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“UZBEK REPUBLICAN CURRENCY EXCHANGE” JSC

Contents:

About Exchange 2

Main results of the activity 4

Address of the Chairman of the Supervisory Board 5

Address of the General Director 7

Mission, Vision and Goals 10

Main goals and objectives for 2023 12

Development strategy for 2023 13

Implementation of the Development Strategy 15

International cooperation 20

Main events 23

Financial results overview 25

- Statement of comprehensive income (profit and loss) 26
- Operation results 29

Markets overview 30

- Currency market 32
- Money market 34
- Government bonds market 37

Compliance control and anti-corruption 41

Public communications and media relations 42

Human resources policy 43

Corporate governance 47

About UZCE

General information

“Uzbek Republican Currency Exchange” JSC (hereinafter referred to as UZCE) was established on May 12, 1992 and is the largest multifunctional exchange platform in the country, providing a full range of exchange services, including the organization of trading in the foreign exchange, money, government bonds and derivatives markets, as well as pre-trading and post-trading services.

The universal trading and software complex of UZCE provides trading participants and investors with a wide range of trading strategies, which makes it possible to actively conduct operations on various exchange markets with a diversified range of exchange instruments and creates favorable conditions for liquidity management and the implementation of investment strategies.

As of January 1, 2024, 34 professional participants of the capital market, including 31 commercial banks and 2 brokerage organizations of the Republic of Uzbekistan, were members of UZCE.

UZCE carries out its activities in accordance with the Laws of the Republic of Uzbekistan "On Joint-Stock Companies and Protection of Shareholders' Rights", "On Exchanges and Exchange Activities" and other legislative acts, as well as on the basis of license No. 1 dated July 10, 2018, issued by the Central Bank of the Republic of Uzbekistan.

A license to carry out the activities of a currency exchange gives the right to organize trading for the purchase and sale of foreign currency, government bonds, derivative financial instruments (derivatives) and for the conclusion of other exchange transactions related to them, as well as the organization of the interbank money market, credit and deposit auctions of the Central Bank of the Republic of Uzbekistan with commercial banks.

UZCE, being a center of liquidity in the national currency and the main platform for attracting financial resources, occupies a leading position in the republic in terms of trading volumes in exchange instruments. Currently, more than 18 instruments are traded in various segments of the UZCE exchange market.

UZCE is the founder of National Clearing Center JSC and owns 100% of the shares of the company, which performs the functions of a clearing organization and a central counterparty on exchange markets.

There are four markets on the Exchange: FX and Money Markets, as well as government bonds and derivatives markets.

The currency market covers interbank trading for the purchase and sale of foreign currency, as well as currency auctions held by the Central Bank.

The money market includes the interbank deposit market, deposit and credit auctions of the Central Bank with commercial banks, currency swap and repo operations.

Primary auctions and secondary trading of state treasury bills and bonds of the Ministry of Economy and Finance of the Republic of Uzbekistan, as well as Central Bank bonds were organized in **the government bonds market**.

In the derivatives market, the two-way continuous auction (matching) method is used to trade settlement currency futures contracts, the underlying asset of which is the exchange rate of the US dollar against the sum.

The integration of several exchange segments on one trading platform, as well as the availability of a modern trading, clearing and settlement infrastructure of its own design (in-house), which meets international standards and ensures the continuity of trading, is a competitive advantage of building an exchange trading system of UZCE.

Post-trade services of UZCE include clearing and settlement, storage of government bonds and depository accounting of rights to them.

Post-trade services at UZCE are provided by UZCE's own settlement, clearing and depository system, which ensures the speed and continuity of their implementation, while in many jurisdictions settlement, clearing and depository services are provided by separate organizations. The UZCE settlement system is built on modern software infrastructures and allows to instantly carry out settlement operations.

