

Prospects for the development of the stock market: the first IPO and SPO analysis conducted by the companies of Uzbekistan

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Abstract--- International experience shows that the public placement of securities if it is properly organized, will be the basis for the development and growth of the company at a high pace. The public placement of securities in modern form took place four centuries ago, and the first public placement of shares by national companies of Uzbekistan, which has been improving its position in all spheres in the world community from year to year, was conducted in 2018-2019. This article analyzes the public placement of securities (IPO and SPO), the first in the history of the Republic of Uzbekistan. The example of national companies of Uzbekistan describes the stages of public placement of shares and the process of preparation for them. There are also indicated the requirements of the degree of transparency and ways of its analysis in preparation for the public placement of shares. The article gives a general understanding of the public placement of securities, and the existing differences between the simple emission of securities on the stock market and the sale through public placement. The impact of the public placement of shares on the secondary stock market has been studied and proposals for further improvement of the stock market as well as public offering of shares have been made.

Keywords--- public placement, placement at fixed prices, degree of transparency, movement of securities in the secondary stock market, list of traded securities, investment memorandum

Introduction

Today, in our country, the stock market is not fully operational and there are several problems in its development, in particular:

- It is known to us that Uzbekistan is not able to fulfill the function of distribution and re-distribution of money without adequate development of the stock market, the stock market in developed countries serves as a barrier of the economy. That is, it distributes and redistributes financial resources across the country. At us the stock market of the Republic has not reached this level yet;

- The company has not yet implemented the Advanced International Management System-the corporate governance system;

- Financial literacy of the population of the country is much lower;

- Low level of investment attractiveness of national joint-stock companies for foreign and local investors;

- A high share of the state in national joint-stock companies, problems with access to information, etc.

It is also being determined that in our language there are several shortcomings in the processes that have become a trend - IPO and SPO (public placement of securities). The study of these shortcomings and the implementation of scientific work on their elimination demonstrate the relevance of the topic today.

The main purpose of the article is also to identify the problems that exist in the stock market, analyze them and develop measures to eliminate them based on scientific proposals.

Proceeding from the purpose of the article, we defined the following as the tasks of the article:

1. To give an understanding of the specificity and advantage of the public placement of securities;

2. To analyze and identify the shortcomings of the joint-stock companies "Quartz" and "Kokand mexanika zavodi", where the shares are publicly traded;

3. To formulate conclusions and proposals on the elimination of problems based on the results of the conducted analysis.

Before moving on to the analysis of IPOs and SROs conducted by National Joint Stock Companies, we found that it is permissible to come up with the true essence, originality, and advantages of these economic concepts. After all, the people of the country have not yet understood the essence of these events, which are being ravaged all over the country.

First of all, public placement (public offering) is a set of securities or other financial instruments that are intended to be offered by one company to an unlimited circle of persons. Today it has the following forms:

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1. IPO (Initial Public Offering) is the first time that a company offers shares to the general public to enter the stock market and attract additional capital. In simple terms, it is the issuance of shares by the company to the ordinary population and sale to another unlimited circle.

2. SPO (Secondary Public Offering) is the issuance of a large package of shares by a company to the stock market and an invitation to the general public to attract additional capital. This is usually carried out by a joint-stock company with a share of the business entity, and the share of the business entity in the joint-stock company is offered publicly.

3. The DPO (Direct Public Offering) is a direct public Offering by a company that allows shares to be issued to the stock market and offered directly to the general public to attract additional capital. In this regard, the issuer, who used the DPO form of the public offer, limits the participation of intermediaries - investment banks, broker-dealers and underwriters-in the event and makes decisions himself.

4. PPO (Primary Public Offering) is the offering of shares by a private company to the general public to expand their activities through the financial markets to the evasion of attracting additional capital.

5. Follow – On Public Offering (FPO) is a public offering, which is held after the primary public offering (IPO).

Each of these forms of public proposals is distinguished by its specificity and stages. That's what we've been using the most recently – we've been analyzing in the first two forms, IPOs, and SPOs.

Analysis of literature on the topic

Several scientific works of the Economist scientist, Professor Ross Geddes on the public placement of shares are widely used by researchers in foreign countries. In particular, the specialist in his book “IPO and subsequent events” has passed the following comment on the IPO: “The primary public offering of shares (IPO) is fully consistent with its name: that is, this is the first time that the shares of the company are sold to the general public and are listed on the stock market. Many companies feel the need for a large number of funds to expand their operations. In this case, they can be helped by an IPO.” [1]

Also, Roger Ibbotson's scientific work on the public placement of shares is much more, in one of which the following points are expressed: “The publicity of the company provides the company with more capital and at the same time allows its original owners to diversify their investments. It also provides important external information about the value of the company for the manager and shareholders of the company, including the price that occurs in public sales.” [2]

Dipika R.Gupta, Rajaram Veliya, Rejie George argue that the company'S IPO decisions, although they are based on the economic point of view, also have a great impact on national cultural characteristics, which have an informal institutional impact. [3] They analyzed 7654 IPOs conducted by them in the years 2003-2012 in 47 countries, and suggested that countries with individual cultural dimensions and a high level of collusion spirituality with a long-term orientation achieve high activity during IPOs.

