



O‘zbekiston Respublikasi  
Moliya vazirligi

# Ministry of Finance Republic of Uzbekistan

The importance of capital market  
in economic development of Uzbekistan



## Mission

To improve the effectiveness of financing and supporting the sustainable development of the capital market of Uzbekistan



## Direction

The ultimate beneficiaries of capital market development should be citizens of the republic, investors and local companies of any size.



## Main Functions

- Protecting investors` rights
- Licensing the professional activities in the market
- Monitoring the implementation of capital market legislation
- Elaborating appropriate procedures and regulations
- Updating public and investors about capital market trends and reforms
- Ensuring transparency and information disclosure by market participants



## Presidential Decree #5073 (13.04.2021)

«On measures to further enhance the capital markets regulation system»

## Presidential Decree #6207 (13.04.2021)

«On capital market development measures»

On May 1 2021, the Capital Market Development Agency was abolished and all its missions, functions, and authorities were transferred to the Ministry of Finance.

- ❖ Special attention is paid to development of the local capital market.



Capital Market Development Program for 2021-2023.



Roadmap of the implementation of the Capital market development program for 2021-2022.

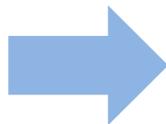


Key performance indicators to be achieved as a result of the implementation of the Program.



List of entities whose shares will be publicly traded on the stock exchange in 2021-2023.

**The Capital  
Market  
Development  
Agency**



**Ministry of  
Finance**

*Department of Capital  
Markets Development*

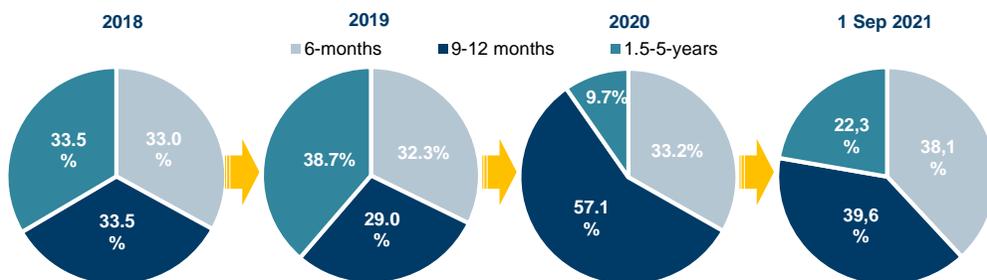


In December 2018, after long period break, in order to diversify the sources to cover budget deficit and develop domestic market, the practice of issuing government securities was restored.

Over the last period, the Ministry of Finance paid particular attention to measures on increasing market participants, adapting consistently to market demand, extending the maturities of government securities as much as possible (forming the yield curve) and announcing the auction calendar in advance to attract more participants.

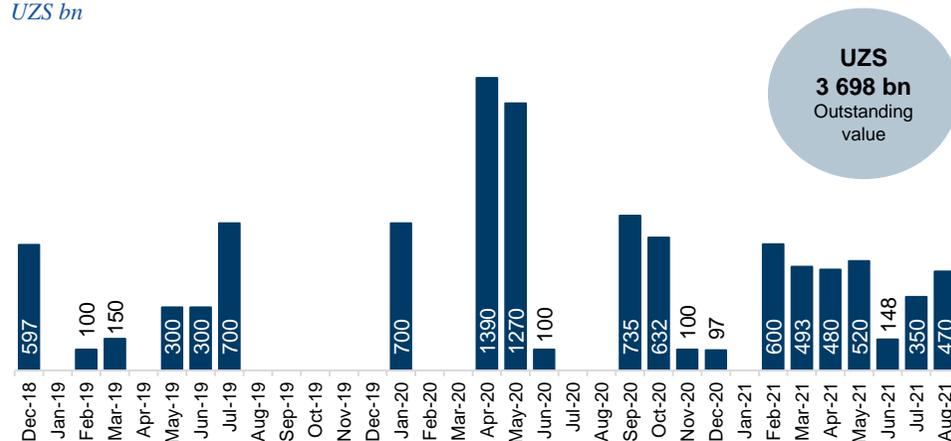
As of September 1, 2021 the Ministry of Finance had outstanding treasury bills and bonds amounting to **UZS 3.7 tn** (~U.S.\$ 0.35 bn)<sup>1</sup>. In January – August 2021, the total number of 42 auctions conducted reached and the total volume of issuance of T-bills and bonds reached **UZS 3.1 tn** (~U.S.\$ 0.29 bn)<sup>2</sup>. In the long term, Ministry of Finance aims at remaining committed to the development of the domestic government debt market, continuous diversification of debt instruments in terms of both tenor and tranche amount and gradually widening the investor base by working in collaboration with the Central Bank of Uzbekistan.

