

# ウズベキスタンの証券市場

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タシケント事務所

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## ウズベキスタンの証券市場

### <本レポートの概要>

本レポートは2018年3月時点で収集した情報をもとにジェットロ・タシケント事務所が作成した。株式・債券の売買に係る指標、金融商品、上場企業、株価指数（UCI）、流動性、収益、政府・銀行の役割、機関投資家、証券市場参入の手順について記載している。なお、各データは入手できる最新のものを使用しているが、各企業にコンタクトする場合には、ウェブページを個々にご確認願いたい。

### <ウズベキスタン証券市場の概要>

外国の証券投資家にとってウズベキスタンは比較的新しく、馴染みのない市場である。大手格付会社スタンダード&プアーズによれば、この国の証券市場は小さく、流動性の少ないフロンティアマーケットだ。国際的な投資アナリストによる非営利組織 CFA Institute によれば、フロンティアマーケットの特徴は、経済成長、ハイリターンの可能性、他の市場との相関関係の低さ、値動きが緩いことである。

ウズベキスタンの証券取引所「RSE “Tashkent”（タシケント共和国証券取引所）」は1994年に創設された。この国の証券取引市場は1990年代に多くの国有企業を私有化一すなわち株式会社に転換するために形成された。現在も、政府は証券市場を通じて民営化計画を推進している。

国際通貨基金（IMF）によれば、ウズベキスタンでは、証券市場での流動性が限定的であることから、企業の資金調達先は銀行が中心である。証券取引の売買高のGDP比（2015年）は8.9%で、韓国（133.8%）、日本（127.1%）、トルコ（48.7%）、ドイツ（43.8%）など先進国に比べ低く、ロシア（8.6%）と同等の水準となっている。また、売手と買手が相対で取引を行うOTC取引（店頭取引）の割合が非常に高く、2017年、証券取引総額に占める証券取引所での売買の割合は1.3%であるのに対し、OTC取引の割合は98.7%を占めた。

2015～17年の間、企業証券の取引量全体の95%以上はOTC取引で行われた。国有企業の株式は、法律では証券取引所とOTCの両方で売却するように規定されているものの、実際にはその大部分がOTC市場において、限られた数の投資家間で取引されている。2017年には、発行された23億米ドル相当の株式がOTCで売却された。また、発行済み株式の多くもOTCで取引されている。

2018年1月1日時点のウズベキスタンでの全株式会社（Joint Stock Company）数は606社。うち証券取引所の上場企業数は183社となっている。上場企業数が2015年の261社から減少した原因は、外資系株式会社の要件として、「発行済み株式の15%を外国人投資家が保有しなければならない」との規則が導入されたからだ（2015年12月）。要件を満たせなかった企業は証券取引所から上場を廃止された。

2017年末の上場企業数のうち過半に相当する95社が、2016年8月29日から2018年3月29日の間に取引所を通じた株の売買が行われなかった。また、95社のうち78社は価株に変動がなかった。このように取引所を通じた株の売買は低調である。一般的にウズベキスタン国民はリスクキーで手続きが複雑に見える証券投資よりも、外貨建てを含む預金を好むという傾向があるようだ。他方、国内証券市場は地元の投資家にとって魅力的でない点も指摘できる。高配当が得られる株はほとんどが政府や国営企業によって所有されており、一般には選択の余地が限られているからだ。

政府の関与が強いのもウズベキスタン証券市場の特徴である。政府は2つの面で証券市場に関与している。一つは証券市場の関係法規を制定し営業ライセンスを発給する市場運営の管理監督者として、もう一つは、民営化企業の大株主としての関与である。政府は上場企業606社（2017年末）のうち約7割の企業の株を所有している。

証券市場では銀行株の役割も大きい。産業別にみると証券取引所で売買される約9割は銀行の株である。2019年から銀行の最低資本金が1,220万ドルに規制される。この基準を満たすため2018年には銀行は株式を発行して増資を図るだろう。証券市場における銀行株の比重はますます高まる見込みである。

2018年1月1日現在、証券取引所には営業ライセンスを持つ証券会社等の仲介業者が77社ある。外国の投資家が証券取引所での取引を開始するときには、まず、証券取引所との仲立ちをする仲介業者を決める。一方、証券取引所を通さないOCT取引の場合はコンピュータシステムを利用して取引を行う。これまでOCT取引を行う業者は流通市場取引システム(ESMTS)“Elsis-Savdo”と“Interbank Trading System”の2社あったが、2018年に入ってから後者が解散し、“Elsis-Savdo”だけになった。

外国人投資家がウズベキスタンの証券市場に参入する場合、まず、証券会社等の仲介業者に証券口座を開設する。次に、特定企業の株を選択するか、仲介業者のオファーを受け、買い注文を出す。上場企業の株取引はRSE “Tashkent”に登録され、非上場企業の取引はESMTS “Elsis-Savdo”に登録される。証券取引が登録されると、取引額は、買手の仲介業者→証券取引所→売手の仲介業者→売手のように決済される。販売された株はこの逆の動きで、売手の仲介業者から買手に移動する。

2017年9月まで、初期投資や利益を自由に外貨交換できないことが、外国投資家がウズベキスタンの証券市場への参入をためらう主な要因となっていた。しかし、2017年9月5日に政府はこの外為規制を廃止し、通貨スムに外貨交換性を与えた。配当金は外貨交換できる。株式を発行した会社は外国投資家の外国口座に配当金を外貨で送金するよう義務づけられている(2014年5月6日第ZRU-370号)。

本レポートは、ジェトロ・タシケント事務所が作成したウズベキスタンの証券市場に関する英文レポートです。レポートの概要は、冒頭に日本語で取りまとめましたが、本文の情報は全て英文のままになっております。なにとぞご了承ください。

## 目 次

1. はじめに .....	1
2. 経済成長 .....	2
3. 資本市場の概要 .....	2
4. 証券市場の主要指標 .....	3
5. 金融商品 .....	6
6. 株式市場における投資家の数 .....	8
7. 株式価格の変動 .....	9
8. 証券市場の流動性 .....	10
9. 利回りと配当 .....	11
10. 政府の役割：市場の監督と主要株主 .....	12
11. 株式市場における銀行の役割 .....	15
12. 株式市場の専門家（金融仲介業者） .....	16
13. ウズベキスタン株式市場への参入方法 .....	17
14. 配当金の支払い .....	19
証券市場の専門業者に関する情報 .....	20
1. Electronic Secondary Market Trading System JSC "Elsis-Savdo" (organizer of OTC trades) .....	20
2. "Naymon Invest Consulting" LLC (investment intermediary) .....	22
3. "Dalal-Standard" LLC (brokerage firm) .....	25
4. "Kapital-Depozit" LLC (investment intermediary) .....	27
5. "Portfolio Investments" LLC (investment intermediary) .....	29
6. "Tashkent Investment Complex" private enterprise (investment intermediary) .....	31

## Contents

1. Introduction.....	1
2. Growing economy.....	2
3. Overview of the capital market .....	2
4. Key indicators of the securities market.....	3
5. Financial instruments.....	6
6. Number of depositors (investors) on the stock market.....	8
7. Volatility of the stock exchange.....	9
8. Liquidity of the stock exchange market .....	10
9. Stock market returns, dividends.....	11
10. Government role: regulator and major shareholder .....	12
11. Banks' role in the stock exchange .....	15
12. Professional participants of the stock market (financial intermediaries) .....	16
13. How to enter into the Uzbekistan's stock market .....	17
14. Process of dividends payment.....	19
Information on certain professional participants of the stock market .....	20
1. Electronic Secondary Market Trading System JSC "Elsis-Savdo" (organizer of OTC trades) .....	20
2. "Naymon Invest Consulting" LLC (investment intermediary).....	22
3. "Dalal-Standard" LLC (brokerage firm).....	25
4. "Kapital-Depozit" LLC (investment intermediary) .....	27
5. "Portfolio Investments" LLC (investment intermediary).....	29
6. "Tashkent Investment Complex" private enterprise (investment intermediary).....	31

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Notes:

N/a and blank cells means that data are not available.

All data in the paper are shown as of March 2018 except for those indicated with asterisk (\*). In this case dates are shown at the bottom of particular tables.

Information for preparation of the present paper was received from the Centre for coordination and development of the securities market (<https://csm.gov.uz>), the Central Securities Depository ([www.deponet.uz](http://www.deponet.uz)) and the Republican Stock Exchange "Tashkent" ([www.uzse.uz](http://www.uzse.uz)).

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## 1. Introduction

Uzbekistan is a relatively new and unfamiliar place for foreign equities investors. The globalization of finance has yet to have an impact on this new market, dominated by the government.

Due to its relatively small financial market the country was almost not affected by the recent global financial crisis of 2007-2008. Nevertheless, dormant stock exchange market hinders efficient allocation of economic resources and broad participation of general public in the investment process.

The stock market of Uzbekistan is considered to be a frontier market which according to Standard&Poor's is defined as a relatively small and illiquid market. According to Dec.2010 publication of the CFA Institute, the frontier market is characterized by growing economy, a high return potential, low correlations and low volatility (*Quisenberry, Dec.2010*). Hereinafter we discuss these characteristics in detail.



## 2. Growing economy

Uzbekistan is considered to be one of the fastest growing economies in the world (top 6) as per evaluation by the Global Finance magazine based on IMF estimates as of April 2017. Uzbekistan maintained 7-9% growth rates from 2004 till 2017. In 2017, foreign exchange reform and devaluation of the national currency have caused slowdown in the GDP growth rate to 5.3%. Nevertheless, complementary reforms in financial sector, tax and customs regulations are expected by the international financial institutions World Bank and ADB to improve Business environment and growth prospects for the coming years.

Table 1. GDP growth in Uzbekistan in 2010-2017.

