Academicia Globe: Inderscience Research

**ISSN:** 2776-1010 Volume 6, Issue 5, May 2025

# THEORETICAL AND ORGANIZATIONAL ASPECTS OF ORGANIZING STOCK OPERATIONS

Otakhonova Shokhyora Khamidullakhon kizi
PhD, “Corporate Finance and Securities” Department,
Tashkent State University of Economics, Uzbekistan
Email: otaxonovashohyora@gmail.com

**Abstract**
This article studies theoretical and organizational aspects of organiznning stock operations. Structure of stock market, theoretical and organizational aspects of organizing stock operations are analyzed. Scientific conclusions and recommendations are presented on the basis of analyses.

**Keywords:** Stock, stock market, capital market, securities, corporate securities, stock exchange.

## Introduction

Investments in the development of the banking and financial sector are also of particular importance, as they create opportunities for joint-stock companies to acquire new technologies and know-how. To achieve this, of course, it is necessary to develop and implement a well-thought-out dividend policy. Today, it cannot be said that all companies in our country implement dividend policies in a good way. Because the effective implementation of dividend policies should, in turn, have an impact on the development of stock exchanges. Since stock exchanges in our country are still not sufficiently developed, it is still important to identify and eliminate existing shortcomings in the formation and management of an effective securities portfolio in the Uzbek stock market.

## Literature Review

At one time, securities were traded on the stock market (stock market). In most literature, the stock market and the stock market are interpreted as concepts with the same content. For example: "stock market, stock market - a sector of the financial market that deals with the issue of securities and their purchase and sale"[1]; "The stock market is a market for corporate securities" [2]; "The stock market is a market where special goods - securities - are traded" [3]; "The stock market is a securities market that brings together those who have free money with those who need it" [4]. In this regard, in this research work, we consider "stock market" and "securities market" as concepts with the same content.
Since a share in the stock market is both an object of market turnover and has the property of conferring obligations on the parties, along with property and other rights, it is appropriate to consider an integrated approach that combines both the economic and legal aspects of this economic phenomenon in order to determine their economic essence.
The modern understanding of the stock market and its role in the socio-economic transformation of society, as well as the problems of the secondary stock market and their solutions, are considered. In

Academicia Globe: Inderscience Research
**ISSN:** 2776-1010 Volume 6, Issue 5, May 2025

particular, E. Zhukov writes: "Currently, there are three securities markets involved in the financing of the economy: over-the-counter, stock (exchange) and street." [5]. Other economists, for example, Ya. Mirkin, believe that “the concepts of stock market and securities market express the same content” [6]. However, if we consider that these markets also trade the same commodity, which can be called "stock securities", it becomes clear that the concepts of "stock market" and "stock market" are exactly the same (synonymous). In our opinion, the securities market is considered as a system of relations between legal entities and individuals regarding the issuance, circulation (trading) of securities, and the repayment and cancellation of debts on them.

**Analysis and Results**

The stock market is a sector engaged in the issue and sale of securities and a set of financial relations related to the circulation of securities, the main task of which is to implement the "savings-investment" mechanism, accumulate and distribute financial funds necessary for expanded production and technical development, and provide legal and physical persons with It is capable of ensuring the modernization of the economy by attracting investment, further multiplying it and directing it to economic sectors. In addition, the stock market and the intermediaries operating in it are an integral part of the financial system, allowing to accelerate the process of redistributing surplus funds from investors to consumers.

On the one hand, the stock market is attended by capital providers, individuals who have free cash, legal entities and individuals who want to invest and increase these funds, as well as the state as a separate entity. On the other hand, there are market entities that need initial or additional capital to launch new production, provide works, services, or modernize, expand, or repair production. It should be noted that enterprises, organizations, the population, as well as the state, can directly participate as capital applicants.

In order to raise funds on the stock market, those in need of capital issue securities and, as a result of their sale, receive funds to implement the process of processing (effective organization of trading, financial activities). The relationship between capital demanders (issuers) and suppliers (investors) is carried out on the basis of terms of repayment, restitution, or property (material and moral) ownership rights.

