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THE PRACTICE OF STATE REGULATION OF THE FINANCIAL MARKET IN DEVELOPED COUNTRIES

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Abstract
In the present era, when the processes of globalization are accelerating, large investment companies direct their funds to the economies of developing countries twice as much as compared to developed countries. Despite the growth of investment flows in developing countries, capitalization of stock markets, transparency, liquidity, volatility of stock prices, high transaction costs complicate the process of using the optimal method of regulating the financial market. The level of capitalization of the financial markets of developing countries is increasing year by year.

Keywords. Investment flows, financial market, liquidity, volatility transaction, regulating

Introduction

Coordination and control of the current stock market in world practice can be conditionally divided into two large groups. Securities market coordination and control organizations that perform only (or more) control functions. For example, in Japan since 1998 (Financial Supervisory Agency), in South Korea since 1998 (Financial Supervisory Commission), in Hungary since 1996 (Hungarian Banking and Capital Market Supervisory), in Denmark since 1988 (Danish Financial Supervisory Authority), in Norway since 1986 (Banking Insurance and Securities Commissions), in Sweden since 1991 (Swedish Financial Supervisory Authority), in Finland since 1991 (Financial Supervision), in the Republic of South Africa in 1990 (Financial Services Board). In all the indicated countries, such a body (coordination and control) arranges various segments of the financial market in harmony, interdependence and proportionality. In this case, these countries, when introducing the macro-regulator in themselves, derived from its positive consequences, available and necessary resources, and the level of readiness of the national financial market. At the time, some countries were skeptical of the concept of a macro regulator. However, by now the concept of a macro-regulator has proven its viability and effectiveness. As a result, in recent years, Russia, one of the major countries of the world, has also found it desirable to use the concept of a macro-regulator.

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Due to the emergence of the macro-regulatory trend, at least two models of financial market regulation can be distinguished. Each of these has certain advantages and disadvantages. For example, in six countries of the European Union (France, Spain, Portugal, Italy, Greece and the Netherlands) the regulation (on the basis of performing only the control function in the stock market) is carried out by a separate body that is absent. In this case, the control function is close to the activity of the SEC (Securities and Exchange Commission) according to the American model.
The global financial crisis was the largest crisis experienced by the world financial system since the Great Depression of the 1930s, and its impact was reflected not only in the US and European financial markets, but also globally. As a result, a lot of scientific research is being done to study the crisis and its causes. Regulation of the international financial market is a set of integrated methods and measures aimed at regulating financial flows in the market in the field of financial relations.

Literature Review

In order to practice one or another form of regulation of financial markets, to improve its modern practice, we will first of all conduct a scientific study of the evolution of state regulation. Organizationally regulated financial markets first appeared in the developed countries of Europe. According to records, the Amsterdam Stock Exchange, the world's oldest stock exchange, was founded in 1602, while the London Stock Exchange was established in 1570 (of course, it was informal for the first 200 years) [1].
The New York Stock Exchange began its activity in 1792, two hundred years after the development of the stock market in Europe. This stock exchange, unlike the continental European stock exchanges, performed its activities decentralized, that is, as a part of the private sector. This situation had a positive effect on the financial markets and encouraged its development. In addition, due to the absence of an independent regulator at the country level, the only mechanism of management in the US stock market is necessarily self-regulation [2].
Compared to the early years of the New York Stock Exchange, the large-cap English Stock Exchange was relatively liquid and preferred over the American market. However, the activity of large investors in both markets is difficult and it is not safe from the institutional point of view. The Americans, who understood this shortcoming, paid great attention to ensuring the security of investments and forming mechanisms for their attraction in order to attract more capital. For this, high standards have been set for placement of new securities in the markets and their circulation, as well as requirements for stock brokers and issuers have been

complicated. During this period of institutional change in US financial markets, the London Stock Exchange still favored large capital investors over minority shareholders. At the time, the London Stock Exchange did not pay enough attention to the issues of investor protection and improving market efficiency [3].

Historically, the most successful experience of self-regulation of financial markets is the US financial market, where self-regulation lasted until the creation of the first specialized markets. Self-regulatory organizations in the form of stock exchanges have freely emerged here. The New York Stock Exchange, the largest in the world, operated on a self-regulatory basis until commercialization in 2006. However, even after this process, unlike the UK, which in 1997 completely ended self-regulation in the financial markets and replaced it with a mega-regulator, the principle of self-regulation was not completely abandoned in the US, but a different form of self-regulation independent of the stock market. FINRA was established. The self-regulatory New York Stock Exchange was formed as a result of the direct mutual agreement of the brokerage community. These agreements are based on a set of clear rules. It is necessary to ensure that these rules were formed by the participants themselves, they were aimed at regulating mutual relations and obliged everyone to follow the collective rules. Of course, this also has commercial purposes, because the regulation of financial relations not only with brokers, but also with investors, on the one hand, increased market liquidity, and on the other hand, ensured an increase in the volume of sales and an increase in income from brokerage commissions[4].