Main results of the activity

Trading participants/ UZSE members	Markets/ tools		2021		2022		2023		Income structure in 2023
			Trading volume (trln. UZS)	Fee revenue (bln.UZS)	Trading volume (trln. UZS)	Fee revenue (bln.UZS)	Trading volume (trln. UZS)	Fee revenue (bln.UZS)	
35 commercial banks	**Currency market**	Spot operations with: USD/UZS, EUR/UZS, RUB/UZS, CNY/UZS	217,76	58,73	▲55,30% 338,18	▼2,46% 57,29	▲35,43% 458,00	▲28,02% 73,35	Commission fees: **91,41 billion UZS**
2 investment companies	**Money market**	Inter-dealer swap transactions with: UZS, USD, EUR, RUB, CNY	143,27	2,15	▲89,38% 271,31	▲58,25% 3,40	▲77,99% 482,90	▲97,58% 6,72	Interest income: **8,21 billion UZS**
		Central bank swap auctions							
		Interbank money market							
		Central bank deposit auctions							Other income: **0,20 billion UZS**
		Repo operations of the Central bank							
		Inter-dealer repo transactions with government bonds							
	Debt market	Treasury bills and bonds issued by the Ministry of economy and finance	28,18	5,51	▲245,22% 97,29	▲245,00% 19,01	▼39,78% 58,59	▼40,31% 11,34	Total in 2023: **88,11 billion UZS**
		Central bank bonds							
	Derivatives market	Currency futures contracts					0,04		

Note: change from the previous period.

Address of the Chairman of the Supervisory Board of “Uzbek Republican Currency Exchange” JSC

Dear Shareholders,

I present to your attention the annual report of “Uzbek Republican Currency Exchange” JSC for 2023.

In 2023, UZCE continued to work within the framework of the Development Strategy for 2019-2023, ensuring the high-quality fulfillment of its obligations to trading participants and providing them with profitable and attractive trading strategies and conditions.

In the reporting year, a subsidiary of National Clearing Center JSC was established under the foundation of UZCE, and an effective risk management system was built. To date, the central counterparty is successfully operating in almost all exchange segments of UZCE, active work is underway to bring its services in line with the best international practices and standards.

Further improvement of the settlement and clearing infrastructure as a key element of the exchange ecosystem is a particularly important area of UZCE's development.

Thanks to the active work of the UZCE team on the introduction of innovative exchange trading mechanisms, as well as due to the growth of activity of our market participants in the reporting year, UZCE managed to achieve sustainable growth, as well as record high quantitative and qualitative indicators.

Thus, the volume of exchange trading in 2023 reached its maximum value and amounted to **999.52 trillion UZS**, and the net profit of UZCE reached **59.66 billion UZS**, an increase of **20.36 billion UZS** or 151.80% compared to the business plan for 2023.

UZCE's net profit at the end of 2022 was used for distribution among shareholders as dividends and to replenish the Guarantee Fund for the fulfillment of obligations under transactions concluded at UZCE auctions.

The successful activities of UZCE were carried out with the active participation and direct role of the Supervisory Board, which maintained a balance of interests of shareholders, customers and partners in the activities of UZCE.

As in previous years, the priority tasks of the Supervisory Board were to maintain the sustainable development of the organization, ensure the reliability and continuity of its activities.

A number of important decisions were considered and made aimed at further improving the quality of services provided, improving exchange trading mechanisms and information technologies, increasing the level of information security, improving corporate culture in order to increase the initiative and responsibility of employees.

Particular attention was paid to the organization of the activities of the National Clearing Center, issues of strengthening the risk management system (default management) and compliance control of UZCE in the field of anti-corruption and antitrust compliance were considered.

The Supervisory Board has done some work to comply with the requirements of the legislation in the management of UZCE as a joint-stock company, as well as to implement measures within the framework of the Development Strategy.

The Annual General Meeting of Shareholders for 2022, which was held on May 23, 2023, heard reports from the Supervisory Board and the Executive Body, and made relevant decisions aimed at developing and expanding the business.

In the coming year, as part of measures to further diversify exchange instruments, attract a wide range of investors to the exchange markets, work will continue to establish contacts with foreign custodian banks and investors, ensure their participation in the government bonds market and introduce modern settlement mechanisms in accordance with international standards with the connection of UZCE to the SWIFT system.

In 2024, work will continue on further automation of all areas of exchange activities, bringing trading and software complexes in line with the best world practices and international standards.

In conclusion, I would like to thank the shareholders, customers and partners for their support and fruitful cooperation, the UZCE team for their hard work and loyalty, responsible approach to the tasks set and the results achieved in 2023.