Brau and Fausets, as a result of their research, highlight the IPO as a source of funding for the growth of the enterprise in conditions of minimal costs. [4] Ang and Brau, as well as Levilin and Baolar, have stated that public placements will allow the founders of the enterprise to gain hidden assets through the sale of shares. [5][6] Kerto; Ibbotson, Sindelar, and Ritters noted that the publicity of the enterprise increases its prestige, publicity, and legitimacy. [7] [8] However, Kerto notes that the willingness of potential investors to buy shares of a new company that does not have a history of previous market value depends on the level of risks associated with the investment.[9] Also, according to Kerto, until the IPO events are held, companies will suffer from “responsibility for innovation”. Tsai and Yu, as well as Levilin and Bao, believe that the lack of transparency and accuracy of information about the enterprise during the conduct of the IPO creates great uncertainty for potential investors and increases the level of risks foreseen.[10]

Alexander Linkvist, speaking about the publicity of the company, explains the following as a result of many years of research and analysis: “Publicity plays an important role in the life of a young company. It paves the way for access to equity capital and at the same time can reduce the level of financing of its operations and investments by the company. It also provides a place for the sale of shares of the company, allows existing shareholders to diversify their investments and get rid of capital gains from the support of the company-this is important for venture investors. The popularization of the society can benefit indirectly, such as attracting the attention of strong managers to the lush development of the company and in the future. At the same time, the company takes on new obligations in the form of transparency and transparency requirements and has to report to a group of shareholders who are relatively large and unknown.”[11]

Peng and Vangler in Taiwan reported that the usual way of public placement of shares is to make an offer based on a fixed price, which is similar to the public placement in the Kingdom of Great Britain. He also pointed out that the underwriter would not be allowed to cancel, delay or change the terms of the offer later. [12]

Babakir Baba and Guven Sevil analyzed 127 IPOs conducted on the Istanbul stock exchange between the years 1998-2018 and concluded that they were not adequately evaluated, while 41.5% of the total IPOs were either highly or properly evaluated.[13]

When Djey Ritter and Ivo Welch make an opinion about the public placement of shares, the first question should be emphasized as follows: "Why do companies aim to go public?" In many cases, the main answer is the desire to increase the company's equity capital and create an open market in which shareholders and founders can exchange part of their shares," he said.[14]

Kevin Rock expressed his opinion on the existence of a strictly defined value of the public placement of shares, adding that there is a new emission market for this model, in particular, markets for "fixed liability offers". In the proposal of strict liability, the company and its investment bank agree on the price and amount for the public placement of shares of the company. After the price is set, usually another correction is not allowed. [15]

Since the IPO and SPO events for the stock market of Uzbekistan were held recently, and there was not enough practical information on this, the number of scientific works done on this subject is considered insufficient. In our opinion, the fact that the public proposals in the Republic of Uzbekistan have been implemented for the next 2-3 years has not allowed the full formation of the views of scientists of our country in this direction. The reason is that with the knowledge of the theory of these economic terms it is difficult to have a complete understanding of how it will pass, what will be focused on and what will benefit it in the future, if not analyzed.

In this case, some specialists are famous for several scientific works on the development of the securities market in Uzbekistan, and we can show them I.L.Butikov, V.A.Kotov, M.B.Khamidullin, Sh.Sh.Shakhazami as an example. In particular, I.L.Butikov came up with the following opinion on securities in his scientific work "the securities market of Uzbekistan: New Horizons": "In today's world, the truth is that securities can now serve as the strongest financial support that can bring the economy to a new, much higher level, not just fantastic capital, but also having properly established its market." [16]

In contrast to the theoretical views of the above-mentioned Economist scientists, we will describe in the framework of this article our views not only on the types of public placement of shares, such as the initial public offering IPO, secondary public offering SPO, but also through the analysis of practical information.

Data source and research methodology

Analysis and synthesis, scientific abstraction deduction, classification, generalization, comparative, theoretical interpretation, and analytical methods were used in the methodology of this article, as a result of the bibliographic study, the problems of "public placement of shares", the factors affecting them and the prospects for further development were identified.

The information used in the article is mainly obtained through two sources: the Official Web pages of the "Tashkent" Republican stock exchanges and joint-stock companies. The center of attention of this article is the legacy of the "Quartz" joint-stock company, which was held for the first time in the history of Uzbekistan in 2018-2019, and the "Kokand mexanika zavodi" joint-stock company. The price of offering shares, the opening and closing prices of trades and other information are taken from the official websites of the companies.