	2010	2011	2012	2013	2014	2015	2016	2017
GDP growth	8.5	8.3	8.2	8.0	8.1	8.0	7.8	5.3

Source: State Statistics Committee of Uzbekistan.

## 3. Overview of the capital market

The local stock exchange market is represented by the Republican Stock Exchange "Tashkent" (RSE "Tashkent"), which was established in the form of joint-stock company on April 8<sup>th</sup>, 1994 in accordance with the Decree of the President "On measures for further deepening of economic reforms, ensuring protection of a private property and development of entrepreneurship" No.745 dated 21 January 1994. The stock exchange market emerged due to mass privatization of state-owned enterprises by transforming them into joint-stock companies in the 1990s. To date, the government utilizes the stock exchange market to facilitate its privatization program.

RSE "Tashkent" provides trading platform for listed corporate securities and conducts trades in accordance with regulations and following specified schedule during exchange session.

In 2016, Korean Stock Exchange (KRX) was invited to develop RSE "Tashkent" and to launch new software and hardware complex to accelerate market transactions. The new software, as well as new market index, was launched on August 29, 2016. KRX in return has received 25% minus one share stake in the capital of the RSE "Tashkent". Other shares of the RSE "Tashkent" are owned by State unitary enterprise "Center for Management of State Assets" (50% plus 1 share), and 4 state-owned banks.

Table 2. RSE "Tashkent" ownership structure

Owners of the RSE "Tashkent"	Stake, %	comments
State unitary enterprise "Center for Management of State Assets"	50% plus 1 share	state-owned
Korean Stock Exchange (KRX)	25% minus 1 share	
National Bank for Foreign Economic Activity	6.25%	state-owned
Joint Stock Commercial bank "Asaka"	6.25%	state-owned
Joint Stock Commercial Xalq Bank (People's bank) of Uzbekistan	6.25%	state-owned
Joint Stock Commercial Bank "Uzbek Industrial and Construction Bank"	6.25%	state-owned

Source: Center for Coordination and Development of Securities Market, [www.csm.gov.uz](http://www.csm.gov.uz)

Besides the stock exchange market, many transactions are made over-the-counter (OTC). The OTC market is the sphere of circulation of securities not admitted to exchange trade. Mostly, these are the shares of small joint-stock companies that are not officially traded on RSE "Tashkent" because

of limited emission or inadequate reliability. The OTC can be divided into regulated and unregulated segments.

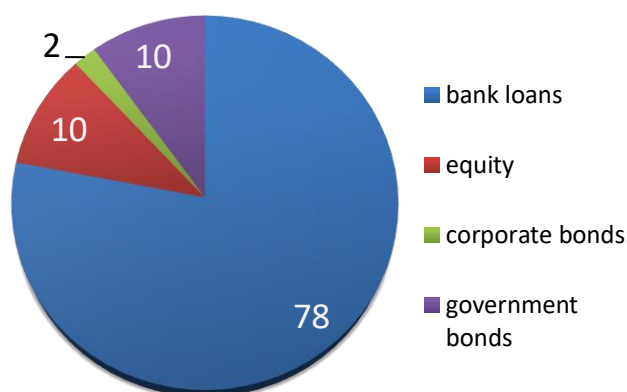
The regulated formal segment of the OTC is represented by the Electronic Secondary Market Trading System (ESMTS) "Elsis-Savdo" established as a joint-stock company. The electronic trading system "Elsis-Savdo" was founded in August 1998 to broaden participation of investors in the regulated OTC market, eliminate intermediaries and directly connect sellers and buyers of stocks. Since August 29, 2016 "Elsis-Savdo" utilizes the same software and hardware complex as the RSE "Tashkent" and conducts trades through financial intermediaries (professional participants of the stock market).

The unregulated informal segment of the OTC is represented by direct transactions between stock owners. These transactions occur spontaneously without universal rules. The terms of transactions are negotiated directly between the buyer and the seller, and the buyer takes over the risks. The transactions are conducted in the events of disposal of stocks to the first owners as result of their contribution to the authorized capital; transfer of shares by inheritance or as a gift. The unregulated OTC frequently settles large-scale shares transactions associated with state-owned JSCs, including M&A deals, buy-backs and others. Information about transactions is registered by the Central Securities Depository and 77 financial intermediaries which settle the transactions.

#### 4. Key indicators of the securities market

The financing of the Uzbekistan's economy is generally relied on banks (IMF; Mar.2018). Having limited access to sufficient liquidity on the local stock exchange, companies prefer banks to finance their needs and activities:

Chart 1. Sources of investments in % of market share



Source: "Investment potential of Uzbekistan Stock market" by Otabek Narziev (Jan.2018), [https://www.researchgate.net/publication/322518637\\_Investment\\_potential\\_of\\_Uzbekistan\\_Stock\\_market](https://www.researchgate.net/publication/322518637_Investment_potential_of_Uzbekistan_Stock_market)

In 2017, the total turnover of corporate shares and bonds (total value of traded securities) amounted to 2.7 billion US dollars, or 8.9% of the GDP of Uzbekistan. To put that into perspective, the same figure according to the World Bank data as of 2015 was 133.8% in South Korea, 127.1% in Japan, 48.7% in Turkey, 43.8% in Germany, and 8.6% in Russia. Although total turnover of corporate securities falls behind developed countries, Uzbekistan is on par with another post-Soviet country Russia.

Table 3. Turnover of corporate securities (stocks and bonds) in 2010-2017 (US\$ million)

Turnover	2010	2011	2012	2013	2014	2015	2016	2017
Total turnover of corporate securities	1,025.06	893.31	1,055.21	443.84	547.85	1,266.95	4,474.76	2,739.83
Total turnover to GDP (%)	2.7%	2.1%	2.2%	0.8%	0.9%	2.1%	7.3%	8.9%
Turnover of RSE "Tashkent"	39.26	118.72	86.02	42.31	40.29	57.31	92.78	36.77
Turnover of RSE "Tashkent" to total turnover (%)	3.9%	13.3%	8.2%	9.5%	7.4%	4.5%	2.1%	1.3%
OTC market turnover to total turnover (%)	96.1%	86.7%	91.8%	90.5%	92.6%	95.5%	97.9%	98.7%

Source: Centre for Coordination and Development of Securities Market, <https://csm.gov.uz/ru/itogi?limitstart=0>; "Modernization of Uzbekistan's securities market", Waseda University, <http://jairo.nii.ac.jp/0069/00027821/en>

Rapid growth of total turnover in 2016 is associated with the increase in the number of issues of shares to be bought out by foreign investors due to the implementation of the Resolution of the President dated 21 December 2015 No.PP-2454, which has set minimum requirement for the share of foreign capital in the statutory fund of all JSCs in the amount of 15%.

In 2017, the turnover of the stock exchange RSE "Tashkent" equaled to 36.77 million US dollars, or only 1.3% of the total turnover of corporate securities, while the OTC market accounted for 98.7% of the total turnover. The figure shows that only a small part of all issued corporate securities circulates on the RSE "Tashkent". In the last three years more than 95% of all trading volume of corporate securities took place over-the-counter. Although legislation provides for disposition of government stocks on both stock exchange and OTC, majority of state-owned joint stock companies conduct primary and secondary issues of shares among limited number of investors in the unregulated informal OTC. In 2017, practically the whole volume of equity issues in the amount of 2.3 billion US dollars was sold in the informal primary OTC.

Table 4. Trading volume of corporate securities on primary and secondary markets in 2010-2017  
US\$ million

	2010	2011	2012	2013	2014	2015	2016	2017
Total turnover	1,025.06	893.31	1,055.21	443.84	547.85	1,266.95	4,474.76	2,739.83
<b>1.On primary market</b>	<b>667.95</b>	<b>385.80</b>	<b>612.85</b>	<b>368.58</b>	<i>n/a</i>	<i>n/a</i>	<b>4,079.80</b>	<b>2,313.98</b>
-RSE "Tashkent"	12.41	36.65	42.27	26.72	27.00	26.29	22.28	-
-OTC	655.54	349.15	570.58	341.86	<i>n/a</i>	<i>n/a</i>	4,057.52	2,313.98
<b>2.On secondary market</b>	<b>357.10</b>	<b>507.51</b>	<b>442.36</b>	<b>75.26</b>	<i>n/a</i>	<i>n/a</i>	<b>394.96</b>	<b>425.85</b>
-RSE "Tashkent"	26.85	82.07	43.75	15.59	13.29	31.02	70.49	36.77
-OTC	330.25	425.44	398.61	59.67	<i>n/a</i>	<i>n/a</i>	324.47	389.08

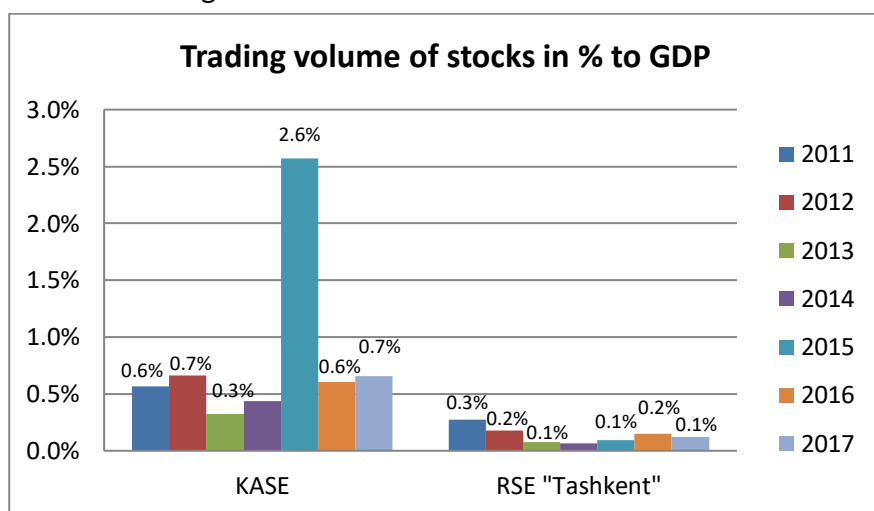
Source: Centre for Coordination and Development of Securities Market, <https://csm.gov.uz/ru/itogi?limitstart=0>; "Modernization of Uzbekistan's securities market", Waseda University, <http://jairo.nii.ac.jp/0069/00027821/en>

Moreover, most secondary trading also takes place in the unregulated informal OTC. In 2017, liquidity of the informal secondary OTC was 10 times larger than the liquidity of the stock exchange (RSE "Tashkent"). One of the probable causes of low liquidity of the secondary market of RSE "Tashkent" is that JSCs tend to buy out own shares in the unregulated informal OTC, having

the right to do so in accordance with the Resolution of the Cabinet of Ministers No.196 dated 29 April 2003. Other transactions in the secondary market with shares of listed and non-listed companies have to be carried out exclusively in the stock exchange and in the regulated OTC.