B. Abubakirov

Chairman of the Supervisory Board of UZCE

Address of the General Director

Dear shareholders and colleagues,

The directions of development of UZCE in 2023 were determined taking into account the current trends in the development of the exchange market, including the improvement of information and communication technologies, the introduction of new exchange trading mechanisms, as well as an effective risk management and compliance control system.

As a result of the further development of exchange markets, we have achieved a record increase in exchange trading volumes, while ensuring high-quality and stable provision of services.

The positive statistics are associated with both the growth of volumes and the activation of participants in the use of a diversified line of exchange instruments, as well as the creation of favorable conditions and the provision of new trading strategies for our participants.

Today, UZCE is the undisputed center of liquidity and the main trading platform for attracting resources, as evidenced by a significant increase in trading volumes in the reporting year.

Cumulative trading volumes in 2023 reached their all-time high of **999.52 trillion UZS**. At the same time, volumes in the currency market exceeded the indicators of 2022 by 35.43%, and in the money market by 77.99% and reached **458.00** and **482.90 trillion UZS** respectively. Trading volumes in the debt market amounted to **58.59 trillion UZS**.

In 2023, UZCE continued to operate within the framework of the Development Strategy for the period 2019-2023, which provides, among other things, for the further development of exchange services, the expansion of the line of exchange products, the client base by attracting representatives of the insurance and investment business to the exchange markets, improving the competence of the organization's employees and exchange market participants.

In the reporting year, for the first time in the country, under the establishment of UZCE, a clearing center with the status of a central counterparty contributed to the further development of an effective default management system at UZCE and the expansion of risk management mechanisms.

The activities of the National Clearing Center JSC as a central counterparty are designed to help reduce infrastructure risks and costs for exchange market participants, create conditions for centralized clearing of a wide range of financial instruments, including over-the-counter ones, as well as attract new participants to the capital market.

It should be noted that one of the factors of the successful operation of the organization is also the HR strategy adopted at UZCE and the personnel policy aimed at creating the necessary conditions for unlocking the versatile potential of employees, their constant professional development, as well as attracting experienced and young professionals to the organization.

In this area, in the reporting year, work continued on the introduction of a multi-stage personnel selection system, including the development and implementation of a comprehensive system for the selection and hiring of employees, as well as a system for their assessment and incentives.

In the field of international relations, UZCE develops cooperation with leading foreign exchanges and international financial institutions, including in the areas of development of exchange activities, improvement of corporate governance, information technology and risk management system.

In the reporting year, UZCE took part in a number of prestigious international events, during which an exchange of views and best practices took place on expanding the range of exchange instruments, developing information technologies, creating favorable conditions for participation in auctions for professional participants and investors, simplifying the terms of membership and access to trading, and discussed opportunities for further cooperation.

In 2024, UZCE will continue to work in accordance with the strategic directions of development in order to achieve operational efficiency, increase competitiveness and improve the position of UZCE in the domestic and international markets.

As the main participant in the capital market infrastructure, UZCE will pay special attention to the development of new advanced technologies, further automation of business processes and exchange trading through the widespread use of modern and reliable information and communication technologies of its own development based on international standards.

Among the key areas of activity development, where our efforts will be concentrated, we highlight the areas of advanced training of the organization's employees, including in the field of corporate governance, risk management, IT technologies and programming, improving the system of training and succession of personnel, organizing the training of promising young specialists.

We are actively working to improve financial literacy together with professional participants of the exchange market and the media, using various forms of cooperation - speeches and publications in newspapers and social networks, television programs, seminars, webinars dedicated to various aspects of the exchange market.

As part of measures to improve financial literacy, UZCE has introduced a practice that provides for the systematic placement of video trainings, educational infographics, webinars and educational video lessons on exchange trading for traders.

In this context, work is also underway to further develop the activities of the Educational Center of the UZCE, with the involvement of the teaching staff of the leading higher educational institutions of the country, as well as specialists in the exchange and banking and financial spheres. It is also planned to introduce the practice of internships for students and interns at UZCE to familiarize themselves with the specifics of exchange activities, the mechanism for conducting exchange trading, including on an exchange simulator.