Analysis and results

4.1. An analysis of the differences between the simple issue of securities and the public offering

According to the Decree of the President of the Republic of Uzbekistan №4947 "On the strategy of actions for further development of the Republic of Uzbekistan" on February 7, 2017, the third direction of development of the Republic of Uzbekistan in 2017-2021 is defined as the priority task of development and liberalization of the country's economy. Today, along with the development and liberalization of the economy, several additional normative documents have been adopted, which create convenience and opportunities for the population and entrepreneurs. In particular, great reforms were carried out to develop the stock market in Uzbekistan. Initially, according to the decision of the Cabinet of Ministers of the Republic of Uzbekistan dated May 10, 2017, № 268 "On the organization of public offering of shares on the Stock Exchange", shares of the following joint-stock companies were offered publicly as the first experience (Table 1).

List of joint-stock companies whose shares are sold through IPO and IPO¹

Table 1

№	Name of joint stock companies	Initiator of public placement	Organizer of public offering of shares	Form of realization
1.	JSC "Quartz"	JSC "Quartz"	National Bank for Foreign Economic Activity	IPO

2.	JSC “Kokand mexanika zavodi”	JSC “Uzneftegazmash”	National Bank for Foreign Economic Activity	SPO
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Then, to ensure the implementation of the decree of the president of the Republic of Uzbekistan № PD-5630 “On measures to radically improve the system of State Asset Management, anti-monopoly regulation and the capital market” dated 14 January 2019, on 24 January of this year, the Resolution of the Government of the Republic of Uzbekistan №-4127 was adopted “On the organization of activity of the Agency of the Republic of Uzbekistan on Capital Market Development”. This has been one of the giant steps towards liberalization of the stock market. Now the existence of a separate, independent organization suitable for the stock market will directly stimulate the development of this industry. As a result of this, at the time of the establishment of the Joint-Stock Company established in the Law of the Republic of Uzbekistan “On protection of joint-stock companies and shareholders' rights” 223-I adopted on 26 April 1996, the charter fund would amount to 400 thousand dollars, and if the amount of the Charter Fund decreased from this amount, the order on the closure of the JSC was canceled with the help of the initiative of the Capital Market Development Agency of the Republic of Uzbekistan.

So, what is the difference between a public offering from a simple stock emission and placing them on the stock market? We will reflect these differences in the table below

Table 2:

Differences between the public offering of shares and the simple placement on the exchange (prepared by the authors)

Table 2

№	Actions to be carried out	In the form of public offer	In simple placement
1	Sale of state or business entity	Newly established and operating companies will trade their state and business shares	According to the decision of the general meeting of shareholders
2	Underwriter participation	The underwriter attendance is necessary, as he will organize all the events	Optional
3	Determination of the price of one unit of shares	The price range will be selected	At nominal or market price
4	The importance of dividing shares into lots or the number of shares	The shares are divided into lots and sold in a limited number to one shareholder	In an unlimited number, it can also be sold with one lot
5	Advertising campaign – “Road show” and analysis of the enterprise – “Due Diligence” events	It is conducted by an underwriter, members of the management of the company, economist-financiers, analysts, and lawyers	Not conducted
6	The probability of the shares being sold	Too high	Low
7	Transparency of information about company	All information must be disclosed	Information will not be fully disclosed

In itself, the natural question arises: “What are the advantages of public offers?”

The public offer of securities is reflected in the above differences. In particular, in the public offer, intermediaries are involved in the first place. This ensures the acceleration of trades, the conduct of large-scale preparatory work and, in most cases, the achievement of tremendous positive results. Of course, intermediaries receive a good fee for their services. Based on world experience, underwriter charges 2-8% of the price of each sold stock for its services. And this is several hundred million in the world financial arena, that is, the higher the stock price, the higher the underwriter service fee will be. In this case, the indicator of the costs that the company makes for all services before the profit it receives from public sales will not be significant. The main thing is that in most cases the company will be able to sell all issued shares to them, which attracted intermediaries.

It is known to us that the underwriter is any party that assesses and accepts the risk of selling securities of another party. And in the process of a public offering, the issuer is a party to the fact that he buys all shares of the company and sells them to investors. The first IPO held in Uzbekistan was fulfilled by the decision of the government of the Republic of Uzbekistan by the FEA National Bank of the Republic of Uzbekistan and its main function was the organization and mediation. [17]

Another specificity of the public offer is establishing, in which the price range for one unit of shares and the maximum for the purchase of shares. This means that the future shareholder will be able to hedge how much the stock can receive and in what amount. In this case, the proposals received by the potential shareholders are

collected in the so-called "venue", which is called an application basket, and are distributed in the section of the best offers of shareholders at the end of the sale.

The main purpose of holding public offers of companies is to expand the activities of the company, diversify and modernize its production. In both cases, there were clear objectives of the National joint-stock companies – the expansion of the activities of the enterprise and the establishment of a new production workshop. Of course, the income received will not be enough funds to establish a new production workshop, but this will lead to less obtaining of the bank loans of the enterprise, a reduction in short-and long-term debts and, ultimately, an increase of the income in annual financial results.

