International Journal of
Business Diplomacy and Economy

ISSN: 2833-7468
Volume 2 | No 11 | Nov -2023

Corporate Securities and their Determining Factors

Muratov Amir Timur ogli

3rd year student at Tashkent State University of Economics, Faculty of Finance and Accounting, Department of Finance and Financial Technologies

Abstract: The securities market differs from other types of markets in the specificity of its product. A security is a special kind of commodity. It expresses both the title of property and the right to receive income. This product, having no intrinsic value, can be sold at a high market price. This is due to the fact that the security (share) has its own face value and represents part of the real capital invested in industrial and other production.

Key words: corporate securities, factors, fictitious capital, financial investment, stock market, financial market.

Introduction: If market demand for a security is higher than supply, then the market value will exceed its face value. The possibility of a significant deviation of the market price from the nominal value means the emergence of fictitious capital. It is a paper double of real capital.

The price of fictitious capital is determined by two factors:

- ✓ the relationship between supply and demand for capital;
- ✓ the amount of capitalized income on equity securities.

The price of fictitious capital is directly proportional to the excess of demand for capital over its supply. It is inversely proportional to the excess of the supply of capital over its demand and the level of the bank interest rate in the country (on loans and deposits).

Therefore, the price of fictitious capital is subject to frequent market fluctuations. With the help of an issue-grade security (share), you can gain access to real property or ensure the transfer of this property from one owner to another.

From the above we can conclude that the stock market is a market for real existing capital (money and loans). At the macro level, it is used to regulate spontaneous economic processes in the national economy. This applies primarily to the process of investing capital. This process involves the transfer of capital into high-income sectors of the economy from low-income ones. As a result, the rate of return on invested capital is equalized. The mechanism of such capital movement is known: if the demand for certain goods increases, then, accordingly, their prices increase and profits from their production increase. In industries with the latest technologies, capital is flowing from less efficient areas of activity.

Main part.

Chain papers are the means to ensure the operation of this mechanism. With their help, free capital of corporations and citizens is mobilized and, through the purchase and sale of financial instruments, they are used in the direction necessary for society. As a result, an optimal structure of social production arises and a deficit-free economy is created. In this case, social production corresponds to the aggregate demand for goods and services. This is the main advantage of the financial market.

In practice, investor demand for securities is formed under the influence of the following factors:

- ✓ profitability - the ability to generate income in the form of dividends, interest and market value growth;
- ✓ level of risk – the likelihood of incurring certain financial losses;
- ✓ liquidity - the opportunity for the owner to receive funds for them.

The investor takes these factors into account when comparing with alternative options for investing his capital (investing money in a bank deposit account, purchasing goods and real estate, and so on).

In the process of financial investment, pricing factors can be divided into three groups:

- ✓ objective;
- ✓ speculative (market);
- ✓ subjective.

Objective factors manifest themselves at the macro and micro levels of the financial market. Macroeconomic factors include:

- ✓ stability and prospects for the development of the country's economy as a whole;
- ✓ the ratio between the share of consumption and accumulation in the gross domestic product (GDP);
- ✓ the amount of public debt (external and internal) and its share in GDP;
- ✓ tax burden on corporations and interest rates;
- ✓ inflation rate in the country;
- ✓ exchange rate of the national currency in relation to stable foreign currencies;
- ✓ the extent to which corporations use equity securities to mobilize capital for production development, and others.

Objective macroeconomic factors are influenced by the use of real capital underlying a specific issue of corporate securities (the need to update fixed capital, the financial stability and solvency of the corporation, the level of its profitability, the prospects of the industry in which it operates, etc.).

The speculative (market) factors include the following:

- ✓ volume of "program" trading in securities;
- ✓ the state of the short total position on the stock market;
- ✓ corporations buying up their shares.

Program trading determines the possibility of profiting from the difference between changes in stock prices and the prices of futures contracts for them. This factor introduces additional instability into stock trading. The impact of "program trading" can become so significant that it exceeds the impact of all objective factors. This situation occurs in stock trading when market prices for shares significantly exceed their actual value, which causes a drop in demand for them. Such developments often lead to stock market crises. The short total position reflects the total volume of shares sold for the period. If this indicator is too high, it means that many investors are simultaneously bullish on the stock price. The presence of such a situation introduces additional instability into exchange trading in equity securities. The purchase of shares by corporations indicates a desire to improve their financial position (especially in the context of a possible takeover) or the desire of the owners of a controlling stake to strengthen their influence in the corporation. In any case, this factor can significantly affect the stock price.

Subjective factors are diverse. Conventionally, they can be divided into three related groups:

- ➢ with technical aspects of the functioning of the financial market;

- methods of financial analysis of corporate securities (fundamental or technical analysis);
- positions and opinions of leading financial managers and analysts of corporations, stock exchanges, large banks and other institutional participants in the securities market.

Thus, in the process of financial investment, it is necessary to take into account the influence of objective and subjective factors on the dynamics of the market value of equity securities, their profitability, safety and liquidity. Even in conditions of state regulation of the economy and exchange operations, the rate of corporate securities is an important integral indicator (indicator) for analyzing and assessing the business situation in the financial market.

Legal regulation of the stock market.

An important place in the system of state regulation of the economy is occupied by the legal regulation of the primary and secondary securities markets. Measures of government influence on transactions carried out on the stock market can be divided into two groups:

1. direct intervention. This includes the entire range of legislative activities of representative and executive authorities on this issue (the presence of a package of laws regulating the activities of stock market participants);
2. indirect impact measures:

- control over the money supply in circulation and the volume of credit resources using the discount rate of bank interest, mandatory reserve ratios established for commercial banks, and others;
- tax policy relating to the taxation of transactions with securities;
- guarantees of the Government of the Russian Federation for loans, deposits and loans to the private sector;
- foreign economic policy (creation of a development bank to finance high-tech exports);
- the state’s entry into the stock market by issuing federal and subfederal bonds and others.