In 2023, we began drafting a new medium-term Development Strategy, which is expected to be approved in 2024. This strategy will provide for the further development of the main areas of exchange activities, including the expansion of the range of exchange services, the wide attraction of foreign investors and individuals to the exchange markets of UZCE, the introduction and development of new software products of UZCE, and others.

Providing high-quality services and providing all our participants with equal conditions and access to the exchange infrastructure is our priority, the relevance of which remains from year to year.

I would like to express my gratitude to all shareholders and partners for their support, trust and effective cooperation, to the employees for their efforts and well-coordinated work, for their contribution to the development of the exchange market, which made it possible to achieve significant results in 2023.

Rashid Usmanov
UZCE General Director

Mission, Vision and Goals

The mission of UZCE is to promote stable growth and restructuring of the country's economy by introducing new opportunities for exchange trading and the formation of a reliable, transparent and innovative exchange market for the development of a favorable investment environment.

The vision of UZCE is a multifunctional and high-tech exchange platform that provides reliable and transparent access to a wide range of exchange instruments and services for all exchange market participants.

The purpose of UZCE is to create conditions for the further development of exchange trading, ensuring the growth of the volume and liquidity of the exchange market, as well as to assist the regulator in conducting an effective monetary and foreign exchange policy through the introduction of high-tech infrastructure and a wide range of exchange instruments.

The corporate values of UZCE are

Personnel:

- Teamwork, team cohesion
- Mutual respect and mutual assistance between employees
- Taking care of employees and their further development
- Mutual trust

Quality of work and innovation:

- Discipline (executive discipline and ethics)
- Decision-making based on comprehensive analysis
- Implementation and development of innovations

Customer focus:

- Technology serves the interests of the customer first and foremost
- Creating conditions for investing
- Customer trust
- Knowing and understanding the customer

Main objectives of UZCE:

- ensuring the organization and regulation of exchange markets, quotation of exchange instruments on the basis of supply and demand;
- making a profit from financial and economic activities in the interests of UZCE and its shareholders;
- creation of equal conditions for all participants of exchange markets, ensuring freedom of pricing and transparency of exchange trading;
- developing infrastructure to provide efficient and reliable services to trading participants.

To achieve its goals, UZCE carries out activities in the following areas

- Organization and holding of:

  - interbank exchange trading for the purchase and sale of foreign currency;
  - primary placement and secondary trading of government bonds;
  - interbank trades to attract and place funds of commercial banks;
  - deposit auctions of the Central Bank with commercial banks;
  - exchange trading in derivatives.

- storage of government bonds and accounting of rights to them;
- clearing and settlement of exchange transactions in national and foreign currencies;
- quotation (price determination) of exchange-traded instruments based on the ratio of their supply and demand;
- formation of exchange market indicators and their regular publication on the official website of UZCE and social networks;
- development of exchange trading rules mandatory for UZCE members, as well as standard contracts and standard forms of documents for the execution of concluded transactions;
- creation of conditions for maintaining a high level of professional qualification of traders;
- providing exchange trading participants with information on the results of trading, providing them with the necessary consulting and other types of services;
- development and implementation of trade, software and automated complexes for the effective operation of the UZCE.

Main goals and objectives for 2023

The main goals and objectives, as well as the priority areas of activity of UZCE for 2023 are determined in accordance with the Charter, the Development Strategy and the Corporate Governance Code, as well as taking into account the potential capabilities of the organization and factors that can affect the further development of the organization as a whole.

The main objectives of UZCE activities for 2023 were identified as the following:

creation of conditions for the promotion of existing and the introduction of new exchange instruments;

implementation of measures to further improve information and communication technologies and exchange infrastructure as a whole, further development of post-trade services;

maintaining a positive and balanced growth rate of trading volumes in all UZCE markets;

optimization of business processes through the introduction of advanced corporate governance methods;

taking the necessary measures aimed at achieving high financial performance and optimizing costs;

implementation of a set of measures to improve risk management processes;

development of a sustainable system of staffing, advanced training of specialists;

further development of cooperation with foreign partners within the framework of signed Memorandums of Understanding and Cooperation, establishment of relations with new potential partners;

carrying out activities in the field of development of communications and public relations.