4.2. Analysis of public offerings conducted in Uzbekistan

Now, we will directly consider the analysis of the results of the first public proposals made in the Republic of Uzbekistan.

It is worth noting that in both forms of the public offer, positive indicators were noted. In particular, both joint-stock companies have benefited greatly from the public offering of their shares. Also, in the case of JSC "Quartz", more than 50% of the state share was sold, and in the case of JSC "Kokand mexanika zavodi", the share of the volume of mining in the case of JSC "Kokand mexanika zavodi" was realized in the amount of 100%. It is expedient to examine the in-depth analysis of these public offerings into the following sections:

Stage of preparation:

Transparency of data;

Road Show;

Results of public offers:

Final financial results obtained;

Dynamics of stock trading in the secondary securities market.

The fact that the public offers to pass well and have great positive results is directly dependent on the extent to which the advertising campaign is conducted, that is - the Roadshow event. In foreign experience, the Roadshow event is the key to the success of a public offer. Therefore, abroad does not provide funds for such events and is held with the participation of the most famous people and companies in the world.

For information: Roadshow is an element of practical training of the issuer when issuing securities (shares, bonds, etc.) of the enterprise, in particular, when conducting public offers. In most cases, this implies meetings with potential investors and analysts.

Within the framework of the Roadshow event, videos, presentations, various distribution materials (flyers, brochures) about the Joint-Stock Company will be presented to potential investors and stakeholders.

In the international experience, the Roadshow event will be held by an underwriter. The Roadshow event was held differently in both cases by the national joint-stock companies. In particular, in the case of the JSC "Quartz", Roadshow and promotion work was carried out not only on Central Television and publications, but also on local television and other media of the regions, as well as through organized meetings and events.

However, the main reason why the shares of the enterprise were not sold completely by some experts through social networks on the internet is that the shares were not advertised as needed when the Roadshow was not held at an excellent level.²

In the case of JSC "Kokand mexanika zavodi", an advertising campaign was conducted in a completely different way. National Bank for Foreign Economic Activity, established by the Government Decree as an underwriter, transferred its powers to the LLC "Freedom Finance" in the form of a foreign enterprise. This enterprise during the roadshow took advantage of the world experience and conducted its own. The joint-stock company "Kokand mexanika zavodi" publicly offered 2.2 million shares. However, the receipt of offers for the purchase of 2.8 million shares is a clear confirmation that the roadshow was excellent. On the second hand, the fact that the ordinary population did not fully understand what a public offer was in the conditions of JSC "Quartz", and received much information until the second public offer, was also an impetus for the good passage of trade in the second case.

The volume of purchase of shares by an individual (except underwriter) should not exceed 0.05% of the total volume of emission, or 2287 shares and 1118 shares respectively, of the shares of the "Quartz" and "Kokand mexanika zavodi" JSCs. This was done to exclude the acquisition of a package of shares, which would allow one or several associated investors to influence the management in the company. Investors had to pay 100 percent in advance. Public placement of shares of "Quartz" and "Kokand mexanika zavodi" companies on 4 April and 11 December 2018 was carried out with the highest price priority by determining the auction buyers of shares.

The shares of JSC "Quartz" and JSC "Kokand mexanika zavodi" were put up for sale according to the terms of the table below (Table 3).

Conditions of public placement of shares of JSC "Quartz" and JSC "Kokand mexanika zavodi"

Table 3

Name of Joint Stock Company	Affiliation of issued share (state or business entity)	Total number of shares offered *	The number of shares that a buyer can buy **	Price range per share (sum)	Underwriter share
JSC "Quartz"	State share	4 574 934	2 287	3000-9100	2%
JSC "Kokand mexanika zavodi"	JSC "Uzneftegazmash"	2 236 452	1 118	1000-4000	0%

Note: * - 10% of the authorized capital is publicly offered

** Maximum amount one shareholder can take is 0.05% of publicly traded shares.

The costs and revenues associated with public offerings are given in the table below (Table 4).

Calculation of financial results related to the public offer of shares of joint stock companies

Table 4

Name of Joint Stock Company	JSC "Quartz"	JSC "Kokand mexanika zavodi"
Total sold shares	2 475 449	2 236 452
Revenue from the sale of shares (million sums)	7 523,8	2 930,0 ³
Underwriter Costs (million sums)	149,3 (2%)	0 (0%)
Brokerage costs (0.045%) (million sums)	3,4	1,4
RSE Toshkent (0.15%) (million sums)	11,0	4,4
Depository services (0.05%) (million sums)	3,7	1,5
Advertising expenses (million sums)	110,0	0*
Profit from the sale	7 246,4	2 922,7

Note: * - no expenses for advertising by JSC "Kokand mexanika zavodi".

Considering the fact that the public offering of shares was held for the first time in Uzbekistan, the financial results obtained are considered satisfactory.