## Treasury bills and bonds by maturity (% of total issuance)



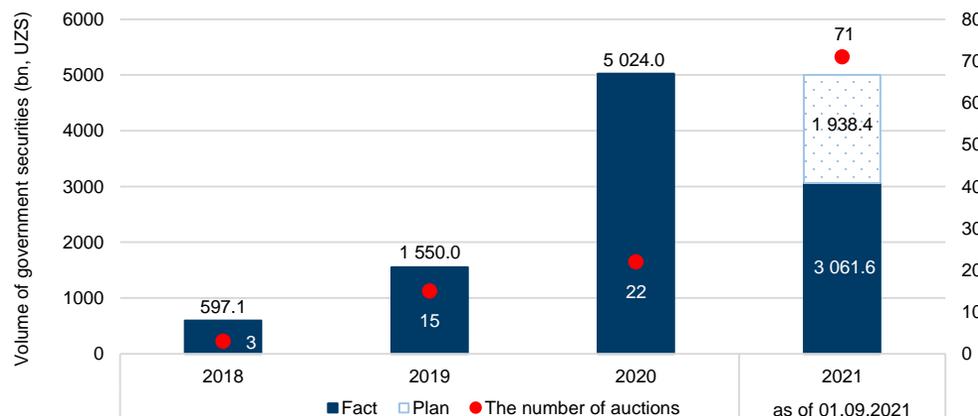
## Domestic issuance volume dynamics

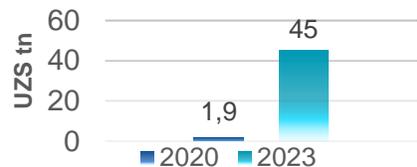
UZS bn



## Information on conducted auctions and placed government securities in 2018-2021

(as of 1 September, 2021)

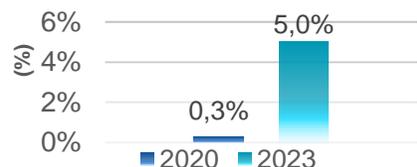




Increasing market capitalization (based on free float) to **UZS 45 tn.**



Enhancing the knowledge and skills on capital markets as well as financial literacy of 40,000 minority investors, other capital market professional participants and the population.



Increasing total value of securities in the free float to **5% of GDP**



**Integration** with international financial markets and **expansion of the investor base.**



Increasing total value of corporate bonds issued to **UZS 3.94 tn.**



**Developing legal and regulative framework** of the capital market based on international best practices ensuring equal access for all capital market professional players as well as local and international investors.



Increasing the share of projects financed by issuing securities in the regional investment programs by **5%**



Improving qualification of capital market participants, developing training and retraining programs and attracting international experts





Signing multilateral **“Memorandum of Understanding”** with IOSCO on consultation, cooperation and exchange of information in order to integrate to international capital markets.

September 2021



Implementing **“ISO” standards** in Central Securities Depository

October 2021



Diversifying the financial products:

- Securitization: MBS;
- Options and futures;
- Exchange Trading Funds (including, Gold ETF)
- Corporate bonds

January 2022



Implementing **“Sukuk”** based on Islamic finance principles

April 2022

October 2021

Implementing international standards in the Treasury securities market:

- **“T+1”** or **“T+2”** settlement;
- Interest rate calculations based on ICMA standards.



January 2022

Developing new law **“On capital markets”**.



January 2022

Creating the **Over-the-Counter (OTC)** system under the **“Tashkent”** Stock Exchange





Cancel requirement to secure issuance of corporate bonds.

- Submit relevant proposals to the Cabinet of Ministers on the requirements for the issuing of corporate bonds for the private placement.

