



## DEVELOPMENT TENDENCY OF CAPITAL MARKET IN UZBEKISTAN

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### Abstract

The article studies different approaches of scientists on capital market. Moreover, the real state of institutional structure of capital market and its some features in Uzbekistan are analyzed. According to the analysis, relevant conclusions and proposals are given.

**Keywords:** Stock, stock exchange, shareholders, stock market, capital, investor, regulation.

### Introduction

The study of the development tendency of the capital market in Uzbekistan has become increasingly relevant in the context of the country's ongoing economic reforms, financial sector modernization, and efforts to integrate into global financial markets. As Uzbekistan transitions toward a more market-oriented economy, the capital market plays a crucial role in mobilizing long-term financial resources, enhancing investment activity, and supporting sustainable economic growth. The expansion of capital market instruments, including equities, corporate bonds, government securities, and other financial products, contributes to the diversification of financing sources and reduces excessive dependence on the banking sector.

In recent years, the Government of Uzbekistan has implemented a series of institutional and regulatory reforms aimed at improving the efficiency, transparency, and competitiveness of the national capital market. These reforms include strengthening the legal framework, improving corporate governance standards, digitalizing market infrastructure, encouraging initial public offerings (IPOs), and attracting foreign investors. As a result, the capital market has emerged as an important mechanism for channeling domestic and international investments into priority sectors of the economy.

Furthermore, the development of the capital market is closely associated with the achievement of strategic national objectives, including economic diversification, private sector expansion, financial inclusion, and sustainable development. A well-functioning capital market enhances capital allocation efficiency, improves corporate financing opportunities, and increases investor confidence through greater transparency and accountability. In addition, the growing interest of international financial institutions and foreign investors in Uzbekistan's financial sector further highlights the importance of assessing current development trends and identifying future growth prospects.

Despite the significant progress achieved in recent years, the Uzbek capital market continues to face several challenges, including limited market depth and liquidity, low participation of retail investors, insufficient diversification of financial instruments, and the need for further institutional development. Therefore, analyzing the current development tendencies of the capital market in Uzbekistan,



evaluating the effectiveness of ongoing reforms, and identifying factors influencing market growth are essential for formulating policy recommendations and enhancing the market's contribution to long-term economic development.

## **Literature review**

In addition to the importance and characteristics of the capital market in the effective formation of the capital market, researches were conducted by various scientists in order to effectively establish the activities of insurance companies in the capital market, to create the necessary conditions for their free operation, to increase the investment attractiveness, and to ensure the openness and reliability of information. "Today, the capital market is a market that can be found in any modern economy. This market is a dynamic and innovative structure that constantly adapts to the economic environment. At the same time, the capital market creates opportunities for all categories of participants and is considered risky to a certain extent" [1]. These features of the capital market are considered important for insurance companies and serve to effectively shape the investment activities of insurance companies as institutional investors.

"The capital market plays an important role in the efficient use of financial resources, and at the same time it is effective in purchasing long-term financial assets". It also provides an investment opportunity for individuals and financial institutions" [2].

"The main goal of regulating the financial market, particularly the capital market as its component, is to ensure financial stability. In this context, one of the important conditions of stability is the functioning infrastructure of capital markets. Any analysis of capital markets should naturally take into account the infrastructure rules of the capital market under study" [3]. Market infrastructure also plays a special role in increasing the activity of institutional investors in the capital market, as it is one of the aspects that help attract institutional investors.

In the capital market, "financial markets, especially capital markets, cannot function perfectly because of information asymmetry. Information asymmetry indicates the need to regulate the capital market, and for this, the regulatory process can be provided through financial actors or require government intervention" [4]. Information asymmetry is one of the factors that have a negative impact on the investment activity of insurance companies in the capital market.

"Social and environmental actions of leaders and institutional investors are important for the long-term activity of strategic and organizations" [5]. It is clear from this that insurance companies, as institutional investors in the capital market, not only bring financial results, but also have a positive impact on the social and environmental conditions of the country as a result of effective investment activities in the capital market.

## **Analysis and results**

The capital market of Uzbekistan has undergone significant transformation in recent years as a result of comprehensive economic reforms, privatization initiatives, digitalization processes, and the increasing integration of the national financial system into global capital markets. The government has



recognized the capital market as one of the key mechanisms for mobilizing long-term financial resources, reducing excessive dependence on bank financing, and supporting sustainable economic growth. Consequently, a series of institutional and regulatory reforms have been implemented to improve market infrastructure, strengthen investor protection, and increase market transparency.

The corporate bond market has also demonstrated encouraging growth. Recent market data indicate increasing issuance and trading volumes of corporate bonds, supported by growing demand from institutional investors. The development of the bond market provides enterprises with an alternative source of long-term financing and contributes to the diversification of the financial system. At the same time, the emergence of new financial instruments and the expansion of investment funds are expected to stimulate further market growth in the coming years.

