

## IMPROVING THE EFFICIENCY OF SECONDARY MARKET TRADING OF SHARES ISSUED BY JOINT- STOCK COMPANIES

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### Abstract:

The stock market plays a vital role in the economic development of any country, serving as an efficient mechanism for the redistribution of financial resources and the formation of investment capital. The shares issued by joint-stock companies are one of the primary instruments available on the stock market. Ensuring the efficient circulation of these shares in the secondary market is an essential factor in developing a robust, transparent, and attractive capital market infrastructure. The secondary market, which is a platform for the purchase and sale of previously issued securities, in particular shares, is critical for providing liquidity, determining fair value, and stimulating the issue of new shares. Therefore, improving the efficiency of secondary market trading of shares issued by joint-stock companies is one of the priority tasks of stock market development and the overall growth of the national economy.

**Keywords:** Secondary market, stock efficiency, joint-stock companies, share circulation, market liquidity, investor confidence, trading volume, transparency, regulatory reforms, capital market development.

### Introduction

The efficiency of secondary market trading of shares depends on multiple interrelated factors, including legal and regulatory frameworks, technological infrastructure development, market participant activity, transparency, corporate governance standards, investor protection, and macroeconomic stability. In order to maximize the benefits of secondary market operations, it is essential to strengthen these factors through comprehensive reforms, modernizing technologies, and introducing international best practices. A modern and transparent legal and regulatory framework is fundamental for efficient secondary market trading of shares. The adoption and continuous improvement of securities laws, as well as regulations governing joint-stock companies, set clear and fair rules for all participants. Effective regulation ensures investor confidence, minimizes the risk of fraud, and creates trust in the integrity of the market. Regulatory authorities must consistently monitor trading processes, identify and mitigate market manipulations or

abuses, and implement penalties for violations. Introducing regulatory sandboxes and flexible mechanisms for fintech innovation can accelerate the adaptation of new technologies in the market and improve overall efficiency [1].

Technological advances are perhaps the most significant drivers of secondary market development. The automation and digitalization of trading processes reduce transaction costs, eliminate human errors, and enable round-the-clock access to the market. Implementation of modern electronic trading platforms, real-time trading systems, automated clearing and settlement, online brokerage services, and remote order submission enhance the speed, safety, and convenience of share transactions. Modern trading platforms incorporate features such as algorithmic trading, real-time price feeds, risk management tools, and user-friendly interfaces, which further increase market efficiency and attract new participants. The adoption of distributed ledger technologies, in particular blockchain, can set new standards for transparency and security in the settlement of transactions. The level of activity and professionalism among stock market participants directly impacts the market's liquidity and depth. Attracting institutional investors, including pension funds, investment funds, and insurance companies, can bring stability and greater trading volumes to the secondary market. Broader participation from retail investors, facilitated by financial literacy programs and simplified access to trading tools, increases market breadth and diversity. Ensuring that professional market intermediaries—brokers, dealers, and asset managers—operate under clear standards and certification requirements strengthens the overall integrity of the market. Investor education campaigns, seminars, and online resources can increase public awareness about share trading and the benefits of capital markets [2].

Transparency and disclosure are essential to building investor trust and ensuring efficient price discovery in the secondary market. Joint-stock companies must adhere to high standards of corporate disclosure, regularly publishing information about their financial statements, management structure, significant corporate events, and major shareholders. Timely and reliable disclosure of financial and non-financial information allows investors to make informed decisions, minimizes the risk of information asymmetry, and helps establish a fair market value for shares. Regulatory authorities may require mandatory filings and encourage companies to exceed minimum reporting requirements through incentives and public recognition. Strong corporate governance frameworks within joint-stock companies ensure that management acts in the best interests of all shareholders. Sound corporate governance principles—such as board independence, accountability, the protection of minority shareholder rights, and an effective internal control system—contribute to stable and responsible company operations, which in turn increase investor confidence in shares listed on the secondary market. The adoption of international standards and codes of conduct, tailored to the local context, would also help foster a culture of good governance among publicly traded companies [3]

Protecting the rights and interests of investors, especially minority and retail investors, is a cornerstone of efficient secondary markets. The existence of fair legal remedies and the rapid resolution of disputes encourage greater participation and reduce fears of unfair treatment. Clear procedures for addressing insider trading, market manipulation, and conflicts of interest should be in place, alongside effective supervision mechanisms. Specialized arbitration panels and ombudsman services may provide investors with an accessible means to resolve disputes. Macroeconomic stability provides a favorable environment for the secondary market to operate efficiently. Low inflation, a predictable regulatory environment, and the absence of abrupt policy changes help stabilize investors' expectations and encourage long-term planning. Coordinated monetary and fiscal policies contribute to a healthy investment climate and channel savings into productive investments via securities markets. Government support, through infrastructure development, the protection of property rights, and the encouragement of privatization via public offerings, can expand the list of attractive shares available on the market and stimulate greater trading activity. Taxation policies concerning capital gains and dividend income should also be designed to motivate secondary market activity. Reasonable tax rates and incentives for long-term investments may encourage holders not to engage in speculative trading, thus fostering greater market stability. Transparent and straightforward tax rules reduce compliance burdens and make the market more accessible for domestic and foreign investors alike [4]

Modern information technologies and digital communication platforms allow for rapid and wide dissemination of market data, transaction prices, and issuer news. This real-time information flow is vital for market participants to make timely and informed decisions. The provision of market analytics, performance ratings, and investment recommendations by independent agencies and research firms enhances confidence and professionalism on the market. Increasing the efficiency of secondary market trading of shares also requires measures to reduce operational and settlement risks. Implementing robust clearing and settlement systems, such as Central Securities Depositories (CSDs), guarantees the irrevocability and finality of trades, minimizes counterparty risks, and ensures the smooth transfer of ownership. Clear guidelines for corporate actions, including dividends payment, rights issues, and stock splits, simplify administrative procedures and avoid unnecessary disputes between issuers and investors. International integration is another important aspect of secondary market efficiency. Joining international market networks, signing cross-border agreements, and mutual recognition of trading standards facilitate the entry of foreign investors and diversify market participants. International listing of domestic shares on reputable foreign exchanges and accepting foreign securities in local trading platforms can increase market depth and competition, as well as serve as benchmarks for local companies. A smoothly functioning secondary market for shares brings significant benefits for joint-stock companies, including the facilitation of new capital raising, increased attractiveness of shares, and an improved company image in the business

community. For investors, efficient secondary market trading offers enhanced liquidity, easier diversification, and greater confidence in the fairness of the market. For the economy as a whole, an efficient secondary market attracts long-term investment, supports entrepreneurship, stimulates the development of large companies, and increases employment through capital inflows into productive sectors [5].

### Conclusion:

To sum up, the efficiency of secondary market trading of shares issued by joint-stock companies is determined by a combination of legal, technological, institutional, and economic factors. Comprehensive and systematic reforms in legal regulation, the adoption of advanced technological solutions, the improvement of corporate governance, increased transparency, and enhanced investor protection collectively contribute to the growth and stability of the secondary market. A forward-looking policy approach, consistent implementation of best practices, and an unwavering commitment to market integrity are required for the advancement of the capital market and the realization of its full potential for the country's economic prosperity. By implementing these measures, joint-stock companies will be able to expand their investment base, ensure optimal pricing for their shares, and play a leading role in the development of a dynamic and efficient financial market system.

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