



## **IMPROVEMENT OF THE SECONDARY MARKET FOR SECURITIES ISSUED BY JOINT STOCK COMPANIES**

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### **Abstract:**

The secondary market for securities issued by joint stock companies occupies a significant position in the financial system of any modern economy. As an important mechanism for reallocating financial resources and optimizing investment activity, the secondary market is the cornerstone that transforms securities from simple financial instruments into genuine drivers of economic growth, stability, and innovation. The role of the secondary market goes far beyond offering liquidity; it forms the foundation for transparent valuation, enhances corporate governance, activates investment processes, and supports the effective mobilization of savings across society.

**Keywords:** Secondary market, joint stock companies, securities, financial system, market transparency, legal framework, trading infrastructure, investor protection, capital allocation, market modernization.

### **Introduction**

The sustainability and effectiveness of the secondary market for securities depends on a carefully balanced interplay of institutional, legal, technological, and organizational factors. The market operates as a platform where previously issued securities of joint stock companies, such as shares and bonds, circulate freely among investors. The ability to buy and sell securities with relative ease not only boosts confidence among existing and potential investors, but also constantly stimulates the flow of investments toward the most productive sectors, supporting innovation and structural transformation of the economy. An effective secondary market relies on comprehensive infrastructure. This includes highly organized stock exchanges, an efficient system of brokers and dealers, custodial



services, clearing and settlement systems, and technological platforms for secure, rapid, and transparent transactions. The development of these institutions underpins the transparency, reliability, and accessibility of the market, serving as a guarantee that investors will be able to quickly convert their financial assets into cash or reallocate their investments to more promising sectors [1].

The exchange system, as the core of the secondary market, provides an arena where supply and demand for securities directly interact, where trading rules are strictly regulated, and where all participants are assured of equality and fairness. In parallel, the over-the-counter segment complements the exchange market, providing additional flexibility and facilitating the realization of deals that might not be possible within the rigid framework of formal trading platforms. The balance and interplay between these segments guarantee that the secondary market remains liquid, diversified, and robust in the face of volatility or external shocks. Legal and regulatory frameworks play a vital role in securing the stability and dynamism of the secondary market for securities. An effective legislative base defines the rights and obligations of market participants, corrects market imperfections, and stimulates fair competition. It is essential that the legislation governing the secondary market be aligned with international standards and best practices to facilitate integration with the global financial system and to attract foreign investment. In particular, legal norms should promote information disclosure, transparency of transactions, protection of minority and institutional investors, and effective mechanisms for dispute resolution. The transparency of the secondary market is not merely an abstract value; it is essential for the accurate pricing of securities, the assessment of risk, and the formation of rational expectations among market players. This transparency is achieved through the regular publication of trading data, price indices, transaction volumes, and detailed reports about joint stock companies whose securities are traded. Openness in these areas enables the formation of a stable and trustworthy market environment, increases the predictability of price trends, and sharpens the objectivity of investment analysis [2].

The technological modernization of the secondary market is a prerequisite for its long-term development. The implementation of modern electronic trading systems, blockchain-based settlement solutions, digital registries, and online



portfolio management platforms drastically increases the efficiency, speed, and security of trading processes. Rapid access to up-to-date market information, secure online trading, and the automation of routine operations not only reduce costs for market participants but also facilitate market access for a wide variety of investors, from large institutional actors to private individuals. The architecture of the secondary market should include effective mechanisms for risk management. Continuous monitoring of market activity, the application of prudential norms, and the implementation of early warning systems enable the timely identification and neutralization of potential threats to market stability. Regulatory bodies must consistently improve their surveillance tools, adopting innovations such as big data analytics and artificial intelligence to detect manipulation, insider trading, and other forms of abuse that might undermine investor confidence. The educational and professional competence of both investors and market professionals has a direct impact on the quality and sustainability of the secondary market. Efforts to raise financial literacy, increase public understanding of securities, and promote responsible investment practices are fundamental to building a deep and participatory market. Training programs for brokers, analysts, advisors, and company managers, as well as the dissemination of practical guidelines and research materials, are necessary for developing a highly qualified cohort capable of navigating the complexities of modern securities markets [3].