Stock markets are divided into primary and secondary markets according to their organizational structure. In the primary market, shares issued for the first time are placed and trading is carried out. Its main participants are issuers and investors. Issuers in need of financial resources for investments in fixed and working capital determine the supply of securities on the stock market. Investors who effectively invest their capital form the supply of securities. In other words, in the primary market, temporarily free funds are mobilized for investment in the economy. In the secondary market, securities are traded (in the form of resale of previously issued securities). The structure of the stock market can be depicted in this way (Figure 1).

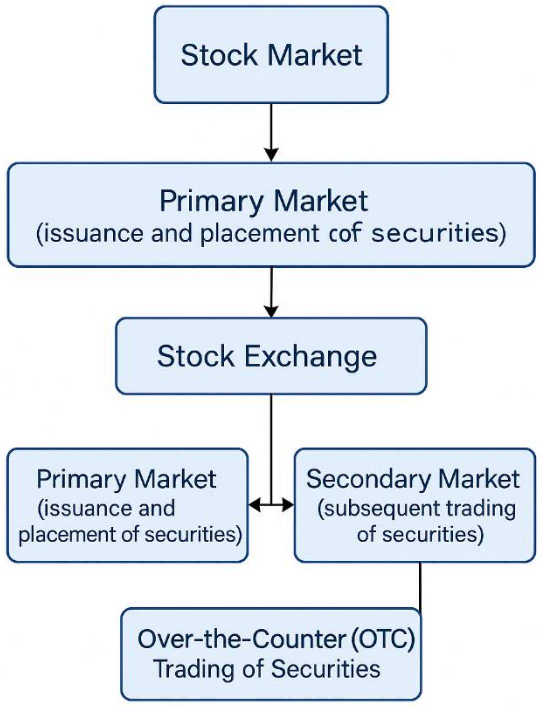


Figure 1. Structure of the Stock Market

The stock market is a comprehensive financial system where securities such as stocks, bonds, and other financial instruments are issued, bought, and sold. It plays a critical role in capital formation and economic growth by connecting investors with businesses in need of funding. At the top of the hierarchy lies the Stock Market, which serves as the umbrella term for all activities related to the trading of securities. Within this broad framework, the market is divided into several distinct segments based on the stage and method of security trading. The first major component is the Primary Market. This is where new securities are created and offered to investors for the first time. Companies use the primary market to raise capital by issuing shares or bonds through mechanisms like Initial Public Offerings (IPOs). The funds raised go directly to the issuing companies, making this market essential for business financing and expansion. Sitting beneath the primary market is the Stock Exchange, a formal and regulated platform where securities are listed and traded. Well-known examples include the New York Stock Exchange (NYSE), NASDAQ, and the Republican Stock Exchange (RFB) in Uzbekistan. The stock exchange ensures that trading is conducted in a transparent, orderly, and fair manner, offering investors a high degree of confidence. From the stock exchange, the market branches into two interconnected components: the Primary Market and the Secondary Market. While the primary market is responsible for the issuance and placement of new securities, the Secondary Market enables the buying and selling of already-issued securities among investors. In this market, the issuing company is not involved in the transactions—ownership of shares simply changes hands among traders.

Academicia Globe: Inderscience Research
ISSN: 2776-1010 Volume 6, Issue 5, May 2025

Another critical segment of the stock market structure is the Over-the-Counter (OTC) Trading of Securities. OTC trading refers to decentralized trading that occurs directly between parties, typically via broker-dealer networks, without using a centralized stock exchange. This segment is often used for securities that are not listed on formal exchanges, such as certain bonds, derivatives, or small-cap stocks. While OTC markets provide greater flexibility, they usually involve higher risks due to reduced regulation and transparency. The relationship between the primary and secondary markets is dynamic and cyclical. Securities issued in the primary market eventually flow into the secondary market, where they gain liquidity and become accessible to a larger pool of investors. The secondary market thus supports the primary market by providing a mechanism for investors to exit their investments, thereby enhancing the attractiveness of initial securities offerings. The structure of the stock market is organized into logically connected tiers and functions that serve the financial needs of both issuers and investors. It starts with capital generation in the primary market, continues through regulated trading in stock exchanges, and extends into secondary and OTC markets, creating a robust ecosystem for investment, liquidity, and economic development.