Such a situation can be considered as an ideal regulation, that is, the commercial interests of market participants are aligned with protecting investors and improving the efficiency of markets. Regulation of relations between all participants of financial relations (issuers, financial intermediaries and investors) significantly increases the liquidity of traded assets and the volume of trades, and corresponds to the goals of maximizing the income of the participants. Such an incentive encouraged the use of the most advanced practices of regulation of stock exchanges. Such interest in the enforcement of participant regulation spans all areas, including initial public offering, corporate governance, and stock exchange activities of participants [5].

Research shows that in the early years of the organization of financial markets in the United States, regulation was carried out by participants and was market-like. From this point of view, it is also important to study the experience of France, which is the opposite, that is, organized in the form of a state monopoly. Because regulatory decisions related to the implementation of trade operations were made by the government or under its strict control, and it can be observed that this experience strongly hindered the future development of the market. In order to comply with established procedures, self-regulatory exchanges also adopt various additional mechanisms. However, these mechanisms were also based on bilateral agreements, so their possibilities were limited [6].

By the time of the Great Depression, self-regulation of markets had failed to meet its goals. As institutional changes stop the rapid growth of market size and liquidity, the incentives that worked in the early years of capital accumulation no longer hold. Thus, by the 30s of the last century, the national system of self-regulation was reorganized, and it was transformed into a special state agency for the regulation of financial markets (SEC). It should be noted that during the implementation of the reforms, the newly created office took all the standards and rules of the New York Stock Exchange as the basis for its activities. In this case, commercial interests did not influence the performance of regulatory duties by the participants. After the structural reconstruction of the stock exchanges, they began to operate in the form of joint-stock companies, and the main purpose of the stock exchanges was to maximize company profits [7].

Thus, it can be concluded that financial market regulation is functioning as a cost-effective and successful institutional solution at the stage of emergence of markets. It can be observed from a number of sources that the participants regulated their powers to the maximum level. However, with the evolution of financial markets and the development of the institutional system, government regulation and supervision are able to fulfill their functions. Now, there is a stronger need for government structures of an institutional nature to regulate the development of markets.

Analysis and Results

On December 26-28, the Ministry of Finance, together with the Central Bank, restarted the practice of conducting operations with state securities (SSC), and the Ministry of Finance issued state securities for 6-month, 1-year, and 3-year periods with a nominal value of one million soums. On December 26, 2021, the Ministry of Finance together with the Central Bank issued 1 mln. with a nominal value of 200 billion soums. an auction was held for the placement of 200,000 soum state securities. 10 dealers participated in the auction and they offered 239,270 competitive orders in the amount of 223 billion soums. During the auction, 197,100 securities in the amount of 184.1 billion soums were placed (98.5% of the total volume of issue). On the day of securities redemption (June 26, 2019), the total volume of state securities placed at auction to be redeemed is 197.1 billion. is soum. The average weighted return of the stock was 14.1% per annum, with a minimum return of 13.7% and a maximum return of 15.1% at the threshold price. The analysis shows that on February 19 of this year by the Central Bank

Together with the Ministry of Finance, auctions were held for the placement of 60,000 pieces of state securities with a nominal value of 1 million soums and a total volume of 60 billion soums with a circulation period of 12 months at the currency exchange of the Republic of Uzbekistan. Interest payments on securities are made quarterly. Eight dealers participated in the auction and offered competitive orders for the purchase of 122,039 bonds worth 123.3 billion soums. During the auction, 60,000 securities worth 60.9 billion soums were placed (100 percent of the total volume of issue). On the day of securities redemption (February 19, 2022), the total volume of state securities to be redeemed is 69 billion soums. The stock's weighted average annual return was 13.33 percent, with a minimum return of 12.20 percent and a maximum return on discount price of 13.81 percent. On March 5, 2022, the Central Bank, together with the Ministry of Finance, held an auction of 30,000 pieces of state securities with a nominal value of 1 million soums and a total volume of 30 billion soums with a circulation period of 12 months. Interest payments on securities are made quarterly. Two dealers participated in the auction, and they offered competitive orders for the purchase of 30,000 bonds in the amount of 30.0 billion soums. During the auction, 30,000 securities worth 30.02 billion soums were placed (100 percent of the total issue volume). The total volume of state securities placed at the auction is 34.5 billion soums. The weighted average yield, the minimum yield and the maximum yield at the discount price were 14.94% per annum. On May 8 and 15, 2022, electronic auctions were held in connection with the primary placement of one-year government securities, and the weighted average yield of one-year government securities was 10.47% (the bond price is 104.1% compared to its nominal value), which is the lowest of the current year. February-March benchmark was updated at the level of 12.94% - 14.94%. At the end of the auctions, the number of accepted orders for the purchase of one-year government securities was 5 times higher than the offer. In particular, in the auction held on May 8 and 15, 100 bln. 504 billion soums and 479 billion soums respectively for the purchase of bonds in the amount of soums. received orders equal to soum).