A public offering of shares is primarily the step taken to develop the stock market of Uzbekistan. In this regard, it is not only the primary market but also the secondary market. Therefore, it is worthwhile to consider the dynamics of the movement of these markets. Taking into account the fact that public offerings are held in the primary market, we draw our attention to the secondary market, that is, they have become shareholders in the public offering, and then, with the increase in the price of shares, we analyze the process of making profit to the evasion of buying and selling them. In this case, we are based on the data of the Republican fund "Tashkent".

Initially, we will consider an analysis of the dynamics of the secondary market of shares of JSC "Quartz". To do this, we take as a basis the data from the 10-20 June range (Table 5).

Dynamics of movement of shares of JSC "Quartz" in the secondary stock market

Table 5

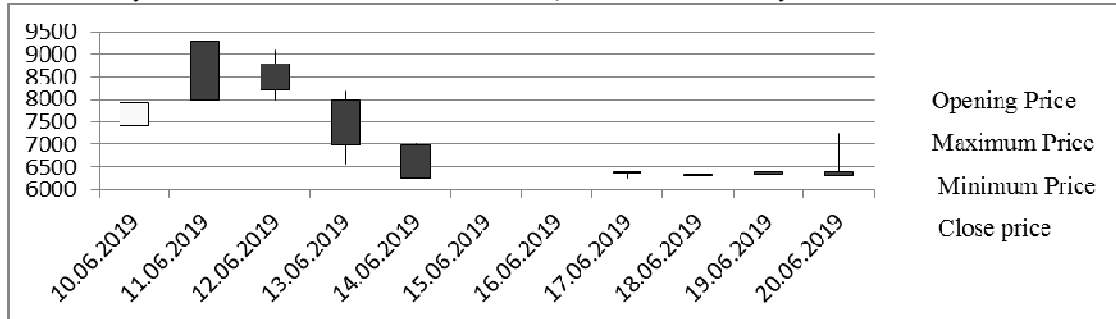
Date	Initial price	Maximum price	Minimum price	Final price	Change	Number of shares
10.06.2019	7400	7950	7400	7950	▲ 550	9446
11.06.2019	9290	9290	8000	8002	▼ 52	1589
12.06.2019	8800	9100	8000	8200	▲ 198	1953
13.06.2019	8000	8190	6560	6985	▼ 1215	2946
14.06.2019	6985	7000	6250,01	6250,01	▼ 734,99	2225
17.06.2019	6360	6394	6250	6394	▲ 143,99	1289
18.06.2019	6300	6350	6300	6350	▼ 44	125
19.06.2019	6400	6400	6350,01	6350,01	▲ 0,01	101
20.06.2019	6400	7249,99	6300	6300	▼ 50,01	1618

Note: Based on data from the Republican Stock Exchange "Tashkent"

From the above table, we can conclude that the shares of JSC "Quartz" have been in constant movement in the secondary market since the public offer was made. And this directly leads to the high pace of development of not only the primary market of our stock market but also the secondary market. The most important thing is that the demand for shares of JSC "Quartz" increases, but does not decrease. Given the fact that the nominal value of the shares of the company is 1715 rubles, as a result of the trade going on in the secondary market, many shareholders are winning. While they will receive significant benefits in the first place, the need to be expected by society to raise funds for dividends a year later will disappear. He will be able to direct his funds to different areas, diversify. [18]

Also, the price of the shares of the society has generated significant trends, not only revolves around a certain price. Therefore, considering the fact that society is expected to conduct SPO in the next 2-3 months, this indicator is expected to generate even greater changes. Below, based on the above chart data, we will analyze the indicators "Japanese candles", which are the most famous all over the world, demonstrating the dynamics of the movement of shares in the stock market (diagram 1,2). Furthermore, each candle shows the highest and lowest price recorded in stock trades on a particular date.

Diagram 1
Dynamics of movement of shares of JSC "Quartz" in the secondary stock market



The indicators presented in the diagram above show that the price of shares in the decade presented in the diagram for shares of JSC "Quartz" was between 6250 - 9290 sums and 21292 shares were sold in the process of buying and selling. [19]

The holding of the public offer of shares of JSC "Kokand mexanika zavodi" sharply increased interest in the shares of this society. In particular, if from the beginning of the year 2018 until the public offering was held, or 3 times the shares of the society were bought and sold at face value in the secondary market, then after the SPO, the shares of the society were included in the number of shares of the secondary market, which are constantly being bought and sold (table 6)

Dynamics of movement of shares of JSC "Kokand mexanika zavodi" in the secondary stock market