As stated in the draft resolution of the President "On measures to further develop the stock market and improve the efficiency of JSCs" posted online on 24 March 2018, the share and place of the stock market in the economy of Uzbekistan remain significantly lower than in the economies with comparable level of development. For example, the local stock market RSE "Tashkent" has lower liquidity than the stock market of neighboring Kazakhstan (KASE). The trading volume of stocks on the RSE "Tashkent" over a number of years has not exceeded 0.2% of Uzbekistan's GDP, while volume of stocks trading on KASE reached 0.7% of the Kazakhstan's GDP in 2017:

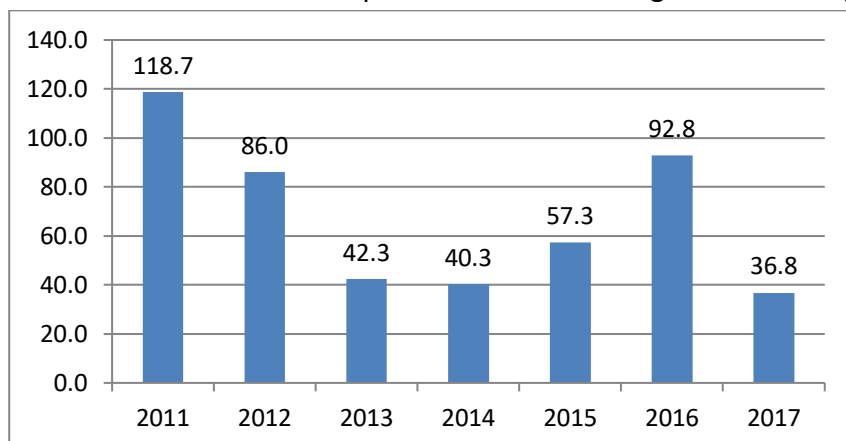
Chart 2. Trading volumes of stocks on KASE and RSE "Tashkent" in % of each country's GDP



Sources: Centre for Coordination and Development of Securities Market [www.csm.gov.uz](http://www.csm.gov.uz); Kazakhstan Stock Exchange [www.kase.kz](http://www.kase.kz)

The turnover of the RSE "Tashkent" showed increasing dynamics since 2014, though its turnover has decreased significantly (by 60%) together with the total turnover of corporate securities in 2017 due to sharp devaluation of the official exchange rate of Uzbekistan's soum (UZS) in September 2017.

Chart 3. Turnover of the Republican Stock Exchange "Tashkent" (US\$ million)



Source: Republican Stock Exchange "Tashkent" [www.uzse.uz](http://www.uzse.uz)

Market capitalization of the listed domestic companies (market value of all shares listed on the RSE "Tashkent") was estimated at 1.8 billion dollars as of 31 December 2017, whereas it was 2.8 billion dollars 4 years earlier. Market capitalization ratio reached 5.9% of the country's GDP in 2017 (12% in 2007), which is still low compared to the World average of 98.6% as per the World Federation of Exchanges database.

Table 5. Domestic Market Capitalization at the year-end (US\$ million)

	2013	2014	2015	2016	2017
RSE "Tashkent" capitalization	2,869.86	2,897.25	3,002.24	2,464.34	1,822.01
Market capitalization ratio (Market cap to GDP)	4.9%	2.2%	4.49%	3.7%	5.9%
Number of companies	138	138	261	220	186
Average market capitalization per company	20.80	20.99	11.50	11.20	9.80

Source: Republican Stock Exchange "Tashkent", <https://www.uzse.uz/analytics>

## 5. Financial instruments

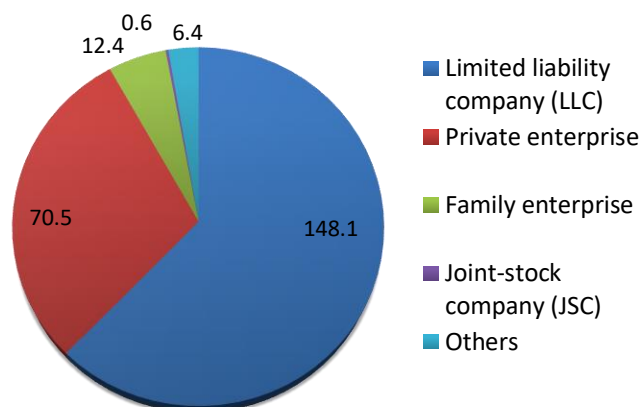
There is no functioning derivative market; the scope of traded financial instruments is virtually limited to stocks and corporate bonds. Legislation stipulates for circulation of other securities, such as deposit certificates, infrastructure bonds, derivative securities, treasury bonds and bills. Nevertheless, deposit certificates have not got widespread use, while infrastructure bonds and derivative securities have not been introduced at all. The issuance of government securities has been suspended in 2012, and there were no issuance of securities except for stocks and corporate bonds from 2015 till December 2017.

In accordance with the law, stocks, corporate bonds and depositary certificates have to be issued in a book-entry form.

Unlike Kazakhstan, where foreign exchange trading is carried out on the Kazakhstan Stock Exchange (KASE), currency trading in Uzbekistan is conducted outside the RSE "Tashkent" on the separate Uzbekistan Republican Currency Exchange ([www.uzrvb.uz](http://www.uzrvb.uz)). Also, Uzbekistan Republican Currency Exchange is responsible for organization and carrying out electronic trades of government securities, including short-term bonds of the government.

The most widespread category of securities is stocks. Stocks can be issued only by registered JSCs. A joint-stock company is not a common form of incorporation of commercial organizations, since it makes up only 0.3% of all companies.

Chart 4. Number of ongoing Businesses by type of incorporation, thousands (as of Mar.1, 2018)



Source: State Statistics Committee of Uzbekistan, <https://stat.uz/uploads/docs/registr-yan-fev-18-en.pdf>

The small number of joint-stock companies can be explained with excessive reporting obligations for JSCs, the need to disclose information and organize a multi-level management system, consisting of supervisory board, internal audit, audit commission, etc. Consequently, many companies, including foreign-owned, prefer to establish entities in the form of LLC. Out of total number of 5517 enterprises with foreign capital operated in the country as of 31 December 2017, only 319 (or 5.8%) were incorporated as JSCs.

Out of 602 JSCs registered in Uzbekistan as of 1 February 2018, 183 were traded on the RSE "Tashkent". The number of traded JSCs has decreased during 2016 as result of more strict regulation according to which all joint-stock companies had to allocate not less than 15% of their share capital among foreign Investors. The companies, which had not fulfilled the requirement, had to change their form of incorporation and were delisted from the stock exchange in 2016.

Table 6. Number of JSCs included in the quotation list of the RSE "Tashkent"

Trading boards of the RSE "Tashkent"	Authorized capital requirements	Number of listed companies			
		Dec. 2015	Dec. 2016	Dec. 2017	31 Jan. 2018
"A"	not less than US\$2 million	24	24	25	25
"B"	not less than US\$1 million	26	29	28	26
"C"	not less than US\$400,000	178	108	104	104
"P"	No specific requirement. The category is reserved for companies, the state share in which is subject to sale on stock exchange.	33	30	29	28
<b>Total</b>	-	<b>261</b>	<b>191</b>	<b>186</b>	<b>183</b>

Source: Republican Stock Exchange "Tashkent", <https://www.uzse.uz/analytics>

Listed JSCs represent the following industries: banking sector, insurance, oil-and-gas, construction materials, agro-industry, energy generation, metallurgy and others. Stocks of the financial sector enjoy the greatest trust of corporate and individual investors, dominating the highest trading board of the RSE "Tashkent", which lists shares of 19 banks.

Recent trend shows decrease in number of registered joint-stock companies with increase in total issue of securities by the remaining JSCs.

The development of the corporate bond market was very limited in the recent years. The corporate bond market turnover totaled 4 billion UZS (US\$1.2 million) in 2016, and only 5 deals with corporate bonds worth 3 billion UZS (US\$0.37 million) were concluded during the whole 2017. Majority of active bonds as of the end of 2017 were issued by the state-owned banks and state-owned JSC "O'zavtosanoat" ("Uzbek automotive industry"). The right to issue corporate bonds is held by joint-stock companies and commercial banks regardless of their organizational and legal form. Legal entities of other forms of incorporation, including limited liability companies do not have the right to issue corporate bonds. And, according to the current legislation only legal entities are allowed to hold corporate bonds.

