

HOW STOCK EXCHANGE WORKS: IMPORTANT FACTOR OF NATIONAL ECONOMY IN DEVELOPING STOCK MARKET

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Abstract: *This article discusses the development of the stock market as well as the importance in the economy is analyzed. Besides, the role of commercial banks in the development of stock market is also discussed in the course of this article.*

Key words: *stock market, stock exchange, commercial banks, market economy, financial, system, securities, subjects, money.*

Introduction

In the economy of any country, we can see that while there is a lack of funds in some sectors, some sectors have a lot amount which stay without no use. An exchange where stockbrokers and traders can purchase and sell assets, such as shares of stock, bonds, and other financial instruments, is known as a stock exchange, securities exchange, or bourse. The creation and redemption of such securities and instruments as well as capital events, such as the payment of income and dividends, may be accommodated by stock exchanges. Stock issued by listed firms, unit trusts, derivatives, pooled investment products, and bonds are examples of securities traded on a stock exchange. Buyers and sellers complete deals at a central place, such as the exchange floor, or by using an electronic trading platform, which is how stock exchanges sometimes operate as "continuous auction" markets. Stock exchanges are operating in many of the modern countries' economies. In the market economy of many of the most modern countries of the world stock exchanges are operating. At the same time, the stock market considered as the most important institution of the economy, and there are many tasks of the stock exchange which consider the national economy of each financial institution. Stock market is a set of mechanisms that allows to perform operations with trading securities. In other words, a stock exchange is an organized market for the trading of securities. It is a valuable place where the buyer and seller of securities meet. According to international experience, the stock market is an important source of attraction of necessary investments for branches as well as it has been an alternative to financing through a bank loan. Therefore, the economic system of any country is reflected in the activity of the stock market. [5] Here in the market, legal entities or individuals trade shares and other securities in order to get profit from their funds in the future. Getting profit from securities can be in the form of dividends or interest or selling at a higher price in a secondary market. Financial stock exchanges work with the participation of several subjects:

Issuers. This type of entities participating in the stock market can be a legal person, state bodies or local government body.

Investors. This subject type includes individuals and legal entities - companies, enterprises, government agencies. The persons mentioned above are purchase of securities for the purpose of further profit from capital that have been used for

Professional members. They are third parties participating in the stock market. Mainly include traders, brokers, dealers. In a word, they are mediators and represent one of the

parties. Representatives of this group receive a percentage of the transaction, so in the execution of such sales contracts it is in their best interest to participate as much as possible.

Literature Review

Equities, commodities, and bonds are just a few of the financial items that are exchanged on a stock exchange. Exchanges bring together investors, corporations, and governments. Exchanges contribute to market liquidity by ensuring that there are enough buyers and sellers for trades to be handled quickly and without delays. Exchanges also make sure that trading happens in a fair and orderly way so that investors and other financial professionals may receive crucial financial information. Stocks are initially made accessible on an exchange following a company's initial public offering (IPO). In an initial public offering, also referred to as an IPO, a corporation sells shares to a starting group of public shareholders. Shares can be bought and sold on an exchange or the secondary market after the IPO places shares in the hands of public shareholders. The exchange keeps track of the flow of orders for each stock, and the price of a stock is determined by the flow of supply and demand. You could be able to see this price activity flow, depending on the type of brokerage account. A bid price of \$40, for instance, indicates to the exchange that an investor is willing to purchase the stock for that amount. A \$41 asking price indicates that someone else is prepared to sell the stock for that amount. The spread between the bid and ask prices distinguishes the two.

If we talk about national economy development, Over the past few years, improvements in stock exchanges have been operating in our country, especially in the development of the stock market, have been carried out consistently. Also, the market economy development through stock exchange programs are being achieved in these days by the decree on April 18, 2017 on «The assisting private enterprises as well as creating a state committee specialized for improving competition». Besides, improving the stock exchange is being improved by regulatory legal documents. At this time, our country, assistance to privatized enterprises and whose activity is regulated by the State Committee for the Development of Competition the number of exchanges consists of 3. They are the Commodity Exchange of the Republic of Uzbekistan Republican multi-branch agro-industry exchange, "Tashkent" Republican stock exchange. "Tashkent" Republican Stock Exchange is a developing structure which is growing at the fastest level.

At the same time, according to experts, wide involvement of the population into the stock market is still one of the urgent issues. Therefore, it is important to make the public aware of the general trends as well as the benefits of investing into the securities. Several actions are being made by the government in order to make the public aware of the investing and trading benefits. In this regard, the President of the Republic of Uzbekistan dated February 7, 2017 No. PF4947 "Actions for the further development of the Republic of Uzbekistan on the strategy" of the decree on the development of the economy and attracting capital as one of the priorities of liberalization and placement of free funds of enterprises, financial institutions and the population Uzbekistan is aimed at developing the financial market as an alternative source. Development of the financial market of the Republic in the medium-term and long-term perspective tasked with developing the concept [1]. In the development of the economy as well as in the smooth functioning of the economy, it is important that investments and securities market work efficiently. Currently, a large amount of

financial resources is concentrated and it is the main financial institution that can direct to the priority sectors of the economy. It is no exaggeration to say that there are banks. This activity is valuable implementation by means of papers is convenient for banks in many ways. It is worth noting that commercial banks, which usually participate in the stock market, are nationals of decisive importance in the development of the real sector of our economy [3] Money in the economy through the development of the stock market the movement of funds is ensured, as well as financial resources formation, their effective use and investment. The money that is being invested is free between different sectors of the economy which ensures free and rational use of financial resources. This is, in turn, affects the development of the country.

Recommendations and Conclusion

Depending on the level of development of the current economy, it is possible to analyze the current economic position of the country, it is because that affecting the current stock exchange market of the country it is possible to manage the economic situation of the country. That is why, developing stock and securities market is one of the important tasks to develop the economy. Also, further development of the stock market of our country, it is appropriate to use commercial bank investments:

- It is important to make some amendments on the easiness of the mechanisms that are being operated in banks in the securities markets, this can be benefits on tax operations or others

- increasing the number of financial instruments sold on the stock market, i.e introduction of financial futures, options, depositary receipts and mortgage bonds to the public, so that many will be interested in trading which indeed bring a development in the securities market. This is in turn a development in the overall economy of the country. This situation leads to the activation of banks in the securities market and the stock market leads to an increase in turnover;

- It is necessary to develop a mechanism for ensuring sales by republican commercial banks on international stock exchanges [3]

Timely implementation of the measures listed above serving to increase the competitiveness of republican banks, not only to increase investment activity in the national stock market, and is also active in the international capital market which allows to become a participant in the investment environment. As a result, investing in Uzbekistan becomes more comfortable for everyone.

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