



ENHANCING THE PERFORMANCE OF FINANCIAL MARKET PARTICIPANTS UNDER AN INNOVATION-DRIVEN ECONOMY BY FINANCING INVESTMENTS THROUGH SHARE ISSUANCE

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Abstract: *This article examines the issues of improving the efficiency of financial market participants' activities in the conditions of an innovative economy. Particular attention is paid to the significance of shares as one of the key sources of investment financing. The role of share issuance in the allocation of investment capital in accordance with the needs of enterprises is analyzed. Proposals are substantiated for improving the mechanism of formation and development of the securities market as an essential instrument for activating the work of its participants and ensuring sustainable economic growth.*

Keywords: *innovative economy, financial market, financial market participants, efficiency, share, capital, issuance, investment, source of financing, securities market.*

In the context of the transition of the national economy to an innovation-driven development path, increasing the efficiency of financial market participants becomes particularly important, as they serve as a key link in the system of mobilization and redistribution of financial resources. The financial market, which brings together issuers, investors, professional intermediaries, and regulatory institutions, ensures the flow of capital to the most promising and innovation-oriented sectors of the economy. Accumulated global and domestic experience shows that securities act as an effective tool for economic management, mobilizing temporarily free financial resources, and financing investments.

The circulation of securities forms the foundation of the financial market and significantly expands opportunities for attracting temporarily free funds from legal entities and individuals for investment in production under the conditions of an innovation-based economy. In the Republic of Uzbekistan, within the framework of the implementation of the “Uzbekistan – 2030” Development Strategy, special attention is paid to the development of the capital market, increasing the capitalization of the stock exchange, and enhancing the level of public participation in investment processes. In this regard, the activation of securities market development processes, improvement of the efficiency of its participants, and enhancement of mechanisms for equity-based investment financing represent one of the priority tasks of economic policy and form the basis of this study.

The efficiency of the financial market in an innovation-driven economy is largely determined by the quality of interaction among its participants—issuers, institutional and individual investors, investment intermediaries, depositories, registrars, and regulatory authorities. Mobilization of financial resources through the issuance of shares is one of the most widespread and effective forms of financing expenditures for the creation of new fixed assets, reconstruction and technical re-equipment of existing production facilities, modernization of equipment, introduction of innovative technologies, and expansion of production capacities.

The above-mentioned expenditures are generally capital-intensive, medium- and long-term in nature, and require substantial financial resources. That is why the issuance of shares is considered the most preferable form of financing the initial stages of capital investment, especially in innovative industries, where risks are high and traditional bank loans are not always accessible or economically feasible.

As is known, share capital can be formed through the issuance of two types of shares—ordinary and preferred. Potential buyers of issued shares may include customers interested in the products produced as a result of commissioning new capacities; external investors focused on return on investment, tax benefits, or capital

appreciation under conditions of limited leasing or restricted participation; institutional investors such as pension and investment funds and insurance companies; as well as individuals participating in the retail segment of the stock market. Share capital may be contributed in the form of cash investments, equipment, technologies, as well as in the form of the economic justification of a project.

The attractiveness of this source of financing is explained by the fact that the main volume of financial and other resources is provided by project participants during its implementation. At the same time, the use of this form allows the postponement of the repayment of principal debt obligations to a later stage, when the project's ability to generate income increases and projected capital expenditures and financing requirements become more accurate. Such an approach fully corresponds to the logic of an innovation-driven economy, where the time lag between capital investment and income generation can be quite long.

Improving the efficiency of financial market participants requires the enhancement of the institutional environment, the development of digital trading technologies, the expansion of financial instruments, increased transparency of issuers, and the protection of investors' rights. In the context of economic digitalization, new forms of market interaction are emerging—such as crowdfunding, asset tokenization, and digital platforms for initial public offerings—which significantly expand the possibilities of equity financing for innovation.

The main advantage of financing investments through the sale of issued shares is that it is effectively perpetual, unlike debt capital (bank loans), which must be repaid within a specified period. At the same time, investors who contribute their funds under such conditions should be granted broader rights to participate in enterprise management and in profit distribution in the case of ordinary shares, or to receive a guaranteed dividend (income) in the case of preferred shares. It is equally

important to ensure investors have the possibility to recover their invested funds by selling shares on the secondary market.

To achieve the ultimate goal of financing, an enterprise must address a number of challenges. First of all, this involves risk prevention: there is a possibility that the shares issued by the company will not be in sufficient demand on the market and that the issue will not be fully placed. As a result, the implementation of the investment project for which funds are raised may be put at risk, leading to difficulties in fulfilling obligations to holders of already placed securities, including dividend payments. In addition, enterprise managers are often concerned about the potential loss of control over the company after the issuance of voting shares. In most cases, these issues can be resolved through the development of a well-thought-out share placement strategy.

To improve the efficiency of financial market participants in an innovation-driven economy, it is necessary to develop and implement a set of measures:

- to ensure the attractiveness of issued shares for investors and their competitiveness among other financial instruments; at this stage, investor demand for shares is effectively designed, financial schemes for providing competitive returns on securities are developed, as well as a set of incentives that a specific issuer may offer to investors;
- to ensure the transparency of the joint-stock company, organize effective interaction with shareholders, and conduct a well-planned marketing and information campaign promoting the issuer, its products, and its securities;
- to organize the initial public offering of shares using all available forms, including public subscription and the involvement of underwriters; at the same time, a policy for the company's behavior in the market of its own securities is developed and implemented to ensure heightened investor interest specifically at the placement stage;

– to ensure regular dividend payments and active trading on stock exchanges, thereby forming sustained investor interest;

– to organize an efficient secondary circulation of securities, ensuring high-quality and accessible operation of the securities holders' register for market participants, providing market information through exchange quotations, and promptly satisfying supply and demand. The implementation of digital platforms and distributed ledger technologies significantly increases the speed and transparency of such operations.

Thus, the problem of mobilizing financial resources for investment can be effectively addressed by an enterprise in the stock market. Improving the efficiency of financial market participants in an innovation-driven economy is achieved through the enhancement of equity financing mechanisms, the digitalization of market infrastructure, strengthened investor protection, and the formation of a favorable institutional environment, which ultimately contributes to the acceleration of innovative development of the national economy.

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