The secondary market is 27.3 times larger than the primary market, which indicates that the secondary market is 27 times more developed than the primary market. It should be noted that although the primary market is the main basis for the securities market, the secondary market is a sign that the profitability of enterprises operating in Kazakhstan is well established.

Primary and secondary markets in Kazakhstan

From this chart it can be concluded that the basis of the primary market of Kazakhstan is government securities. The volume of securities issued in the primary market, if it is $ 3,009,342,032.76, of which $ 2,340,805,013.25 is government securities, which is 77.7% of the primary market. In the secondary market, government securities reach $ 574,250,623.34, as some government securities are short-lived and do not need to operate in the secondary market.

**TOPIC 15. DEVELOPMENT OF THE SECURITIES MARKET OF THE KYRGYZ REPUBLIC**

The Kyrgyz Stock Exchange was established in 1994 in the form of non-state property and is a non-profit organization. The purpose of this stock exchange was to ensure the functioning of the financial market in the country. The first basis for the establishment of the stock exchange in Kyrgyzstan is the State Agency for Supervision of Securities Operations under the Government of Kyrgyzstan, Price Waterhouse.

The stock market was first established on the stock exchange in 1994, during the privatization of state property through the issuance of shares (the basis for the formation of joint stock companies). In order to improve the functioning of the stock exchange, the management of the stock exchange had to train specialists in the securities market. In September 1995, the Kyrgyz Stock Exchange Training Center was established, which trained specialists in various areas of the financial market: brokers, dealers, underwriters, depository and clearing specialists, trading participants, and others. After the training of specialists by the Stock Exchange in April 1997, a new program called “180-Day” was launched in order to attract more joint stock companies to the Exchange and strengthen listing operations on the Exchange. At the end of 1997, 37 companies were listed on the stock exchange. Following the increase in the Exchange's activities in 1998, the Kyrgyz Stock Exchange acquired the status of a self-regulatory company.

Since 2000, the Kyrgyz Stock Exchange has been concluding agreements with other foreign exchanges, the same year, first with the Istanbul Stock Exchange, then with the Kazakh Stock Exchange, the Federal Eurasian Exchange (Eurasia), and representatives of the Kyrgyz Stock Exchange. and establish multilateral cooperation. Currently, the exchange cooperates with more than 25 stock exchanges in Eastern Europe, North and Central Asia.

In 2010, a new law on the “Securities Market” was adopted, under which the Kyrgyz Stock Exchange was granted the right to issue licenses for depository and clearing activities. As a result, a new department called “Depository Clearing Operations” was established at the Kyrgyz Stock Exchange. In the same year, the strategy of the Kyrgyz Stock Exchange for 2010-2015 was adopted.

We are currently reviewing the development of the Kyrgyz securities market in the first six months of 2016. The total volume of purchases and sales of securities on the Kyrgyz Stock Exchange in the first six months of 2016 amounted to 3.28 million US dollars, of which the purchase and sale of shares amounted to 0.6 million dollars, bonds - 2.64 million dollars. In the secondary market, $ 12.09 million worth of securities were in circulation, of which $ 11.89 million were issued, bonds were traded $ 0.2 million, and the share turnover was 59 times higher than the bond turnover.

The total volume of purchases and sales of securities in the primary and secondary markets amounted to 15.36 million dollars, which is 4.7% of GDP. (see Figure 1)

Exchange activity in the primary market

and secondary

(***in US $*)**

As can be seen from the diagram, the secondary market in the Kyrgyz Stock Exchange is in good condition, and most of the securities of this secondary market are issued by shares of banks, insurance companies and other production and other entities. If we take a good look at the fluctuating chart of the primary and secondary markets, we can see that the secondary securities market ($ 12.09 million) is in circulation, of which $ 11.89 million (98.3%) is in the sector. financial and economic (banks, insurance companies). This shows that the real economic growth of financial institutions in Kyrgyzstan is slow and requires additional funding. In this way, the business entity in the stock market replenishes its financial assets through the sale of securities. (see Table 1)

Table 1. The volume and quantity of securities issued in

the first six months of 2016

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Type of security | **Миќдори**  **эмитентњо** | | **Миќдори**  **Барориш** | | **Њаљми маблаѓи барорвардашудаи**  **коѓазњои ќиматнок,**  **(бо долл. ИМА)\*** | |
|  | Ба њолати 01.01.16 сол | Ба њолати 01.07.16 сол | Ба њолати 01.01.16 сол | Ба њолати 01.07.16 сол | Ба њолати 01.01.16  сол | Ба њолати 01.07.16 сол |
| Share | 51 | 26 | 51 | 26 | 52 006 362,52 | 26 057 692,31 |
| Wombarg | 3 | 4 | 3 | 4 | 2 167 553,19 | 3 944 353,52 |
| Residential certificate | 1 | 0 | 1 | 0 | 1 485 270,05 | 0 |
| **Total** | 55 | 30 | 55 | 30 | 55 659 185,76 | 30 002 045,83 |

From this table it can be seen that out of 30 issuers registered as of 01.07.16, the amount of working capital is 30,002,045.83 dollars, of which 86.9% are shares and 13.1% are bonds. and there are no other types of purchase and sale of securities.