Legal regulation of the stock market is carried out based on the requirements of federal laws.

The state regulates the securities market through:

- establishing mandatory requirements for the activities of issuers, professional market participants and its standards;
- state registration of the issue (additional issue) of issue-grade securities and prospectuses of these securities and control over the fulfillment by issuers of the conditions and obligations stipulated therein;
- creating a system for protecting the rights of securities owners and monitoring compliance with their rights by issuers and professional market participants;
- certification of specialists for the right to conduct transactions with securities;
- licensing the activities of professional stock market participants;
- prohibition and suppression of the activities of persons carrying out entrepreneurial activities in the securities market without an appropriate license.

Conclusion:

All types of professional activities on the stock market, provided for by state legislation on securities, are carried out on the basis of a special permit - a license. The activities of professional participants in the securities market are licensed by three types of licenses: a professional participant license, a license to carry out activities for maintaining a register of owners, and a stock exchange license. The authorities that issued licenses monitor the activities of professional participants in the stock market and decide to revoke the issued license in case of violation of state legislation on securities.

References.

1. Galanov V.A. Stocks and bods market. M.: Infra - M. 2007. 384 p.
2. Rubtsov B.B., Modern stock markets. M.: Alpina - 2007, 926 p.
3. Lukashov A.V., Mogin A.E. IPO from I to O: A manual for financial directors and investment analysts. - M.: Alpina Business Books, 2007. - 257 p.
4. Brealey, Richard A. Principles of corporate finance / Richard A. Brealey, Stewart C. Myers, Franklin Allen. - 10th ed. McGraw-Hill/Irwin. 2013.- 969 p.
5. Gurikova, G.V. Features of the development of exchange trading / G.V. Gurikova // Efficiency of the sphere of commodity circulation: collection of conference proceedings - Minsk, 2018 - pp. 25-28.
6. Boslovyak, S.V. Corporate bonds in the investment banking system / S.V. Boslovyak // Bulletin of Polotsk State University. – Series. Economic and legal sciences. – 2018 - No. 13 – P. 95-99.
7. International Monetary Fund [Electronic resource]. – Access mode: http://www.imf.org. – Access date: 02/05/2019.
8. Sklyarenko I.A. Government securities as a form of public debt / I.A. Sklyarenko // Theoretical and practical aspects of modern science: material of the international scientific practical conference - M., 2018 - pp. 171-174.
9. Мамажонов, А. Т., & Қодиров, Ш. Қ. (2022). ЗАМОНАВИЙ ТАЪЛИМ ВА ИННОВАЦИОН ТЕХНОЛОГИЯЛАР СОҲАСИДАГИ ИЛҒОР ХОРИЖИЙ ТАЖРИБАЛАР: КЕЙС-СТАДИ. Academic research in modern science, 1(10), 4-8.
10. Мамажонов, А. Т., Юлдашев, Б., & Фозилжонов, И. С. (2016). ВЗАИМОСВЯЗЬ БУХГАЛТЕРСКОГО УЧЕТА И ЭКОНОМИКИ ПРЕДПРИЯТИЯ. ИННОВАЦИОННАЯ ДЕЯТЕЛЬНОСТЬ: теория и практика, (6), 17-21.
11. Юлдашев, Б. Т., Мамажонов, А. Т., Фозилжонов, И. С., & Одилов, Ш. Х. (2016). ОРГАНИЗАЦИЯ АУДИТА НЕМАТЕРИАЛЬНЫХ АКТИВОВ. Экономика, социология и право, (6), 44-46.
12. Мамажонов, А. Т., Юлдашев, Б., & Фозилжонов, И. С. (2016). ВЗАИМОСВЯЗЬ БУХГАЛТЕРСКОГО УЧЕТА И ЭКОНОМИКИ ПРЕДПРИЯТИЯ. ИННОВАЦИОННАЯ ДЕЯТЕЛЬНОСТЬ: теория и практика, (6), 17-21.
13. Мамажонов, А. Т., Фозилжонов, И. С., Хакимов, Ш. Т., & Исамов, С. М. (2016). Методика формирования затрат и распределения прибыли в фермерском хозяйстве в Узбекистане. Высшая школа, (1), 9-11.
14. Мамажанов, А. Т. (2012). Фермер хўжаликларида ишлаб чиқариш харажатлари таҳлилини ахборот манбаси масалалари. Экономика и финансы (Узбекистан), (5), 68-73.
15. Turgunovich, M. A. (2023). THEORETICAL ASPECTS OF THE CONCEPTUAL BASIS OF FINANCIAL REPORTING AND PRESENTATION. Central Asian Journal of Theoretical and Applied Science, 4(4), 69-73.
16. Mamajonov, A. T., & Hosilov, A. A. (2023). Замонавий Таълим Ва Инновацион Технологиялар Соҳасидаги Илғор Хорижий Тажрибалар: Кейс-Стади. Academic Integrity and Lifelong Learning, 29-32.
17. Мамажонов, А. Т., Юлдашев, Б. Т., Фозилжонов, И. С., & Эркинбоев, М. Р. (2016). Вопросы оценки нематериальных активов и их классификация. Экономика, социология и право, (6), 22-26.
18. Turgunovich, M. A., Shodimukhamedovich, X. M., & Khasanaovich, K. K. (2022). IMPROVING THE ORGANIZATION OF MANAGEMENT ANALYSIS IN AGRICULTURE. International Journal of Early Childhood Special Education, 14(3).