Table 6

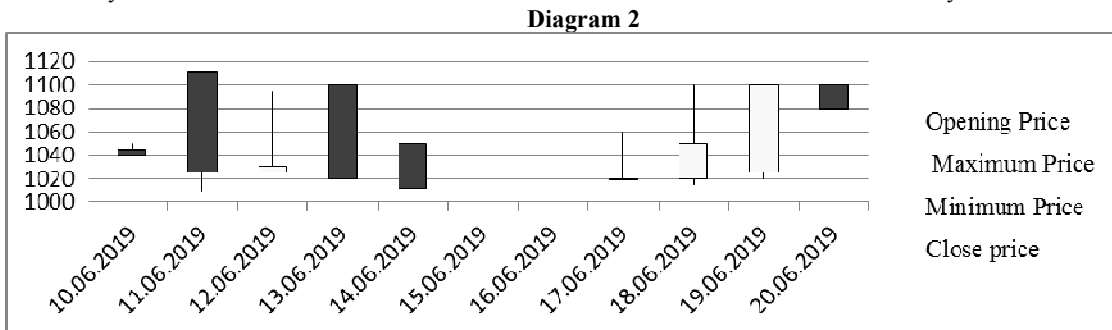
Date	Initial price	Maximum price	Minimum price	Final price	Change	Number of shares
10.06.2019	1045	1050	1039,99	1039,99	▲ 14,99	446
11.06.2019	1111	1111	1010	1025	▼ 14,99	2261
12.06.2019	1025	1095	1025	1030,01	▲ 5,01	2316
13.06.2019	1100	1100	1020	1020	▼ 10,01	6052
14.06.2019	1049,99	1049,99	1012	1012	▼ 8	7960
17.06.2019	1020	1060	1020	1020	▲ 8	9991
18.06.2019	1020	1100	1015	1050	▲ 30	12570
19.06.2019	1025	1100	1020	1100	▲ 50	6988
20.06.2019	1099,99	1099,99	1080	1080	▼ 20	21

Note: It was prepared on the basis of the information of the Republican Stock Exchange "Tashkent"

So, in the secondary stock market between 10-20 June of the year 2019, the maximum price of the shares of the company was 1111 sums, although the maximum price of the purchased stock was 1100 sums. As a result of the fact that the shares of the company are in a constant trend in the stock market of the Republic, the company occupies 2-3 places in the top-10 rating⁴ of listing companies in the RSE "Tashkent" on the number of transactions for the annual and periods. This suggests that the shares of the company are shares with a high speculative nature, which the buyer has in the stock market.

The dynamics of the movement of shares of JSC "Kokand mexanika zavodi" in the diagram "Japanese candles" will be as follows (diagram 2):

Dynamics of movement of shares of JSC "Kokand mexanika zavodi" on the secondary stock market



Given the fact that the average price of these shares in the secondary stock market buying and selling processes is 1100 sums, we can assume that the speculation of public shares today is the main source of income for the participants of the stock market. The main thing is that the more the price of the stock revolves around one amount, the lower the risks of earning shareholders. That is, if the unforeseen situation is not observed, the price of the stock will not fall several times, it will not even go up several times.

4.3. Analysis of the degree of transparency of joint-stock companies

Disclosure of information is the most basic criterion of the corporate governance system. Based on this criterion, all the great work is carried out by companies. In turn, public proposals should go on a high level of preparation, to attract not only foreign investors but also the population at large. To do this, first of all, it is necessary to ensure transparency and transparency of all information by societies.

Since there are questions that investors are most interested in in the questionnaire on the evaluation of the corporate governance system, it is worthwhile to study the extent of disclosure by these companies directly in connection with the results of the corporate governance code and the evaluation of the corporate governance system.

Following the recommendations of the corporate governance code approved by the statement of the meeting of the commission on increasing the effectiveness of the activities of the companies of the Republic of Uzbekistan and improving the corporate governance system of the Republic of Uzbekistan dated December 31, 2015, disclosure of the following information is recommended for the joint-stock companies: [20]

- confidential information, commercial secrets and a list of information included in the category of other information that may affect the change in the price of shares;
- together with the translation of the information, which must be disclosed, into English, Russian and other languages accessible to shareholders and other interested parties, including foreign investors, on the website of the EC and other sources provided for by the legislation;
- on the number of awards and compensation of the executive body at the general meeting of shareholders;
- on the website of JSC, information on the cost of the executive body and the effectiveness of its activities, the composition of the share capital (shareholders with more than 20 percent of shares);
- based on the proposed distribution of net profit, the number of dividends, the assessment of their compliance with the policy of the JSC dividend, as well as the explanation and economic justification of the orientation of a certain part of the net profit to the needs of the development of the JSC, if necessary;
- specific (except for the information that is confidential and commercial secret) information that is necessary to shareholders and investors as soon as possible at the request of shareholders.

Besides, in the questionnaire on the evaluation of the corporate governance system, it is recommended that the following most basic information be disclosed:

- information on the use of a modern approach in management, special management programs, the results of an international analysis, standards and evaluation services;
- to be a medium and long term development strategy of the society;
- all internal documents of the enterprise, except for confidential documents;
- business plan and financial statements for the last three years, etc.