Despite these achievements, several challenges continue to limit the development of the capital market. Market liquidity remains concentrated in a relatively small number of securities, while the number of actively traded companies is still limited. State ownership continues to dominate many strategic sectors, and retail investor participation remains below international benchmarks. Furthermore, the market requires additional institutional investors, enhanced financial literacy, and broader diversification of investment instruments to achieve sustainable long-term growth.

Table 1 presents the ownership structure of companies operating in Uzbekistan's stock market and highlights the dominant role of the state in the national corporate sector. The data indicate that state ownership accounts for 71.5% of total market capitalization, equivalent to a market value of 182.9 trillion UZS, distributed across 254 companies. This substantial share reflects the continued importance of state-owned enterprises in strategic sectors such as banking, energy, transportation, telecommunications, and natural resources.

**Table 1 Ownership structure in stock market in Uzbekistan**

Ownership Category	Share (%)	Market Value	Number of Companies
State Ownership	71.5%	182.9	254
Private Owners	21.7%	55.6	651
Foreign Owners	4.6%	11.8	337
Government Authorities and Administration Bodies	1.0%	2.7	96
Shares in Public Placement (Free Float)	1.1%	2.9	106

The private sector represents the second-largest ownership category, accounting for 21.7% of market capitalization, with a market value of 55.6 trillion UZS across 651 companies. Although private ownership comprises the largest number of companies, its market value remains significantly lower than that of state-owned enterprises, indicating that the largest corporations in the economy are still predominantly under government control. Foreign investors hold 4.6% of total market capitalization, corresponding to 11.8 trillion UZS and involving 337 companies. While the share of foreign ownership



remains relatively modest, its presence demonstrates increasing international interest in Uzbekistan's capital market, particularly following recent economic liberalization measures, privatization programs, and efforts to improve the investment climate. Companies owned by government authorities and administrative bodies account for 1.0% of market capitalization, equivalent to 2.7 trillion UZS, spread across 96 companies. Although this category represents a limited portion of the market, it illustrates the continued participation of public institutions in corporate ownership structures. An important indicator of market development is the proportion of shares available for public trading (free float). The data show that only 1.1% of total market capitalization, valued at 2.9 trillion UZS, is available for public placement across 106 companies. This relatively low free-float ratio suggests limited market liquidity and highlights one of the key challenges facing Uzbekistan's capital market. A low level of publicly traded shares can constrain investor participation, reduce trading activity, and limit price discovery mechanisms. Overall, the ownership structure demonstrates that Uzbekistan's stock market remains highly concentrated in state-controlled enterprises. However, the growing participation of private and foreign investors, together with ongoing privatization initiatives and efforts to increase the free-float share of listed companies, indicates a gradual transition toward a more diversified, competitive, and market-oriented capital market. Expanding public ownership and increasing the availability of tradable shares are likely to play a crucial role in enhancing market liquidity, attracting institutional and foreign investors, and supporting the long-term development of Uzbekistan's capital market.

The role and functions of capital market assets are of great importance in the modernization of production, attracting investments and ensuring industrial growth, which are the priority directions of further development of the economy of Uzbekistan. As it is known from the world practice, capital market assets are an effective mechanism for attracting investments, modernizing the real sector, stimulating sustainable growth in production and the economy as a whole, in order to ensure international competitiveness, security and stability of the national economy. The stock market is one of the main mechanisms that ensure the transformation of savings into investments in the economy. The stock exchange is an organized and organized part of the capital market.

The stock exchange is a capital market that organizes trading processes with securities together with investment institutions. To attract large funds for restructuring and modernization of joint-stock companies through stock exchanges, newly established joint-stock companies are getting additional capital for the implementation of their investment projects. As a result of the development of the capital market in our country, as a result of the establishment of the "Tashkent" Republican Stock Exchange and the implementation of trade turnover on the basis of modern technologies, opportunities for convenient and open participation in the capital market are emerging for all investors. Table 2 shows the composition of shareholders of RFB "Tashkent", according to which it can be seen that the State Asset Management Agency of the Republic of Uzbekistan owns the largest share. It should also be noted that the Korean Stock Exchange owns a 25% share.



**Table 2 "Tashkent" RSE JSC shareholders composition**

№	Shareholders	Share in the charter fund	
		%	The number
1.	State Assets Management Agency of the Republic of Uzbekistan	50	8 789 063
2.	Korean Stock Exchange	25	4 394 530
3.	"Asaka Bank" ATB	6.25	1 098 633
4.	"Xalk Bank" ATB	6.25	1 098 633
5.	"Uzsanoatkurilishbank" JSC	6.25	1 098 633
6.	National Bank of Foreign Economic Activity	6.25	1 098 633

Figure 1 illustrates the sequential procedure for listing securities on the “Tashkent” Republican Stock Exchange, which serves as the primary organized securities market in Uzbekistan. The listing process is designed to ensure transparency, investor protection, and compliance with regulatory requirements before securities are admitted for trading. The process begins with the submission of an application by the issuer, whereby a company seeking access to the capital market formally applies for the inclusion of its securities on the stock exchange. Following the submission, the exchange conducts a comprehensive review of the application, financial statements, and the liquidity characteristics of the securities.