Development strategy for 2023

In order to further improve exchange activities, including the creation of conditions for the ***promotion of existing and the introduction of new exchange instruments***, based on the potential capabilities of the organization, the following measures were envisaged:

diversification of exchange instruments of the currency market, providing for the organization of trading with various currency pairs, including with the participation of the national currency;

preparation of trading systems for the introduction of new exchange instruments with different currencies;

creation of conditions for further promotion of the currency swap instrument and provision of new strategies for it to the market;

further popularization of repo, including inter-dealer, direct and reverse repo, introduction of a "repo basket" on the UZCE platform in the context of standardized terms;

increasing the frequency and volume of government bonds issues with different maturities to form a "benchmark" of the money market;

application of margin trading mechanisms (initial margin, haircut, mark-to-market);

creation of the necessary conditions for the promotion of market data, including through Refinitiv and Bloomberg platforms;

introduction and development of market makers activities in all segments of UZCE, as the main participant in exchange trading, improvement of market-making programs;

ensuring effective feedback and further interaction with exchange trading participants (consulting and improving financial literacy).

Development of information and communication technologies

As part of the implementation of the Development Strategy in the direction of innovation and technological modernization, the following activities were planned, among others:

continuation of work on the automation of business processes and exchange trading through the widespread use of modern information and communication technologies;

introduction of modern information and communication technologies to automate the processes of forming, receiving and sending documents on exchange trading;

organization of new electronic trading platforms and development of advanced technological solutions in accordance with the best world practices, in connection with the introduction and development of new exchange instruments;

bringing information technologies and information security systems in line with international standards, ensuring the achievement of high fault tolerance of the exchange infrastructure as a whole;

wide application and further development of modern web technologies, in particular, web services and mobile applications;

implementation of market data products.

Further development of post-trade services

In this direction, in order to create a stably functioning, high-tech settlement and clearing division that meets international standards, organizational work was provided for the creation of a settlement and clearing center with the formation of a legal entity and with the status of a central counterparty.

In order to further develop settlement and clearing activities, the Strategy provided for the opening of a correspondent account of the clearing center with the Central Bank for the purpose of uninterrupted settlement and clearing operations based on the results of exchange trading.

For the further development of settlement and clearing activities, the introduction and development of a risk management system, as well as the development of new software and technological complexes in this area, the formation of the necessary regulatory framework was also planned in 2023.

Implementation of the Development Strategy in 2023

During the reporting period, significant work was done to further develop the activities of UZCE, improve the exchange infrastructure.

In order to ensure effective operations and optimize business processes, UZCE has implemented a quality management system in accordance with the international standard ISO 9001:2015.

In February 2023, based on the results of the re-certification audit conducted by CERT International, UZCE updated the certificate confirming the compliance of the quality management system with the requirements of the international standard ISO 9001:2015.

The auditors of CERT International LLC, who conducted the assessment, noted that the quality management system at UZCE is fully effective and all conditions have been created for its maintenance in proper condition and its further development.

Also, in the reporting year, UZCE received the international LEI (legal Entity identifier), which is a unique code assigned to a legal entity in accordance with the international standard ISO 17442 and created on the basis of data that allows accurate identification of legal entities involved in financial transactions.

Obtaining an international LEI code is an intermediate stage in the process of registration in the SWIFT network and obtaining a SWIFT code.

In addition, on the UZCE debt market in 2023, government bonds were placed for the first time in the T+2 settlement mode. Under this regime, it is provided that the final settlements on government bonds purchased at the auction are made on the second trading day following the day of transactions.

Also, in this market, ICBC (China), Bank of Georgia (Georgia) and other trading participants have helped to raise a number of large foreign investors, purchasing government bonds through local dealers at initial auctions.

In 2023, the first market makers also began their activities in the government bonds market. In accordance with the relevant decision of UZCE, the status of a market-maker in the secondary market of government bonds and repo with government bonds was assigned to primary dealers – “ASIA ALLIANCE Bank” JSCB, “Uzsanoatqulishbank” JSCB, “Ipak Yuli Bank” JSICB, “Turonbank” JSCB and “Halk Banki” JSCB.

These commercial banks began to perform the functions of market makers from February 1, 2023.