On June 12 of this year, the Central Bank, together with the Ministry of Finance, held an auction of 100,000 state securities with a nominal value of 1 million soums and a total volume of 100 billion soums with a circulation period of 24 months. Interest payments on securities were made quarterly. 11 dealers participated in the auction, and they offered competitive orders for the purchase of 315,000 bonds worth 339.8 billion soums. During the auction, 100,000 securities worth 110.27 billion soums were placed (100 percent of the total issue volume). The total volume of state securities placed at the auction is 129.9 billion soums. The stock's weighted average annual return was 8.93 percent, with a minimum return of 8.54 percent and a maximum return of 9.08 percent on a discount basis.

It should be noted here that the high interest of international investors in buying government securities in national currency indicates that there is a great potential for the growth of this segment of the financial market.

Taking into account the significant seasonal fluctuations of the liquidity in the banking system during the month, in the process of issuing State securities, it will be carried out in close cooperation with the Central Bank in the future. This practice, in turn, serves to maintain the effectiveness of the monetary policy along with the effective management of the internal state debt.

Today, the Ministry of Finance, in addition to issuing government securities, placed Eurobonds in order to create a benchmark for the international credit rating and the Uzbek market. A benchmark is a target taken to evaluate the market. As the economy in the country is being rebuilt, the authorities face an obstacle related to the stereotype of non-acceptance of loans that has formed among the population. The government believes that such a situation can be eliminated by placing Eurobonds and creating a credit benchmark for companies on this basis. By borrowing from abroad, the government becomes a model for local companies and encourages them to actively attract funds to expand their businesses. Also, it should support many production and infrastructure projects, create new jobs, and alternative sources of financing are important for this. In order to create a benchmark for the Uzbek market, the Ministry of Finance placed 5-year Eurobonds worth 500 million dollars at 4.75 percent, and 10-year Eurobonds worth 500 million dollars at 5.375 percent.

The maturity date of the Eurobond is set for February 2024 and 3029. Eurobonds yield was set at 5.625 - 5.75% and 6%, but due to high demand, interest rates were revised and lowered to 4.75% and 5.3%. The placement turned out to be responsive and well-diversified, as about 150 offers totaling $3.8 billion were received from institutional investors.

Geographically, British investors bought 39% and 32% of 5-10-year bonds, while Americans bought 23% and 31%. Continental European investors acquired 32% and 37%, while the remaining 6% and 10% were bought by investors from Asia, the Middle East and North Africa. Management funds, insurance companies and pension funds (20% and 16%) and banks (5-6%) bought most of the bonds (75% and 78%).

The sale of 5-year Eurobonds of the Republic of Uzbekistan to the London Stock Exchange was carried out and yielded 4.75 percent of the coupon income. The market yield is 4.12 percent. The nominal price of Eurobond is 1000 dollars. Expires on February 20, 2024. After Eurobonds were placed on the London Stock Exchange, their market yield was formed.

Conclusions and Suggestions

Based on our research on the current state of the state regulation of the financial market in Uzbekistan, we formed the following scientific and theoretical conclusions on the second chapter of our scientific research work.

Today, in developed countries, there are three forms of regulation of financial markets: regulation by the state, flexible regulation, based on cooperation with the regulator. The difference between the systems in which these forms exist is based on the distribution of powers between government agencies and self-regulators.

The Ministry of Finance participates in the implementation of state policy in the development of the financial market. The state securities market and relations with financial institutions regulate the relations related to state securities administration d. The main task of this department is to organize the issue of securities and to carry out activities of mutual cooperation and corporate activities with financial market institutions.

In addition to issuing government securities, the Ministry of Finance placed Eurobonds in order to create a benchmark for the international credit rating and the Uzbek market. A benchmark is a target taken to evaluate the market. As the economy in the country is being rebuilt, the authorities face an obstacle related to the stereotype of non-acceptance of loans that has formed among the population. The government should eliminate this situation by placing Eurobonds and creating a credit benchmark for companies on this basis.

Financial market regulation is a barometer of stable economic policy. By issuing Eurobonds, the government of Uzbekistan will demonstrate to world investors that it is ready to conduct economic development, stable monetary and fiscal policy. It should be noted that the continuation of positive development in the country plays an important role so that Eurobond prices in the secondary market do not fall and interest rates do not rise.

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