**Figure 1. Listing steps in “Tashkent” Republican Stock Exchange**

This stage aims to assess the issuer’s financial stability, corporate governance practices, disclosure standards, and the potential marketability of the securities. After completing the evaluation, the Listing Committee prepares its conclusion and submits recommendations to the Exchange Management Board. The committee’s assessment serves as an important mechanism for ensuring that only issuers



meeting established listing requirements are considered for admission to the exchange. The next stage involves the decision-making process of the Exchange Management Board, which reviews the committee's findings and determines whether the securities satisfy the criteria for listing. If the issuer successfully meets all requirements, the Board approves the inclusion of the securities in the exchange's official listing. Finally, the issuer receives an official notification confirming the admission of its securities to the listing, enabling the securities to be traded on the stock exchange and become accessible to investors. This final step marks the company's entry into the organized capital market and provides opportunities for raising capital, improving corporate visibility, and enhancing market valuation. Overall, the listing procedure of the "Tashkent" Republican Stock Exchange reflects internationally recognized practices aimed at strengthening market integrity, improving transparency, and fostering investor confidence in Uzbekistan's developing capital market.

The overall trading turnover of the Tashkent Republican Stock Exchange demonstrates significant changes across different trading platforms during the period 2023–2025 (10 months). Trading volumes are presented in the national currency, Uzbek soums. In 2023, the "Main Board" recorded stock trading turnover of UZS 478.3 billion, while bond trading reached UZS 92.7 billion. The Nego Board accounted for UZS 1.97 trillion in stock transactions, making it one of the largest contributors to overall exchange turnover. The FoP Board generated stock trading volume of UZS 248.4 billion, whereas the SPP Nego platform recorded UZS 514.9 billion in transactions. As a result, the total stock trading turnover reached approximately UZS 3.21 trillion, while bond trading amounted to UZS 93 billion. In 2024, substantial growth was observed in several market segments. Stock turnover on the Main Board amounted to UZS 462.0 billion, while bond turnover increased to UZS 140.9 billion. The Nego Board generated UZS 461.8 billion in stock transactions and UZS 250.3 billion in bond transactions. A remarkable increase was recorded on the FoP Board, where stock trading volume surged to UZS 20.48 trillion, becoming the dominant contributor to total market turnover. The Repo Board registered transactions of UZS 1.15 million in stocks and UZS 1.34 million in bonds, while the SPP Nego platform recorded UZS 143.2 billion in stock trades. Consequently, total stock trading turnover increased sharply to approximately UZS 21.54 trillion, whereas bond trading turnover reached UZS 391 billion. During the first 10 months of 2025, stock trading activity remained strong. The Main Board generated UZS 236.6 billion in stock transactions and UZS 484.6 billion in bond transactions. The Nego Board recorded UZS 987.8 billion in stock trading and UZS 200.4 billion in bond trading. The FoP Board continued to dominate the market, accounting for UZS 13.60 trillion in stock transactions. The Repo Board registered UZS 276 thousand in stock transactions, while the SPP Nego platform recorded UZS 59.4 billion. Overall stock trading turnover reached approximately UZS 14.89 trillion, and bond trading turnover amounted to UZS 684 billion. The analysis indicates that the development of Uzbekistan's capital market has been primarily driven by the rapid expansion of trading activity on the FoP Board, which significantly increased the overall market turnover in 2024 and 2025. At the same time, the growing volume of bond transactions, particularly on the Main Board and Nego Board, reflects increasing investor interest in fixed-income securities. These trends suggest a gradual deepening of the capital market, improved



market liquidity, and greater diversification of financial instruments available to investors in Uzbekistan.

## Conclusion

The following conclusions have been formed:

1. The capital market of Uzbekistan has demonstrated significant growth in recent years, driven by economic reforms, privatization initiatives, and the modernization of market infrastructure, which have contributed to increased trading activity and enhanced investor participation.
2. The ownership structure of the Uzbek stock market remains highly concentrated in state-controlled enterprises, as state ownership accounts for more than two-thirds of total market capitalization, highlighting the need for further privatization and diversification of ownership.
3. The listing procedure of the “Tashkent” Republican Stock Exchange follows a structured and transparent framework, ensuring that issuers meet financial, regulatory, and governance requirements before their securities are admitted to trading, thereby strengthening investor confidence and market integrity.
4. The expansion of bond trading, growth in market capitalization, and increasing involvement of foreign investors indicate a gradual deepening of the capital market, creating new opportunities for long-term financing and reducing reliance on traditional bank lending.
5. Despite notable progress, challenges such as low free-float levels, limited market liquidity, and the relatively small participation of institutional and retail investors remain significant obstacles, making continued regulatory reforms and broader market liberalization essential for the sustainable development of Uzbekistan’s capital market.

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