The level of transparency of information provided by the above-mentioned joint-stock companies is largely determined through their official websites. In the following analytical table, we will present the disclosure of information by the companies in the scoring system for each item (Table 7):

Table 7
The information on disclosure of information by Joint Stock Companies

№	Information required to be disclosed	Maximum point	JSC "Quartz"	JSC "Kokand mexanika zavodi"
1	All information must be in Uzbek, Russian and English languages	15 points (5 points for each language)	15	15
2	Placement of the joint-stock company Charter and other necessary internal documents	15 points (5 points for the charter and the rest for the documents) 1 point)	13	13
3	Availability of business plan and financial statements for the last three years	10 points (5 points for business plan and financial statements)	10	10
4	Information on the amount of bonuses and compensations of the Supervisory Board and the Executive body	5 points	0	5
5	Availability of medium and long-term community development strategies	10 points	0	5
6	Information on implementation of international standards, management programs, reporting and evaluation criteria	10 points	10	10
7	Detailed information on shares and other securities of the enterprise (composition and share of shareholders, dividends, issue prospectuses, minutes of general meeting of shareholders)	20 points	20	20
8	Results of the Company's quarterly, annual reports, fundamental and technical analysis	15 points	5	5
Total:		100 points	73	83

Note: The information was prepared based on the information posted on the official websites of joint-stock companies

Based on the above table data, we will try to determine the degree of transparency of issuers.

For information: the degree of transparency of the issuer (that is, adequate information transparency) – this is determined by the mutual adequacy of all its operations and information about them.

This indicator is evaluated in percentage terms and we propose to determine it using the following criterion (the formula was prepared by the authors):

$$T(I) = \frac{I^F * P}{I^R} * 100\%$$

Here:

I^F - maximum number of questions in the joint-stock company study of transparency of information;

P - maximum points gained by the study;

I^R - increasing the quantity and quality of information required by regulatory documents and in the manner prescribed by the financial market;

Using this criterion and the data in Table 3, we calculate the degree of transparency of JSC "Quartz" and "Kokand mexanika zavodi".

Transparency level of JSC "Quartz":

$$T(I) = \frac{4 * 73}{8 * 100} * 100\% = \frac{292}{800} * 100\% = 36,5 \%$$

Transparency level of JSC "Kokand mexanika zavodi":

$$T(I) = \frac{5 * 83}{8 * 100} * 100\% = \frac{415}{800} * 100\% = 51,8 \%$$

As can be seen from the above calculations, the true degree of transparency of both joint-stock companies is not the maximum. In determining the level of transparency, Table 3 data were taken into account mainly by the number of questions in terms of number, and qualitatively by the number of points scored. Nevertheless, JSC "Quartz" and JSC "Kokand mexanika zavodi" according to the results of the evaluation of the Corporate Governance system scored high points.⁵ It is also desirable that this formula is used in assessing the number and quality of information disclosed by the joint-stock companies, in connection with the results of the evaluation of the corporate governance system. In summary, the level of adequate transparency of information placed on the websites of the joint-stock companies is considered low.

Results of the analysis

The fact that the first public offers were positive for the public is reflected in the following statements:

1. Within the framework of the public offer of JSC "Quartz", 54 percent of shares issued to the IPO were sold and amounted to 7,2 billion sums earned income.

JSC "Kokand mexanika zavodi" has achieved the full sale of shares of SPO within the framework of the public offer and has received a profit of about 3 billion sums.

2. The capitalization indicators of the joint-stock companies are increasing significantly. In particular, if the capitalization index of "Quartz" JSC amounted to 78.5 billion sums (1715*45749340) before the public offer of shares, during the first 3 months after the IPO was held, this figure amounted to 217.0 billion sums (4500⁶*48224609). This means that the capitalization of the company has increased almost 3 times.

In the period from 1 January to 25 December 2018, the capitalization index of JSC "Kokand mexanika zavodi" amounted to 20.1 billion sums (900*22364520), in the period from 1 January to 1 July of this year its capitalization is 27.1 billion sums (1100*24600972), which means that capitalization has increased by 34 percent for the comparable period.

3. In the case of JSC "Quartz", the most important thing is that the income received is directed to expand the production of the company. Today, in society, construction work is being carried out on the part of the workshops, which has a total capacity of 70 million US dollars, producing 400 tons of construction windows per day. This means that the current volume of production will double in the future, respectively, the net profit of the society, and the shareholders-the increase in dividend indicators.

The active movement of shares of JSC "Kokand mexanika zavodi" in the secondary market not only increases the amount of capitalization of the company but also leads to the issuance of additional shares by the society as the confidence increases in the future, as a result of which production is diversified and modernized.

Conclusions and Suggestions

In conclusion, we can say that the public offer of shares is a process that reflects the fact that securities are offered by a particular company to the general public to expand the activities of the company.