Table 7. Emission volumes of active corporate bonds as of 30 December 2017 (in US\$ millions)

Issuing companies	Ownership	Emission volume	Number of bonds (million pcs)
<b>Total</b>		<b>30.94</b>	<b>0.55</b>
<b>Banks total</b>		<b>24.79</b>	<b>0.50</b>
Joint Stock Commercial Bank "Uzbek Industrial and Construction Bank"	79.04% of shares are state-owned	5.30	0.34
National Bank for Foreign Economic Activity	100% state-owned (not a JSC)	12.32	0.10
State Joint Stock Commercial Bank "Asaka"	90.02% of shares are state-owned	3.69	0.03
Joint Stock Innovation Commercial Bank "IpakYuli"	privately owned bank	1.01	0.01
Joint Stock Commercial Bank "Qishloqquyilish bank"	96.04% of shares are state-owned	0.62	0.01
Private Joint Stock Bank "Trustbank"	privately owned bank	0.25	0.002
Joint Stock Commercial Bank "Turonbank"	93.43% of shares are state-owned	0.37	0.003
Joint Stock Commercial Bank "Kapitalbank"	privately owned bank	0.62	0.01
Joint Stock Commercial Mortgage Bank "Ipoteka-bank"	73% of shares are state-owned	0.62	0.0005
<b>Other issuers</b>		<b>6.16</b>	<b>0.05</b>
JSC "O'zavtosanoat" ("Uzbek automotive industry")	100% state owned	6.16	0.05

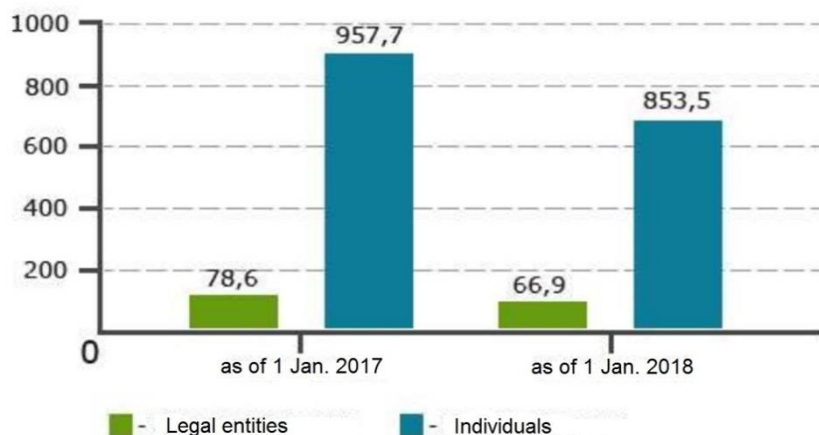
Source: State Enterprise "Central Securities Depository" <http://www.deponet.uz>

Uzbekistan is actively seeking ways to receive international credit rating, which according to the Deputy Prime Minister of Uzbekistan Mr. Djamshid Kuchkarov will serve as a benchmark for large domestic companies in receiving foreign credit rating and attracting foreign capital. To date, local bond issuers have been assigned credit ratings by local rating agency "Ahbor-Reyting" and information-rating agency "SAIPRO".

## 6. Number of depositors (investors) on the stock market

The number of depositors which have opened securities accounts with the financial intermediaries and the Central Securities Depository as of January 1, 2018 has decreased by 11.2% compared with 1 January 2017 to 920,349 securities accounts. Out of that number 7.3% is accounted for legal entities' accounts and 92.7% for individuals' accounts:

Chart 5. Number of investors on the RSE "Tashkent"



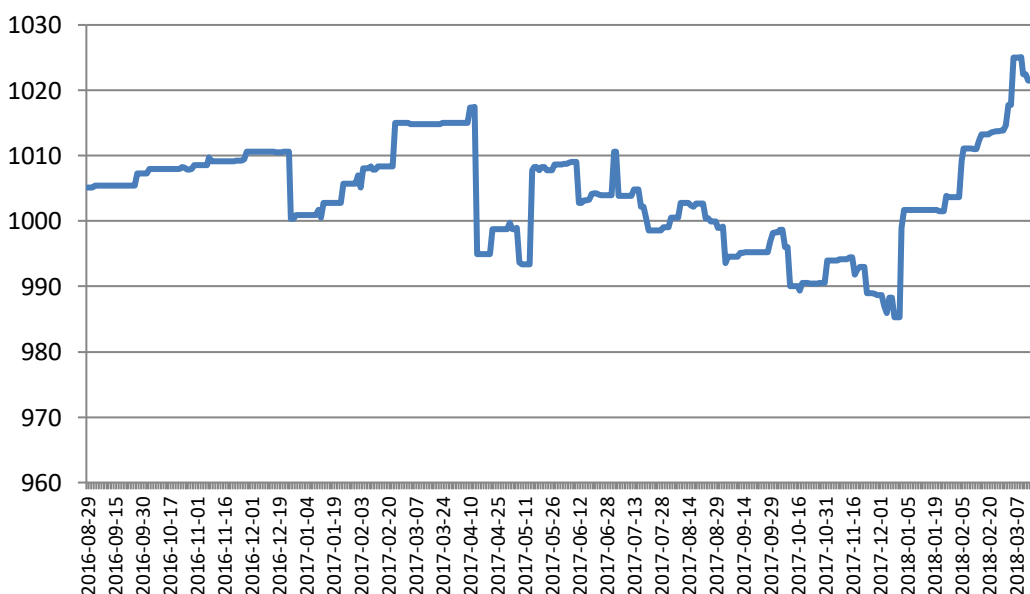
Source: State Enterprise "Central Securities Depository" <http://www.deponet.uz>

## 7. Volatility of the stock exchange

Up-to-date share prices can be found on the RSE "Tashkent" website at [https://uzse.uz/isu\\_infos?locale=en](https://uzse.uz/isu_infos?locale=en).

The current state of the stock market and its dynamics are reflected by the UCI (Uzbekistan Composite Index) stock market index. The index represents a composite index that was developed by Korean Stock Exchange (KRX) and was introduced with the new software and hardware complex in August 2016. The following chart shows volatility in the UCI index since the date of the launch on August 29, 2016 up to March 17, 2018:

Chart 6. UCI index change from August 29, 2016 to March 17, 2018.



Source: Republican Stock Exchange "Tashkent" [www.uzse.uz](http://www.uzse.uz)

UCI is a composite index which is based on stock quotes of shares included in the RSE quotation list. As the chart shows, over 1.5 years UCI index varied between 985.28 (Dec.2017) and 1025.08 (Mar.2018) in a narrow range of 4%. The chart shows low volatility of the UCI index, which occasionally remained unchanged for 10-14, and even 17 days (in September 2016). In January



2018, index maintained the level of 1,001.7 for 14 days. This kind of low volatility on the stock market demonstrates no significant inflows or outflows of capital were registered.

Despite low index volatility, share prices of the listed companies can change drastically over a short period of time. For example, JSC "Ohangaronsement" (in English: "Ohangaron cement") owned by the Russian Eurocement group, bought out stocks of employee shareholders in 2017 for 150,000 UZS (US\$18.5) per share, or 10.8 times higher than was the price of shares on the stock exchange (13,900 UZS or US\$1.7). The buyback took place over-the-counter, and the RSE "Tashkent" reflected the new higher price only in the beginning of the next 2018 year. There is another example of JSC "Toshneftegazqurilish", stock price of which sank 95.4% on March 15, 2018 from 65,000 UZS (US\$8) to UZS 3,000 (US\$0.37).

## 8. Liquidity of the stock exchange market

There were 95 JSCs listed on the RSE "Tashkent" (or 51% of all listed JSCs as of 31 December 2017), common stocks of which were not traded within the last year and a half since the launch of the new software and hardware complex by KRX on August 29, 2016 till March 29, 2018. Out of these 95 JSCs the market prices of stocks of 78 JSCs were still equal to their nominal values (maximum nominal value of a share established by law is 5,000 UZS or US\$0.6). These data demonstrate that approximately 51% of all listed securities have low liquidity.

Various reasons including but not limited to narrow participation of investors have led to low liquidity of the most of the listed securities. Market activity of the general public is limited because population prefers to invest in bank deposits, or to save money in a foreign currency, rather than to invest in equities. It seems that investment in equities is a risky and rather complicated process for the public.

From the other hand, domestic stock exchange market may not be attractive for local investors because of the limited free float of shares yielding high returns, since most high yielding shares are held by the government or state-owned enterprises.

Table 8. Structure of equities ownership in JSCs at nominal values as of 29 December 2017

Ownership structure	in all JSCs		in listed JSCs	
	US\$ million	%	US\$ million	%
State share	4,738.65	79.1	1,060.60	62.6
State-owned enterprises share	519.85	8.7	<i>n/a</i>	<i>n/a</i>
Foreign investors share	100.13	1.7	<i>n/a</i>	<i>n/a</i>
Local private investors share	343.51	5.7	<i>n/a</i>	<i>n/a</i>
Unallocated share (shares on issuers' accounts)	286.70	4.8	<i>n/a</i>	<i>n/a</i>
Value of all issued shares	5,989.07	100	1,693.84	100

Source: State Enterprise "Central Securities Depository" <http://www.deponet.uz>; RSE "Tashkent"

Most of the shares issues as of 29 December 2017 were accounted for the government-owned JSCs. As of 29 December 2017, total value of all issued shares of all registered 606 JSCs was assessed at 5.99 billion US dollars, out of which 87.8% accounted for the government and state-owned enterprises. Majority of offerings of shares, or 86.2% in 2016 and 97.8% in 2017 were

made among limited number of government-owned organizations, strategic investors (with share more than 25%) or company insiders without making public announcement and running advertising campaigns that adversely affected the broad participation of the public in investment process.

The government owns 62.6% of all issued shares of the listed JSCs, though only state share in JSCs of the "P" trading board of the stock exchange can be offered for sale to the public. Total value of the state share in the JSCs of the "P" board as of 29 December 2017 was assessed at US\$24.65 million, or 2.3% of total state share in value of shares issued by the listed JSCs. Hence, state share offered for sale is still small compared to total state share in the listed JSCs.