Stock operations form the foundation of modern capital markets by facilitating the issuance, buying, and selling of securities such as shares and bonds. These operations are governed by both theoretical principles of financial economics and practical organizational mechanisms that ensure market efficiency, investor protection, and regulatory compliance.

From a theoretical perspective, stock operations are guided by fundamental concepts in finance and economics:

Efficient Market Hypothesis (EMH): This theory suggests that stock prices fully reflect all available information. Therefore, stock operations should be transparent and accessible to all market participants to ensure price efficiency.

Portfolio Theory: Investors aim to diversify their holdings through stock operations to optimize returns and minimize risk. As such, stock markets must provide a broad range of investment instruments and liquidity.

Capital Asset Pricing Model (CAPM): This model helps determine the fair value of a stock based on its risk relative to the market. Stock operations rely on such models to evaluate securities and inform trading strategies.

Market Microstructure Theory: This area studies how trading mechanisms, order types, and market participants influence price formation and liquidity during stock operations.

The organization of stock operations involves the coordinated functioning of various market institutions, legal frameworks, and technological systems:

Stock Exchanges: Centralized platforms such as the New York Stock Exchange (NYSE), London Stock Exchange (LSE), or Uzbekistan’s Republican Stock Exchange (RFB) facilitate formal stock trading. They provide listing services, trading systems, and regulatory oversight.

Market Participants: These include issuing companies, investors (individual and institutional), brokers, dealers, and regulatory bodies. Each plays a distinct role in stock issuance, trading, and settlement.

Academicia Globe: Inderscience Research

**ISSN:** 2776-1010 Volume 6, Issue 5, May 2025

Primary and Secondary Markets: Stock operations begin in the primary market, where new securities are issued to raise capital. Subsequent trading occurs in the secondary market, allowing investors to buy and sell existing securities, thereby ensuring liquidity and price discovery.
Regulatory Frameworks: Effective regulation is essential to prevent fraud, protect investors, and maintain market integrity. Regulatory bodies such as the U.S. Securities and Exchange Commission (SEC) or Uzbekistan's Capital Market Development Agency set rules for disclosure, insider trading, and fair practices.
Clearing and Settlement Systems: Once a stock transaction is executed, it must be cleared and settled. This involves transferring ownership and payment between buyer and seller, typically facilitated by clearing houses and custodians.
Technological Infrastructure: Modern stock operations rely heavily on advanced trading platforms, electronic order-matching systems, and real-time data feeds. Algorithmic and high-frequency trading have also transformed how stock operations are conducted.

**Conclusions**

Stock operations are a critical component of the financial system, combining theoretical frameworks with complex organizational arrangements to support capital formation, wealth creation, and economic development. A well-organized stock market must integrate economic theory, sound institutional design, and modern technology to function efficiently and attract investment. As financial markets evolve, both the theoretical and organizational aspects of stock operations must adapt to new challenges and innovations.

**References**

1. National Encyclopedia of Uzbekistan. The letter "F". – T.: "UME" State Scientific Publishing House. 2001. – P. 202.
2. Тьюлз Р., Бредли Э., Тьюлз Т. Фондовый рынок. – 6-е изд.: Пер. с англ. – М.: «ИНФРА-М», 1997. – С. 2.
3. Берзон Н.И. и др. Фондовый рынок. – 2-е изд. – М.: «Вита-пресс», 1999. – С. 8.
4. https://economic-definition.com/Stock_indexes/Fondovyy_rynok_Stock_market_eto.html
5. Рынок ценных бумаг. Под.ред. Е.Ф.Жукова. – М.: «ЮНИТИ», 2003. – С. 13.
6. Миркин Я.М. Ценные бумаги и фондовый рынок. – М.: «Перспектива», 1995. – С. 100.