After the exchange transaction, the exchange receives from the seller (issuer) of securities the service fee for its activities. Before the issuance of a security, the exchange must pay a fee to the exchange after the sale of the security agreement with the seller of the securities. The operations of the exchange are divided into tariffs, which are as follows:

|  |  |
| --- | --- |
| The rate of the issuer's transaction amount | Interest rate on exchange services |
| Up to 50 000 | 1 % |
| 50 000 - 200 000 | 0,7 % |
| 200 000 - 500 000 | 0,5 % |
| 500 000 - 1 000 000 | 0,3 % |
| More then 1 000 000 | 0,1 % |

Professional participants of the securities market in Kyrgyzstan are well organized and meet the requirements of the stock exchange, but the process of development of professional participants of the securities market to ensure healthy competition is less developed than in 2015. From 01.01.16 to 01.07.16 the number of professional participants in the securities market increased by only one professional participant. (see Table 2)

Table 2

Number of professional participants in the securities market

|  |  |  |
| --- | --- | --- |
| **Types of activities of professional participants** | **As of 01.01.16** | **As of 01.07.16** |
| Broker and dealer | 38 | 39 |
| Registers of securities | 20 | 20 |
| Investment portfolio management, including pension assets | 8 | 8 |
| Depository activity | 3 | 3 |
| Organizations engaged in the sale of securities and transactions with financial instruments | 2 | 2 |
| **Total** | **71** | **72** |

In the first six months of 2016, the supervisory authorities conducted 13 types of inspections of business entities, and in 2015, 19 types of inspections were conducted on securities entities. As a result of the inspection of the stock exchange and professional participants of the securities market on 01.07.16, a violation occurred and a fine in the amount of 3,069.17 US dollars was transferred to the budget of Kyrgyzstan.

In short, although the Kyrgyz Stock Exchange has close ties with other foreign exchanges in the country, its activities are not very stable, as its stock exchange has a large stock market and bonds. The mechanism of the exchange's activity should not be seen in the increase of professional participants, but first of all, the list of securities should be expanded. The Kyrgyz stock exchange has almost no financial instruments (futures, forwards, options, swaps) and spot operations, trusts, as international experience shows that without financial instruments and spot transactions, trusts can be trusted. (an exchange cannot be stable without its own financial instruments).

**TOPIC 16. THE SITUATION OF THE SECURITIES MARKET AND ITS PROFESSIONAL PARTICIPANTS IN THE REPUBLIC OF AZERBAIJAN**

Supervision of the securities market of the Republic of Azerbaijan was established on November 19, 2008 as the State Committee on Securities Market under the President of the Republic of Azerbaijan.

The purpose of the division of this market is: state regulation of the securities market; Licensing for the activities of professional participants of the securities market; issuance of licenses for investment fund and company management activities; registration of issued securities; proposals of the Committee for the development of the securities market; protection of the rights of investors and professional participants of the securities market; registration of a security deposit (acceptance of a security); the impact of integration of the securities market of the Republic of Azerbaijan in the international financial market; Ensuring transparency of professional securities market participants; implementation of the state plan and the concept of securities market development; development of securities infrastructure; promotion of the securities market to increase the level of knowledge of the population; Determining the level of activity of professional participants of the securities market.

The total volume of sales of securities on the Baku Stock Exchange in the first half of 2016 amounted to 588.2 million US dollars, including shares 219.2 million dollars, corporate bonds 80.2 million dollars, government bonds 59.4 million dollars, notes of the Central Bank 229 , $ 4 million, in the secondary market 290.9 million dollars, including shares 5.9 million dollars, corporate bonds 217.6 million dollars, government bonds 11.4 million dollars, notes of the Central Bank 56 million dollars. (see Table 1)

Volume of sales of securities in the primary and secondary market of the Republic of Azerbaijan in 2016

As can be seen from this diagram, the secondary market is less developed than the primary market. In the secondary market, only the circulation of bonds is more pronounced. An example of a bond market is corporate bonds in the secondary market, which is 2.7 times higher than the primary market, which is 0.62% of GDP.

The volume of sales of securities in the primary and secondary markets amounted to 879.1 million dollars, or 2.5% of GDP.

Table 1

The volume and number of registered securities of the Committee

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Type of security** | **Number of issuers** | | **Amount of issue** | | **Volume of issue as of 01.07.16** |
|  | **As of 01.01.16** | **As of 01.07.16** | **As of 01.01.16** | **As of 01.07.16** |
| Share | 75 | 43 | 86 | 42 | 645 528 242 |
| Corporate bonds | 11 | 8 | 18 | 10 | 465 113 528 |
| Government bonds | 1 | 1 | 107 | 1 | 180 561287 |
| Central bank notes | 1 | 1 | 51 | 26 | 1 094 309 367 |
| Total | 88 | 53 | 262 | 79 | 2 385 512 424 |

As can be seen from Table 1 and this diagram, in June 2016, out of 53 issuers, 79 securities were issued in the amount of 2,385,512,424 dollars. The largest issue of securities of the Central Bank was issued in the amount of $ 1,094,309,367, which is 45.8% of the total amount issued. In general (government bonds and central bank notes) 53.44% of the securities market in Azerbaijan is operated by the state. This indicator proves that domestic enterprises in Azerbaijan are not able to operate independently on the stock exchange.

The number of professional participants in Azerbaijan in July 2016 was 34, of which 25 are engaged in brokerage and dealership, clearing, depository and other activities. (see Table 2)

Professional participants of the securities market

precious in 2016

|  |  |  |
| --- | --- | --- |
| Types of professional participants in the securities market | **As of 01.01.16** | **As of 01.07.16** |
| Brokerage activity | 14 | 13 |
| Dealer activities | 13 | 12 |
| Securities management | 0 | 2 |
| Clearing activity | 1 | 1 |
| Depository activities | 3 | 3 |
| Holders of securities registers | 2 | 2 |
| Securities trading organizations | 1 | 1 |
| Total | **34** | **34** |

The activity of professional participants in Azerbaijan is mainly broker and dealer. It should be noted that the activities of other professional participants in Azerbaijan are in poor condition. In order to ensure healthy competition, it is necessary to increase the number of market participants in order to provide good quality services.

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