On May 10, 2017, the government has adopted resolution "On the organization of the public offering of shares on the stock exchange", which envisages implementation of a pilot project for making public offerings of shares to the public and Business entities in accordance with the international practice. JSC "Kvarts", a manufacturer of commercial glass located in the Fergana region, was chosen for the first such offering of shares. The public offering is the first of its kind in Uzbekistan since it envisages that any individual or legal entity can apply. Nevertheless, as of 30 March 2018 several days prior to the expiration of the offering only 32.4% of all offered shares of the JSC "Kvarts" were applied for, that generally confirms low interest of the public in equity investments.

The RSE "Tashkent" has set requirements for the level of free float, and only 25 companies of the trading board "A" are required to have publicly traded shares in the amount of not less than 15% of all issued shares. Companies of other boards do not have free float requirements.

Table 9. Free float requirements for JSCs included in the quotation list of the RSE "Tashkent"

Trading boards	Number of listed companies	Free float requirements
"A"	25	15% of all issued and outstanding shares
"B"	26	not required
"C"	104	not required
"P"	28	not required
<b>Total</b>	<b>183</b>	-

Source: Republican Stock Exchange "Tashkent", <https://www.uzse.uz/legislations/3?locale=ru>

Because of the illiquid stock exchange market, it may be the case that many stocks listed on the stock exchange are undervalued, especially if the market price equals the nominal value of stocks which is often due to the absence of the previous trades with the shares. For example, shares of JSC "Muborakneftgazmontaj" (in English: "Muborakoil&gas installation") had nominal value of 5,000 UZS (less than US\$1) and were not traded before 6 March 2018, but just after one deal on March 6, 2018 soared 12,900% to 650,000 UZS (US\$79.6) per share.

There also were cases when listed JSCs bought out stocks at much higher prices than the prices indicated at the stock exchange, as in the case of JSC "Ohangaronsement" described above.

## 9. Stock market returns, dividends

Although many stocks can be undervalued due to the illiquid stock market, it is difficult to foresee the right time when a certain stock will grow. While the local stock market remains undeveloped

and illiquid, the investors can rely only on dividends as a single guaranteed return from local equities.

Dividend yields vary depending on each company's dividend policy. Decision for paying out dividends is made at the general shareholders meeting at the recommendation of the supervisory board based on financial statements of the JSC. Dividends can be paid based on the results of the first quarter, six months, nine months of the financial year and (or) on the results of the financial year.

According to some professional participants of the stock market told in private conversations, average dividend yield on the publicly traded companies equals 15%, though certain companies pay much higher dividends. For instance, dividend yield of the shares of JSC "Kvarts" in the financial year of 2014 amounted to 31.6% of the nominal shares value, in 2015 was 34.8%, and in 2016 reached 68.3%. Moreover, foreign investors are exempted from dividend tax till 1 January 2020.

To put into perspective abovementioned dividend yields, it should be noted that many local banks offer 16-18 interest per annum on local-currency deposits making average dividend yield not looking too promising for the local investors.

Investments into local stock market can be exposed to currency risks that can create gains or losses when dividends are converted from Uzbekistan's soum into foreign currency. Nevertheless, since the introduction of convertibility of soum on 5 September 2017 till 31 March 2018 the US dollar exchange rate to Uzbekistan's soum changed slightly from 8,100 UZS to 8,114.86 UZS.

Prospective investors can look for stocks paying high yield dividends, and therefore should consider option of applying for the investment advice to professional investment consultants working on the local stock market.

## **10. Government role: regulator and major shareholder**

The government plays fundamental role in the work of the stock market and regulates its activity through the Centre for coordination and development of the securities market established under the State Committee for Assistance to Privatized Enterprises and Development of Competition. The center is the state regulator of the securities market of Uzbekistan, which among other tasks issues licenses for legal entities for performing professional activities on the stock exchange market (as brokerage firms, managing companies, organizers of OTC trades, or investment funds), and registers equity issues of the new JSCs.

The government has adopted several laws which regulate the stock market. Among the most important laws are "Law on Securities Market" dated 3 June 2015, "Law on Joint-Stock Companies and Protection of Rights of Shareholders" dated 26 April 1996, "Law on Exchanges and Exchange Activities" dated 2 July 1992 №625-XII. Stock exchange trades are conducted in accordance with the Rules of Marketplace Trading adopted by the RSE "Tashkent".

Law establishes disclosure requirements regarding operational performance for all registered joint-stock companies. Those requirements include obligations for disclosure of corporate information on accrued and paid remuneration and/or compensation in favor of the executive

body, the supervisory board members and the audit commission of the JSC, the size of the share of affiliated person in the authorized capital of the JSC and vice versa when disclosing information about the interested party transaction. However, there is no requirement for the professional participants of the stock exchange market to explain risks of investments to prospective investor so he or she could understand the risks involved, though professional participants are prohibited to guarantee returns of the stock exchange market. Starting from 1 January 2016, all the information disclosed by JSCs should be posted on the single portal of corporate information at [www.openinfo.uz](http://www.openinfo.uz).

On August 22, 2017, changes were adopted to the legislation prohibiting market manipulation and usage of non-public and insider information by investment intermediary while carrying out professional activities in the securities market ("The regulation regarding the activity of the investment intermediary in the securities market" No.2017-05 dd. 22 Aug.2017).

The government not only establishes laws and regulatory norms applicable to the stock market, but also acts as a major shareholder by owning and controlling state shares through the Center for Management of State Assets established under the State Committee for Assistance to Privatized Enterprises and Development of Competition.

Out of 606 JSCs registered as of 29 December 2017, only 194 JSCs (32%) were classified as independent entities, while others were either owned by the state through the Center for Management of State Assets, or owned by state-owned enterprises. The Center for Management of State Assets owns 100% in JSC "O'zavtosanoat" (in English: "Uzbekistan's automotive industry"), "O'zbekneftegaz" ("Uzbekistan's oil&gas"), JSC "O'zbekenergo" ("Uzbekistan energy"), JSC "O'zbekiston temir yo'llari" ("Uzbekistan railways"), JSC "O'zeltahsanoat" ("Uzbekistan's electrical engineering"), JSC "O'zdonmakhsulot" ("Uzbekistan's cereal products"), JSC "O'zkimyosanoat" ("Uzbekistan's chemical industry"), and 97,78% in JSC "Almalyk Mining and Metallurgical Combinat.

Table 10. Structure of owners of shares in the authorized funds of registered JSCs 29 Dec.2017  
(US\$ million)

#	Types of JSCs	Number of JSCs	Total value of issued shares	Share of investors in total value	Share of investors (%)
	All JSCs	606	5,989.07		
<b>1</b>	<b>JSCs with state share</b>	<b>195</b>	<b>5,464.44</b>	<b>4,738.65</b>	<b>79.1</b>
	State share 100%	21	913.38	913.38	15.3
	State share from 51 to 100%	79	4,068.35	3683.99	61.5
<b>2</b>	<b>JSCs with state-owned enterprises share</b>	<b>282</b>	<b>1,731.22</b>	<b>519.85</b>	<b>8.7</b>
	SOEs share 100%	3	17.06	17.06	0.3
	SOEs share from 51% to 100%	167	544.97	402.16	6.7
<b>3</b>	<b>JSCs with foreign investors share</b>	<b>319</b>	<b>3,294.90</b>	<b>100.13</b>	<b>1.7</b>
	Foreign investors share more than 15%	165	206.01	79.94	1.3
	Foreign investors share less than 15%	154	3,088.89	20.18	0.3
<b>4</b>	<b>Share of local private investors</b>	<b>558</b>	<b>3,811.90</b>	<b>343.51</b>	<b>5.7</b>
<b>5</b>	<b>JSCs with treasury shares</b>	<b>80</b>	<b>2,208.40</b>	<b>286.70</b>	<b>4.8</b>
<b>6</b>	<b>JSCs without state and SOE shares</b>	<b>194</b>	<b>223.46</b>	<b>223.46</b>	<b>3.7</b>

Source: State Enterprise "Central Securities Depository" <http://www.deponet.uz>

Almost half of the JSCs registered as of 1 March 2018 were included in the structure of the following state-owned enterprises: 117 in the structure of the JSC "O'zpakhtasanoat" ("Uzbekistan's cotton industry"), 50 JSCs in the national holding company "O'zbekneftgaz" ("Uzbekistan's oil&gas"), 40 in the JSC "O'zdonmakhsulot" ("Uzbekistan's cereal products"), 36 in the JSC "O'zbekenergo" ("Uzbekistan's energy"), 17 in the holding company "O'zvinsanoat-holding" ("Uzbekistan's wine industry"), 16 in JSC "O'zbekiston temir yo'llari" ("Uzbekistan railways").

Consequently, the dual role of the state as a regulator and a major shareholder inevitably leads to the conflict of interest between regulatory and Business functions, as well as to overregulation of the securities market and limitation of rights of minority shareholders.

The Government of Uzbekistan acknowledges that the current state of Uzbekistan's stock market leaves much to be desired. The Ministry of Finance developed a draft concept for the further development of the stock market in 2017, which was not yet approved as of February 2018. According to the concept prepared by the Ministry of Finance, the main factors hindering the development of financial markets in the country are "their excessive sensitivity to privatization processes; the organizational structure of regulation do not meet modern standards; unreasonably high thresholds for joint-stock companies, and the lack of a balanced approach in reforming the financial markets".