Based on the results of the conducted analysis, we can conclude that the public offer of shares has such advantages as the emission of ordinary shares and the fact that they are involved in the processes from their placement on the stock market, the establishment of a price range, the establishment of a limit on the amount of purchase of securities.

Besides, the following problems indicate the current experience and analysis of the development of the stock market of Uzbekistan:

1. The fact that not the securities market as a factor of the development of the financial market by the state, but the banking system, is being adopted is causing a better and more rapid development of one system than the other. It is worth noting that today, even though banknotes make up 20-23 per cent of the working population of the Republic of Uzbekistan, 60 per cent of the working population is using banking services. The main reason for this is that there is no competitive system in our state to the banking sector. As the main competitor to the banking sector in developed countries, the stock market is involved, and the share of investment in it is above the funds directed to the banking sector.

2. One of the most developed types of securities is the very slow development of the bond market. Of course, the reforms carried out in recent years, in particular, the circulation of Eurobonds for the first time by the state of Uzbekistan and the rapid acquisition by foreign companies indicate that the bond market is one of the attractive types of attracting foreign investment. However, it should be taken into account that the external debt of the state in front of foreign companies by the placement of Eurobonds will undoubtedly increase. The report of the Central Bank of the Republic of Uzbekistan for the first quarter of 2019 says that Uzbekistan's foreign

debt amounted to 19.6 billion US dollars. The Eurobonds were placed on international trading platforms with a 5-year and 10-year terms and an annual income of 4.7 and 5.3 percent, respectively.

It is worth noting another trend, which indicates that the main part of the bonds placed on the stock market of Uzbekistan corresponds to commercial banks, and other enterprises in the form of Joint-Stock Companies are not active in this area.

3. The lack of professional skills, experience and knowledge of the participants in the securities market is another reason why they are allowed to be sluggish in the development of the market. In some sense, we have set the limit for this, that is, the development of the securities market does not allow professional participants to work on their own. That is, the services and operations carried out by professional participants in the stock market look monotonous. The lack of new financial instruments in the market is losing the sense of being in constant search for them and meeting the modern requirements.

4. The fact that the attractiveness level of the stock market is very low makes both the ordinary population and foreign investors interested in it more quietly. You will not find any information in any source about the securities available in the market, the work being done, the agreements and the operations. On the contrary, you can get information about the banking system and the services offered by commercial banks anywhere you want.

5. The main indicators of sale and purchase in the securities market are mainly in the city of Tashkent. And this means that the stock market in the regions, despite the large number of inhabitants, has developed in general, the stock market infrastructure and professional participants in the regions do not exist or have professional skills.

Taking into account the fact that the stock market of the Republic is now developing, the correct and timely implementation of each reform today can lead to high results. Therefore, in our opinion it is worthwhile to carry out the following:

1. We must admit, the main problem that has arisen in the Republican stock market today is that the financial literacy of the population of the country is at a very low level. In our republic, the main cash public corresponds to the "saved" money of the population. This leads to a decrease in the level of circulation of money, a lack of cash issued into circulation. In turn, this situation leads to the development of additional money, as well as excessive costs. One of the main objectives of the emission of securities in the world economy is to reduce the public of excess cash. And the low level of financial literacy of the population comes from the fact that they do not know where to direct the public of money collected manually. Today, the funds being channeled by the population are mainly directed to the same areas – the immovable and movable property. Therefore, it is worthwhile to develop a program of measures to increase the financial literacy of the population. The program requires to be a special program that gives an understanding of the financial system of the country, financial institutions, financial markets and instruments, starting from the tiny parts of the country to the whole system;

2. It is necessary to develop measures for the broad development of the securities market throughout the territory of the Republic, as well as for the granting of special privileges to the professional participants of the market operating in the regions. In this regard aims to implement regional investment projects by issuing municipal securities and directing the free-standing funds of the population to investment projects. This, in the first – mobilizes the free money of the population, in the second – creates the basis for the implementation of local investment projects, and in the third – creates the concept of securities between employees of local government authorities and the ordinary population;

3. To increase the transparency of joint-stock companies:
- clear criteria in ensuring data transparency, the development of a list of data that is mandatory to be disclosed (the single requirement must be the same and binding for all);
- to ensure timely adequate disclosure of information, joint stock companies are required to upload personal responsibility to the heads of management or general directors.

4. IPO and SPO events require the introduction of a selection process through which an underwriter can be selected. This, first of all, along with ensuring a high level of public offers of shares of societies, will serve as the basis for the development of underwriting activities in our country. After all, where there is competition, there will be development;

5. The way to interest the population in securities is to conduct more propaganda work in these places. In particular, the presentation of securities in a natural form to the population who bought securities for the beginning will lead to a change in their understanding of property, a change in their responsibilities and relations. Of course, although this process causes an increase in the costs of issuers, it is important to carry out this action to convince the population. After all, it is not surprising that the Uzbek people's proverb says that "It is preferable that the poor man's money stood in front of his eyes".

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