March 2022



Expanding access for non-residents and residents to Treasury securities market.

- Introducing the market makers.

December 2022

clearstream  
Deutsche Börse Group



Establishing cooperating with “Euroclear” and “Clearstream”

December 2022

June 2022

Creating legal framework for organizing the activities of national rating agencies.



December 2022

Developing secondary market of the Treasury securities:

- Implementing primary dealership;
- Issuing long term Treasury bonds (5Y-10Y);
- Issuing inflation-linked bonds.



December 2022

Issuing infrastructure Treasury bonds



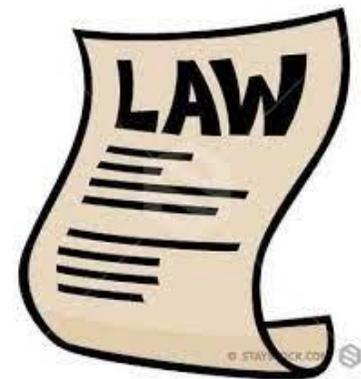


Increasing market integrity development of the necessary legislative framework to ensure the integrity of capital market regulation, prevention of systemic risks with the introduction of relevant international criteria and experience;

- Develop detailed investigation of all wrong doings
- Regulatory role will increase by allowing to impose sanctions and penalties
- Suspension of market participants activities in the market
- Revocation of license
- Strict sanctions for, misrepresentation, insider dealing, misconduct, market manipulation, unfair dealing, non-disclosure of conflicts, priority of transactions, and etc.

Protect the interests of minority shareholders and increase investment.

- Set up clear rule and regulatory norms for protection minority shareholder right;
  - Voting
  - Participation of to all shareholders meetings
  - The Right to Exercise Control
  - Right to purchase new shares that the company issues
  - The right to vote on resolutions.
  - The right not to be unfairly prejudiced





State share 49%



State share 100%



State share 100%



State share 88.3%

**UzAuto**

MOTORS

State share 100%



State share 94.3%



State share 25%



**AGMK**

State share 98.6%



State share 96.5%



State share 84.8%



State share 67.7%



АО "УЗМЕТКОМБИНАТ"

State share 85%



**UZBEKNEFTEGAZ**

State share 76%



**UTG**  
UZTRANSNAZ

State share 75.5%

There are over 130 Listed Companies.

Above 70 per cent of Listed JSC operate with more than 40 per cent state shares in them

These are JSC recommended for IPO & SPO



## Product (Offer)



### Enabling of issuance of bonds by International Financial Institutions .

*Reviewing current legislation for IFIs bond issuance*

- Allowing IFI to issue bond in local currency for financing local projects
- Development of legal framework
- Development of issuance guidance, Set up disclosure, and registration requirements based on international standards

### Green and vanilla Sukuk is the legal system that ensures the introduction of the product.

*Technical assistance in the selection process*

- Advice and services on creating a comfortable environment for Green Sukuk
- Development of national green Sukuk basics
- Creating the Basics of Sukuk (International Consulting Company)
- Developing a regulatory environment for Sukuk (a local consulting company)



## Investors (Demand)



**Development of prefabricated investment products** (introduction of aggregate investment instruments) venture fund, unit investment trust, and trust account numbers, separate managed accounts, stock quote fund (ETF), and more.

**Development of prefabricated investment products** (new products for liquidity management and hedging) Bond futures, REPO markets and the structure square the risk in the long position, and short sell.

**Legal and regulatory recommendations in accordance with IOSCO principles for consolidated investment schemes** Amendments to legislative norms and rules, Provide guidance in the development of proposals for comprehensive legal and regulatory reforms, legal opinions, memoranda and other legal documents.

To inform about the experience of regional and developed markets and forward policy analysis and briefing notes.

In the implementation of CMP legislation & coordination for coordination



### EBRD and the U.S. Treasury Department

The Public Debt and Financial Infrastructure Program will help states implement the reforms needed to develop a secure, strong and efficient capital market.

The technical task is as follows;

1. Legal and regulatory program of the capital market;
2. Development of capital market technical infrastructure;
3. Stock and bond market development.



**Thank You!**