Some of the problems have been already addressed in 2017. For instance, the minimum amount of the authorized capital for newly established joint-stock companies was set in 2017 at approximately US\$200,000 instead of previously required minimum amount of US\$400,000. Further proposed draft amendments to the law stipulate reduction of the required minimum

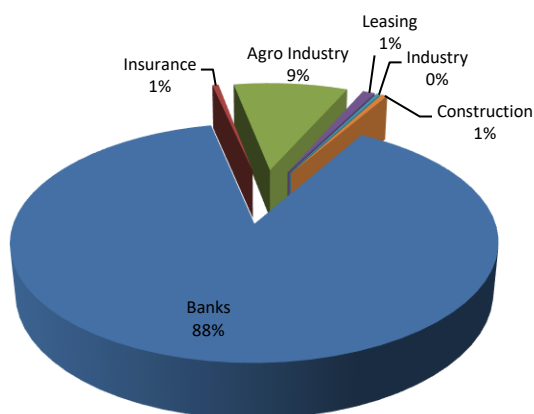
authorized capital of JSCs to approximately US\$12,300. This measure will facilitate foundation of new joint-stock companies, and improve attractiveness of this form of incorporation against more popular to date form of a limited liability company.

## 11. Banks' role in the stock exchange

The stocks of banks dominate the volume of transactions at the stock market (RSE "Tashkent"). Generally speaking, only banks are the most active stocks on the stock exchange.

For the past five years banks continue to prevail in the industrial structure of the annual trading volumes of the RSE "Tashkent". By the end of 2017, banks accounted for 86.3% of the stock exchange turnover, making up trading volume of 31.7 million US dollars.

Chart 7. Industrial structure of annual trading volumes of the RSE "Tashkent"



Source: Republican Stock Exchange "Tashkent", <https://www.uzse.uz/analytics>

Since 2017 new requirements for minimum authorized capital of commercial banks in the amount of 100 billion UZS (12.2 million US dollars) have been announced. Banks with lower amount of capital have to bring their authorized capital up to the required amount until January 1, 2019. It is expected that certain banks including banks with foreign capital such as Joint Stock Commercial Bank "Hamkorbank", Joint Stock Commercial Bank for promotion of trade & commerce "Savdogar", Joint Stock Company "Ziraat Bank Uzbekistan", Joint Stock Company "KDB Bank Uzbekistan") will issue new equity shares and offer them to the existing or new shareholders.

Since January 2018, Presidential Decree "On measures to radically improve the activities of the Central Bank of Uzbekistan" dated 9 January 2018 No. UP-5296 prohibits banks from investing into non-core Businesses, that to include participation in capital of asset management companies, investment companies and funds, as well as other non-core Businesses. The regulation was adopted in order to secure banks from non-core banking activities, which frequently led to negative financial results. It is expected that the regulation will restrict banks' influence on the stock market and will not let them to act as institutional investors.

## 12. Professional participants of the stock market (financial intermediaries)

As of 1 January 2018, there were 77 financial intermediaries in the Uzbekistan stock exchange that held 131 valid licenses of professional participants of the securities market for carrying out activities in the following areas:

Table 11. Number of valid licenses of financial intermediaries as of specific date

Type of license	Minimum amount of owners' funds, equivalent thousand €	1 Jan.2015	1 Jan.2016	1 Jan.2017	1 Jan.2018
<b>Total number of intermediaries</b>		<b>77</b>	<b>74</b>	<b>76</b>	<b>77</b>
<b>Total number of licenses</b>		<b>150</b>	<b>126</b>	<b>128</b>	<b>131</b>
Investment intermediary (brokerage firm)	50	40	45	46	44
Investment consultant	10	36	39	41	45
Managing company	50	28	30	29	30
Investment fund	n/a	9	9	9	9
Organizer of OTC trades	200	2	2	2	2
Transfer-agent	20	4	1	1	1
Depository	n/a	31	-	-	-

Source: Center for Coordination and Development of Securities Market, [www.csm.gov.uz](http://www.csm.gov.uz)

In order to start working on the RSE "Tashkent" and make transactions through a trading account foreign investor has to choose a brokerage firm which will act as an intermediary between the stock market and the investor. The brokerage firm enters into exchange transactions on behalf of the client and at client's expense, and ought to prepare accounts for all transactions made.

In order to receive advice on current market conditions and which shares look undervalued or overvalued, investor should apply to any 45 investment consultants in the market. They conduct research and provide investment advice, which can be subsequently used by investor for making informed investment decisions. Many brokerage firms also provide financial advisory services to their clients.

Foreign investor can entrust financial resources to one of 30 managing companies possessing specialized knowledge and holding a right to invest at their own discretion to benefit their client's interests. A managing company invests capital on the basis of investment policy statement of its client into specified industries and taking into account risk tolerance and other constraints applied to the client's portfolio.

Foreign investor can also invest into one of 9 investment funds, legal entities incorporated in the form of joint-stock companies, which issue shares in return for investors' money which is to be invested into stock assets.

Organizers of over-the-counter trades are legal entities which organize trading of securities using special computer trading systems with possibility of investors' access to trading without help of investment intermediaries. Electronic Secondary Market Trading System (ESMTS) "Elsis-Savdo" and LLC "Interbank Trading System" were the organizers of the over-the-counter trades as of 1

January 2018. However, LLC "Interbank Trading System" was dissolved in the beginning of 2018, making ESMTS "Elsis-Savdo" the only organizer of OTC trades in the country.

Transfer-agent is a legal entity which provides services for receiving, processing and transferring documents related to the system of keeping records on rights for securities.

### **13. How to enter into the Uzbekistan's stock market**

In accordance with the Regulation on the procedure of sale of state-owned shares, approved by the Resolution of the Cabinet of Ministers "On Approval of Provisions on the Procedure for Privatization of State-Owned Property" dated October 6, 2014 No.279, non-residents of Uzbekistan can acquire state shares for freely convertible currency (US dollar, Euro, Japanese yen, GBP or Swiss frank) or for the national currency of Uzbekistan.

Non-residents of Uzbekistan for the acquisition of state shares can use the funds in national currency that are on correspondent Loro accounts of the foreign banks opened in the commercial banks of Uzbekistan.

The process of entry consists of the following steps:

- 1) opening securities account,
- 2) making an investment choice,
- 3) placing buy/sell orders,
- 4) registration of transactions,
- 5) settlement of payments.

#### **Step 1. Opening securities account.**

In order to enter the stock exchange market of Uzbekistan, or participate in the privatization of the state assets, foreign investor has to open a securities account with one of the investment intermediaries (or brokerage firms). Opening the securities account at investment intermediary is free of charge. The account can be opened on behalf of a natural person or a legal entity.

**A Foreign natural person** has to provide the following documents in order to open the securities account:

- contract for opening an account;
- application form;
- account card.

If a natural person is in the country at the moment of signing a contract, he or she have to fill out and sign abovementioned documents in front of the employees of an investment intermediary. Moreover, a copy of passport containing pages with personal information, specimen of signature and page with Uzbekistan's visa (if applicable) have to be provided.

In case if the a natural person is not in Uzbekistan, he or she have to provide the same documents, but an account card and copy of passport should be certified by a notary and then apostilled in the embassy or consulate of the foreign country in Uzbekistan or in the embassy or consulate of Uzbekistan in the foreign country where the natural person is registered. Specialists of an investment intermediary can check all the documents before investor submits them to notary and



embassy. After filling in the documents, notarizing and apostilling them, the original copies of documents are to be sent by mail to the investment intermediary, which usually opens an account within one working day after receiving the documents.

**A Foreign legal entity** has to provide the following documents:

- Contract for opening an account;
- Questionnaire legal entity filled out in accordance with the regulations, certified by a notary and apostilled in the embassy or consulate of the foreign country in Uzbekistan or in the embassy or consulate of Uzbekistan in the foreign country where the legal entity is registered;
- Account card of the legal entity filled out in accordance with the regulations, certified by a notary and apostilled in the embassy or consulate of the foreign country in Uzbekistan or in the embassy or consulate of Uzbekistan in the foreign country where the legal entity is registered
- Letter of attorney confirming the rights of legal entity's officials to manage an account (a copy thereof, certified by a notary and apostilled in the embassy or consulate of the foreign country in Uzbekistan or in the embassy or consulate of Uzbekistan in the foreign country where the legal entity is registered);
- Extract from the trade register of the country of registration of the foreign legal entity (a copy thereof, certified by a notary and apostilled in the embassy or consulate of the foreign country in Uzbekistan or in the embassy or consulate of Uzbekistan in the foreign country where the legal entity is registered);
- Charter documents of the foreign legal entity, copy, certified by a notary and apostilled in the embassy or consulate of the foreign country in Uzbekistan or in the embassy or consulate of Uzbekistan in the foreign country where the legal entity is registered;
- Copy of translation of the extract from the trade or bank register of the country of registration of the foreign legal entity, certified by the Uzbekistan's embassy, consulate or notary;
- Copy of translation of the charter documents, certified by a notary.

After filling in the documents, notarizing and apostilling them, the original copies of the documents are to be sent by mail to the investment intermediary, which usually opens an account within one working day after receiving the documents.

## **Step 2. Making an investment choice**

There are two basic ways how the foreign investor can make an investment choice.

In first case, the investor makes an order to the investment intermediary for specific securities, which he had evaluated and wants to purchase. The investment intermediary holds negotiates with existing shareholders, and sometimes collects stocks from employee shareholders who may be located all over the country.

The second way is to choose from the offers the investment intermediary proposes. The investment intermediary identifies attractive securities, provides an investor with an analysis, and after that investor decides whether to invest or not. However, this option is not available at all

investment intermediaries but some of them can provide investors with analyses, general information, financial indicators, and other information on securities.

### **Step 3. Placing buy and sell orders.**

#### **1. Buy orders.**

Before placing order to buy, foreign investor has to credit special currency account of the investment intermediary. After that investment intermediary converts investor's foreign currency funds to the Uzbekistan's soums, because the RSE "Tashkent" and the OTC register transactions conducted only in UZS. On the next step the foreign investor should sign a buy order and send it to the investment intermediary by e-mail and the original document by mail. This order will give the investment intermediary the right to sign the contract of purchase of securities on behalf of the investor.

#### **2. Sell orders.**

The investor should sign a sell order and send it to the investment intermediary by e-mail and the original document by mail. The order will give the investment intermediary the right to sign the contract of sale of securities on behalf of the seller.