Effective corporate governance within joint stock companies is a critical driver of confidence and activity in the secondary market. Companies need to regularly publish information about their financial position, strategic plans, dividend policies, and other factors relevant to investors. Transparent and accountable management increases the attractiveness of company securities, supports fair pricing, and ensures that companies remain responsive to the expectations of shareholders and market trends. The secondary market for securities contributes directly to the effective allocation of capital in the economy. By enabling assets to circulate freely, it allows investors to select the most promising companies, industries, and projects, thereby sending price signals that guide the future direction of production, innovation, and enterprise growth. This dynamic encourages competition among joint stock companies, which in turn spurs



improvements in operational efficiency, governance, and strategic development. The integration of the domestic secondary market with international capital markets extends the range of investment opportunities, exposes local actors to global best practices, and increases the resilience of the financial system. Cross-listing of securities, harmonization of trading practices, and interoperability of settlement systems facilitate inflows of foreign capital and increase the sophistication of domestic players. These processes, when guided thoughtfully, result in an upward spiral of market development, increased liquidity, and broader participation [4].

The accessibility of the secondary market for a wide variety of investors is another central factor in its improvement. Modernization efforts should focus on eliminating technical, financial, and informational barriers that prevent individuals, small enterprises, and institutional investors from participating actively. The democratization of market instruments, the introduction of collective investment schemes, and the proliferation of digital platforms all serve to expand the investor base and increase the volume and variety of trades. Regular market innovations, such as the introduction of new types of securities, alternative trading systems, and financial derivatives, further enrich the spectrum of market services. Continuous innovation is essential for accommodating evolving investor preferences, supporting complex risk management strategies, and enhancing the sophistication of domestic capital markets. However, the introduction of these innovations must be balanced with robust regulatory oversight to ensure market integrity and safeguard the interests of all participants. The relationship between the secondary market and the macroeconomic environment is mutually reinforcing. A vibrant, transparent, and liquid secondary market supports the effective transmission of monetary policy, encourages private savings and investment, and strengthens the overall resilience of the financial system in the face of external shocks. In turn, macroeconomic stability, policy predictability, and the presence of sound institutions are prerequisites for the sustained dynamism and reliability of the secondary market. The secondary market also provides a valuable informational function. The process of price discovery, which is constantly active during trades, synthesizes the collective wisdom of thousands of investors, thereby producing objective valuations of





securities. These prices serve as benchmarks for corporate finance, policy making, and investment decisions, contributing to the clarity and rationality of economic processes. The diffusion of this information throughout the system reduces uncertainty and assures the optimal allocation of resources. Institutional investors, such as pension funds, insurance companies, and investment funds, play a notable role in sustaining the secondary market. Their involvement increases market depth and stability, as they tend to invest for the long term and provide a steady demand for securities. The presence of such actors encourages corporate discipline, as companies are pressured to adopt governance standards that meet the expectations of these sophisticated investors. The improvement of custodial, clearing, and settlement practices is also a crucial part of the modernization process. Efficient and reliable systems for the transfer of ownership, the recording of transactions, and the clearance of trades minimize operational risks and reinforce the trust of participants. Continuous investment in these back-office functions is as important as innovation in front-office trading mechanisms. Transparency, accessibility, integration, and innovation must be the guiding principles for the continuous improvement of the secondary market. By adhering to these values, stakeholders can foster a favorable investment environment, encourage healthy competition, and promote long-term economic prosperity. Policymakers, regulators, market operators, and participants each have their own crucial roles in this collective effort. The active engagement of joint stock companies in the secondary market is not only a matter of compliance but a strategic priority. By committing to high standards of information disclosure, by cultivating strong relationships with investors, and by adapting to evolving market dynamics, these companies can maximize the advantages of the market, secure ongoing access to capital, and reinforce their reputations in the eyes of local and international stakeholders. Economic growth, innovation, and structural transformation are directly related to the vibrancy of the secondary market for securities. By providing transparent prices and liquid trading venues, by ensuring broad accessibility and competitive fairness, and by encouraging constant modernization and professional development, this market forms the backbone of a contemporary financial system that is responsive to the needs of a dynamic economy [5].



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## **Conclusion:**

In conclusion, the improvement of the secondary market for securities issued by joint stock companies is essential for the development of a robust, inclusive, and modern financial system. Continuous reforms aimed at increasing transparency, ensuring legal certainty, fostering technological advancement, and expanding financial literacy serve to deepen the market while balancing risk and reward. These efforts not only attract domestic and foreign capital but also create a virtuous cycle of trust, liquidity, and efficiency—guaranteeing the safe and productive movement of financial resources throughout the broader economy. The ongoing modernization of the secondary market is a reliable foundation for economic growth, a prerequisite for sustainable development, and an essential pillar for integrating into the global financial community.

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