### **Step 4. Registration of transactions**

In case if investor purchases securities of the listed companies, the registration of the transaction takes place on the RSE "Tashkent". If the investor purchases securities of non-listed companies, then the registration of the transaction takes place on the OTC market ESMTS "Elsis-Savdo". Both transactions made in UZS.

### **Step 5. Settlement of payments.**

After registering transaction on the RSE "Tashkent", investment intermediary of the buyer transfers all money (without commissions of the investment intermediary) to the clearing house of the stock exchange. The clearing house withdraws commissions of the central depository and the stock exchange, and then transfers money to the special account of the seller's investment intermediary. Further, the investment intermediary of the seller transfers money to the account of the seller, as well as transfers sold securities to the investment intermediary of the buyer.

## **14. Process of dividends payment**

Conversion of proceeds received by a foreign investor from the sale of shares of Uzbek issuers on the stock market into freely convertible currencies is performed under the following conditions:

- if acquisition of the shares was carried out for freely convertible currency;
- in case if the foreign investor sells shares not earlier than 12 months from the date of their purchase (Resolution of the Cabinet of Ministers "On measures to stimulate the attraction of foreign capital in the privatization of state property" dd. November 18, 1998. No.477)

One of the major impediments for attraction of foreign investments into the stock market until September 2017 was convertibility of returns and initial investments. On September 5, 2017, Uzbekistan lifted restrictions on currency exchange and introduced convertibility of the national

currency soum. However, foreign investors into stock market can still face challenges of conversion of their initial investments into the stock exchange market, according to the information of two local broker companies stated in private conversations. However, dividends can be converted without any difficulties. The issuer JSC is obligated to convert and transfer the dividends to the foreign account of the foreign investor( May 6, 2014, № ZRU-370).

## Information on certain professional participants of the stock market

### 1. Electronic Secondary Market Trading System JSC "Elsis-Savdo" (organizer of OTC trades)

Table A

General information	
Address	Bldg.107, Mustakillik avenue, Mirzo-Ulugbek district, Tashkent
Tel	(+998 71) 267 52 58
Fax	<i>n/a</i>
E-mail	<a href="mailto:elsavdo@mail.ru">elsavdo@mail.ru</a>
Web-site	elsavdo.uz/en/
Short-history	JSC "Elsis-Savdo" is established in accordance with the decision of the Interdepartmental Commission under the President of Uzbekistan on 6 February 1997. The Charter of the JSC was registered by the Ministry of Justice No. 1141 dated August 30, 1998.  JSC "Elsis-Savdo" provides convenient and fast access to the regulated OTC for a wide range of investors, an open process of securities pricing.

(thousand US\$)

Table B

Date of business start	Business information					
	Period	Authorized capital	Volume of transactions on the Electronic Secondary Market Trading System	Number of transactions	Total fee collected	Amount of funds in the Guarantee Fund of the RSE
30 August 1998	2015	241.99	3,288.28	1187	<i>n/a</i>	<i>n/a</i>
	2016	210.43	3,382.35	1256	<i>n/a</i>	<i>n/a</i>
	2017	83.74	488.91	370	<i>n/a</i>	<i>n/a</i>

Rates:	
Dec 31, 2015 -	1\$ - 2,809.98 Uzbek soums
Dec 31, 2016 -	1\$ - 3,231.48 Uzbek soums
Dec 31, 2017 -	1\$ - 8,120.07 Uzbek soums

Table C

Services charges			
Type of activity	Amount of transaction	Commission on shares	Commission on Corporate bonds
Organizer of the over-the-counter trades	Up to 100,000,000 UZS	1.7%	0.02%
	From 100 million UZS up to 500 million UZS	0.4% of the amount exceeding 100 million soums up to 500 million soums + 1,700,000 UZS	0.02%
	From 500 million UZS up to 1 billion UZS	0.35% of the amount exceeding 500 million soums up to 1 billion soums + 3,300,000 UZS	0.02%
	From 1 billion UZS up to 5 billion UZS	0.2% of the amount exceeding 1 billion soums up to 5 billion soums + 5,000,000 UZS	0.02%
	More than 5 billion UZS	0.1% of the amount exceeding 5 billion soums + 13,000,000 UZS	0.02%

Table D

Staff information			
Total number of employees *	Management	Name	Comments
4	Director	Mr. Zakirov Zakhid Farkhadovich	
	Chief accountant	Ms. Patrina Elena	

\* Data shown as of 26 March 2018

Table E

Clients		
Categories	Number of clients	The biggest clients
1. Legal entities	1,311	n/a
2. Individuals	12,050	n/a

## 2. "Naymon Invest Consulting" LLC (investment intermediary)

Table A

General information	
Address	Bldg.1, Amir Temur street, Tashkent, 100000
Tel	(+998 90) 984 23 43
Fax	(+998 71) 232 01 45
E-mail	<a href="mailto:naymon-invest-consulting@mail.ru">naymon-invest-consulting@mail.ru</a>
Web-site	naymon.uz
Short-history	<p>"Naymon Invest Consulting" was established on 6 October 2006 in the form of a private enterprise. On December 27, 2013 it was reorganized into a limited liability company.</p> <p>The company provides comprehensive professional services in the securities market as an investment intermediary, investment adviser and managing company of investment assets.</p>

(thousand US\$)

Table B

Date of business start	Business information					
	Period	Authorized capital	Volume of transactions on the RSE "Tashkent"	Number of transactions	Assets under management	Amount of funds in the Guarantee Fund of the RSE
27 December 2014	2015	n/a	n/a	n/a	n/a	n/a
	2016	34.44	2,845.26	66	50.48	2.93
	2017	17.74	14,258.38	342	25.99	2.64

## Rates:

Dec 31, 2015 -	n/a
Dec 31, 2016 -	1\$ - 4,210.35 Uzbek soums
Dec 31, 2017 -	1\$ - 8,175.77 Uzbek soums

Table C

Services charges				
Type of activity	Type of services	Fee rates	Additional services for the clients	
Investment intermediary	Brokerage services (maintenance of transactions at RSE "Tashkent")	negotiable	<p>Advising the client about conditions of the securities traded on the stock exchange.</p> <p>Informing the client about securities listed on the stock exchange.</p> <p>Informing the client about securities quotations.</p> <p>Informing about client's securities and funds movement.</p>	
	Services of the official dealer of the issuer (market maker)	negotiable		
	Recording and keeping securities and money funds transferred by the client with the purpose of dealing with securities	negotiable		
	Registration of the buy and sell transactions as per the orders of the client	negotiable		
	Client's transaction service at OTC (ESMTS Elsis-Savdo)	1% of the transaction amount		
	<u>Depository services:</u>			
	Opening and administering the securities account of the client	free of charge		
	Carrying out operations on the securities account	free of charge		
	Administering of a number and par-value of the client's securities	free of charge		
	Registration of facts of securities burdening with liabilities and termination of liabilities on them	free of charge		
	Presenting the statements on securities dealing to the client	free of charge		
	Confirming the property and other rights of the client on securities by presenting of statement of holdings from client's securities account	free of charge		
	changing the details of Client's securities and their issuers	free of charge		
Investment consultant	Analysis and forecast of the state of the securities market and its participants	negotiable		
	Examination, development and recommendation of financial instruments (financial obligations)			

Table C

Services charges			
Type of activity	Type of services	Fee rates	Additional services for the clients
Investment consultant	Advising on the issue of securities, including the preparation of a resolution on the issue of securities, prospectuses for the issue of customers	negotiable	
	Retraining of the securities market specialists		
	Advising on implementation of investment policy by legal entities and individuals		
	Publication and provision of training materials for clients		
	Preparation of client's reports on the securities market		
	Consulting on placement and circulation of securities		
	Preparation and publication of information for an unlimited number of persons		
Managing company	Trust management of investment assets and funds	negotiable	

Table D

Staff information			
Total number of employees	Management	Name	Comments
3	Director	Mr. Anarkulov Boburjon	

Table E

Clients		
Categories	Number of clients	The biggest clients
1. Legal entities, including	52	n/a
foreign legal entities	7	Brentwood & Co Limited (UK), Fortis Securities Limited (UK), Addison Ventures Limited (UK), Formimpex LLP (UK), ENTERFORM LIMITED (UK), Nobiles (Latvia)
2. Individuals, including	232	n/a
foreign individuals	1	n/a

### 3. "Dalal-Standard" LLC (brokerage firm)

Table A

General information	
Address	Bldg.107, Mustakillik avenue, Mirzo-Ulugbek district, Tashkent
Tel	(+998 71) 236 76 55, 236 09 30
Fax	n/a
E-mail	<a href="mailto:info@dalal.uz">info@dalal.uz</a>
Web-site	<a href="http://www.dalal.uz">www.dalal.uz</a>
Short-history	"Dalal-Standard" LLC operates on the stock exchange market since 20 October 2004.

(thousand US\$)

Table B

Date of business start	Business information					
	Period	Authorized capital	Volume of transactions on the RSE "Tashkent"	Number of transactions	Assets under management	Amount of funds in the Guarantee Fund of the RSE
20 October 2004	2015	213.52	1,174.71	96	-	<i>n/a</i>
	2016	185.67	9,624.48	78	-	<i>n/a</i>
	2017	73.89	10,057.27	158	-	3.38

Rates:	
Dec 31, 2015 -	1\$ - 2,809.98 Uzbek soums
Dec 31, 2016 -	1\$ - 3,231.48 Uzbek soums
Dec 31, 2017 -	1\$ - 8,120.07 Uzbek soums



Table C

Services charges			
Type of activity	Type of services	Fee rates	Additional services for the clients
Investment intermediary	Purchase, sale, placement of securities. Market research. Registration of rights for securities, deposit, withdrawal, transfer of securities (the fee for registration of rights is not charged)	shares for UZS 0.2% - 3.45%	
		shares for US\$ 0.15% - 3.65%	
		bonds for UZS 0.383% - 3,998%	
		Registration of trades 0.2% - 3.8%	
Investment consultant	Support for issues of securities, placement of securities, transacting in securities. Consulting on corporate issues and reorganization of JSCs. Providing training in HTS (home trading system) and MTS (mobile trading system).		

Table D

Staff information			
Total number of employees *	Management	Name	Comments
7, out of which 4 persons have national stock exchange qualification certificates	General Director	Mr. Usmondinov Navoi	
	First Deputy	Mr. Mullodjanov Akhmadjon	
	Chief accountant	Ms. Tsoneva Nina	

\* Data shown as of 15 February 2018

Table E

Clients		
Categories	Number of clients	The biggest clients
Legal entities	340	Foreign clients from British Virgin Islands, Malaysia, Hong Kong, Russia, Canada, Scotland

#### 4. "Kapital-Depozit" LLC (investment intermediary)

Table A

General information	
Address	Bldg.25, Akkurgan street, Tashkent
Tel	(+998 71) 286 20 32
Fax	(+998 71) 286 20 31
E-mail	<a href="mailto:kapdepo@mail.ru">kapdepo@mail.ru</a>
Web-site	<a href="http://www.kapdepo.uz">www.kapdepo.uz</a>
Short-history	"Kapital-Depozit" LLC operates on the stock exchange market since 2005.

(thousand US\$)

Table B

Date of business start	Business information						
	Period	Authorized capital	Volume of transactions on the RSE "Tashkent"	Number of transactions	Assets under management	Total fees collected	Amount of funds in the Guarantee Fund of the RSE
2005	2015	643.34	3,616.75	159	-	8.09	1.09
	2016	746.69	19,928.02	534	-	57.68	3.11
	2017	274.28	4,871.31	198	-	34.54	4.18

Rates:	
Dec 31, 2015 -	1\$ - 2,809.98 Uzbek soums
Dec 31, 2016 -	1\$ - 3,231.48 Uzbek soums
Dec 31, 2017 -	1\$ - 8,120.07 Uzbek soums

Table C

Services charges			
Type of activity	Type of services	Fee rates	Additional services for the clients
Investment intermediary	Custody services	900\$ per annum	n/a
	Accounting transactions	0.1 - 1% depending on the amount	
	Brokerage services in UZS&foreign currency	0.15 – 5.0% depending on the amount	
	OTC market services (in UZS&foreign curr.)	0.15 – 5.0% depending on the amount	
	Issuance of certificates, statements	free of charge	
Investment consultant	Consulting services	about 3200 \$ per annum	
Managing company		Depends on agreement	

Table D

Staff information			
Total number of employees *	Management	Name	Comments
6	Director	Mr.Farrukh Rakhimjanovich	n/a

\* Data shown as of 13 February 2018

Table E

Clients		
Categories	Number of clients	The biggest clients
1. Legal entities, including	345	Local banks
foreign legal entities	22	Foreign clients from USA, Switzerland, Germany, Korea, UK and Russia
2. Individuals, including	2,744	n/a
foreign individuals	37	n/a

## 5. "Portfolio Investments" LLC (investment intermediary)

Table A

General information	
Address	Bldg.107, Mustakillik avenue, Mirzo-Ulugbek district, Tashkent
Tel	(+998 71) 267 01 02, 267 75 75
Fax	(+998 71) 267 75 75
E-mail	<a href="mailto:info@piamg.uz">info@piamg.uz</a>
Web-site	<a href="http://www.piamg.uz">www.piamg.uz</a>
Short-history	"Portfolio-Investments" LLC is established on May 25, 2012. The company received investment intermediary and investment consultant licenses in June-November 2012. In October 2014 received an asset management license.  Information exchange partnership with Thomson Reuters established in January 2016.

(thousand US\$)

Table B

Date of business start	Business information						
	Period	Authorized capital	Volume of transactions on the RSE "Tashkent"	Number of transactions	Assets under management	Total fees collected	Amount of funds in the Guarantee Fund of the RSE
May 25, 2012	2017	34.25	5,288.38	1,062	-	53.33	7.18

Rates:	
Dec 31, 2017 -	1\$ - 8,175.77 Uzbek soums

Table C

Staff information			
Total number of employees *	Management	Name	Comments
8, including 5 certified specialists	Director	Mr.Yakubov Munir	n/a

\* Data shown as of 14 February 2018

Table D

Services charges			
Type of activity	Type of services	Fee rates	Additional services for the clients
Investment intermediary	Brokerage services	from 0.15% to 3%	
	Depository services	from 0.0% to 5% depending on the type of the deal	Issuing a depository certificate
	Analytics	from 0 to \$10,000 depending on the type of analytics	Initial analytics is provided free of charge
Investment consultant	Consulting services on issuing, allocation of securities and trades	negotiable	Consulting services
	Consulting services on establishing a joint stock company in Uzbekistan	negotiable	Consulting services
	Consulting on preparing the internal documents of a JSC in compliance with the laws of Uzbekistan	negotiable	Consulting services
	Yearly consulting on the securities market	negotiable	Consulting services
Managing company	Management of securities and other types of investments	negotiable	Consulting services
	Consulting services	negotiable	Consulting services
	Analytics	negotiable	

Table E

Clients		
Categories	Number of clients	The biggest clients
1. Legal entities, including	n/a	JSC "O'zbekenergo" ("Uzbekistan energy"), JSC "O'zbekiston temir yo'llari" ("Uzbekistan railways"), Joint Stock Commercial Mortgage Bank "Ipoteka-bank", Joint Stock Company "Uzagrosugurta" Joint Stock Insurance Company "Alskom", Joint Stock Commercial "Aloqabank"
2. Individuals, including	n/a	n/a

## 6. "Tashkent Investment Complex" private enterprise (investment intermediary)

Table A

General information	
Address	Bldg.107, Mustakillik avenue, Mirzo-Ulugbek district, Tashkent
Tel	(+998 71) 286 44 22, (+998 90) 998 45 59
Fax	(+998 71) 286 44 22
E-mail	<a href="mailto:tashinvestkom@mail.ru">tashinvestkom@mail.ru</a>
Web-site	<a href="http://www.tashinvestkom.uz">www.tashinvestkom.uz</a>
Short-history	The company was established as a depositary company "Trepang" on July 16, 1996. In December 2009 the founder decided to change the name of the company to "Tashkent Investment Complex" LLC.

(thousand US\$)

Table B

Date of business start	Business information						
	Period	Authorized capital	Volume of transactions on the RSE "Tashkent"	Number of transactions	Assets under management	Total fees collected	Amount of funds in the Guarantee Fund of the RSE
July 16, 1996	2015	96.80	8,173.75	986	-	15.02	0.61
	2016	84.17	12,429.72	482	-	48.64	3.30
	2017	33.50	2,091.33	175	-	18.20	2.46

Rates:	
Dec 31, 2015 -	1\$ - 2,809.98 Uzbek soums
Dec 31, 2016 -	1\$ - 3,231.48 Uzbek soums
Dec 31, 2017 -	1\$ - 8,120.07 Uzbek soums

Table C

Services charges			
Type of activity	Type of services	Fee rates	Additional services for the clients
Investment intermediary	Custody services	according to the approved tariff	n/a
	Asserting rights for book-entry securities		
	Administrative operations (with the securities account)		
	Accounting transactions		
	Issuance of statements		
	Brokerage services in UZS&foreign currency OTC market services (in UZS&foreign curr.)		
Investment consultant	Consulting services	negotiable	

Table D

Staff information			
Total number of employees *	Management	Name	Comments
5	Director	Mr. Shin Alexander	Founder of the company, owner of 100% of interest
	Deputy Director	Mr. Frank Sergey	

\* Data shown as of 14 March 2018

Table E

Clients		
Categories	Number of clients	The biggest clients
1. Legal entities, including	5	JSC "Umetkombinat", JSCB "Savdogarbank", JSCB "Uzsanoatqurilishbank" JSC "Khorazm shakar"
foreign legal entities	1	Ancher Investments LTD (UK)
2. Individuals, including	10	n/a
foreign individuals	n/a	n/a

*Sources of information:*

1. Information provided with the official letter by the Centre for coordination and development of the securities market.
2. Centre for Coordination and Development of Securities Market, <https://csm.gov.uz/>, <http://openinfo.csm.gov.uz>
3. Republican Stock Exchange "Tashkent" [www.uzse.uz](http://www.uzse.uz); <https://www.uzse.uz/analytics>
4. State Enterprise "Central Securities Depository" <http://www.deponet.uz>
5. Center for Management of State Assets <http://www.csam.uz/>
6. "A draft concept of development of the financial market of the Republic of Uzbekistan for the medium and long term" as part of a draft resolution of the President of Uzbekistan "On measures to further develop the financial market of the Republic of Uzbekistan for 2017-2021", <https://regulation.gov.uz/ru/documents/1542>
7. "Countries with highest GDP growth 2017" by Maria Obiols, Global Finance magazine, <https://www.gfmag.com/global-data/economic-data/countries-highest-gdp-growth-2017>
8. "Modernization of Uzbekistan's securities market" by Gholib Alimov, JAIRO (Japan Institutional Repositories Online), <http://jairo.nii.ac.jp/0069/00027821/en>
9. "Investment potential of Uzbekistan Stock market" by OtabekNarziev (Jan.2018), [https://www.researchgate.net/publication/322518637\\_Investment\\_potential\\_of\\_Uzbekistan\\_Stock\\_marke  
t](https://www.researchgate.net/publication/322518637_Investment_potential_of_Uzbekistan_Stock_market)
10. Information on the public offering of JSC "Kvarts", <https://uzse.uz/ipos/14>



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「ウズベキスタンの証券市場」

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