In addition, in order to further improve the settlement system for exchange transactions, in the reporting year, UZCE specialists introduced an innovative product

"One click" - a unique system for automating the process of generating and transferring payment documents for repo transactions with government bonds.

Thanks to this system, the processes of mutual settlements have been significantly simplified, and as a result of transactions, the funds of the buyer of securities are automatically withdrawn from his account and within a few minutes are transferred to the account of the seller of securities.

Measures to further develop the activities of the central counterparty as a key infrastructure element

It should be noted that the activities of the central counterparty, which is currently successfully operating in the currency and derivatives markets, make it possible to reduce the credit risk of trading participants, guarantee the completion of settlements on exchange transactions, and reduce transaction costs through cross-margining and netting.

In order to further improve the exchange infrastructure and bring the activities of the central counterparty in line with the best international practices and standards, to create a stably functioning, high-tech settlement organization, on November 7, 2023, in pursuance of the Decree of the President of the Republic of Uzbekistan dated September 2, 2023 No. PP-291 "On additional measures for the development of the capital market", under the foundation of UZCE, National Clearing Center JSC (NCC) was established. whose activities as a central counterparty and for the implementation of centralized clearing are regulated by the Central Bank.

In addition, in order to organize the effective operation of NCC, further improve the depository system for government bonds, as well as create favorable conditions for participants in the government bonds market and investors, work began in the following areas:

opening of a correspondent account of National Clearing Center JSC with the Central Bank and real-time settlements (RTGS);

organization of the activities of the central counterparty in all markets of the UZCE, implementation and improvement of the default management system;

introduction of the function of a foreign nominee holder, including a custodian, into the software of the UZCE depository system, which provides storage, accounting and calculation of government bonds;

abolition of requirements for pre-deposit of securities and cash when making transactions with government bonds and introduction of risk management practices as part of a new settlement (clearing) model;

distribution of market data to third parties using the FIX Protocol or a standardized API by relaying market data through Bloomberg, Refinitiv, Cbonds and other vendors as well as creating opportunities to accept trade orders from foreign investment intermediaries in domestic systems, including order management systems (OMS).

At the same time, the strategic objectives of the National Clearing Center JSC are to provide integrated clearing services in accordance with international best practices, providing for the use of a single collateral pool and the maintenance of common positions (limits) of participants while servicing them on all exchange segments.

In order to maintain stability in the serviced segments of the exchange market and to guarantee the execution of concluded exchange transactions, it is planned to further expand the guarantee fund at the expense of mandatory contributions of clearing participants, a share of commission fees and UZCE's own funds.

In addition, by integrating with the National Information Base of Bank Depositories and the NARGIS Interbank Payment System, opening a correspondent account with the Central Bank and other banks, as well as connecting to the SWIFT network, active work is underway to modernize the existing settlement system of the UZCE "Settlements" into the automated banking system of the National Clearing Center JSC, integrated into the interbank payment system of the Central Bank.

Along with this, the planned measures to modernize the depository system of UZCE "DepoMax" are designed to create technological opportunities to cover a single database of depositors (clients) of UZCE and the Central Securities Depository, as well as to maintain a single database of equity securities covering government bonds, corporate and other types of bonds.

In this context, UZCE has created the necessary conditions for opening foreign nominee accounts, a direct individual account and an omnibus account in the UZCE depository system, thereby providing an opportunity for foreign nominee holders to participate in auctions with government bonds, including in repo transactions.

In addition to the above, as part of the implementation of the UZCE Development Strategy, in order to create additional convenience for trading participants, attract liquidity to the exchange markets, during 2023, UZCE did significant work, including:

Currency market

In this direction, work continues on the further development of the currency market, including:

projects of market-making programs for instruments have been developed in order to create sufficient liquidity in the currency market (euro, yuan, ruble) and increase trading volumes;

the terms and conditions of the existing market-making programs in the FX spot market were revised, and drafts of relevant amendments and additions to these programs were developed.

work is underway to create conditions for the introduction of trading with the participation of KZT/UZS, EUR/USD, EUR/RUB, USD/RUB, USD/KZT, USD/CNY, RUB/CNY, RUB/KZT currency pairs;

measures are taken to organize off-system trading on the currency spot and swap markets on the basis of a request for quotation (price) order (RFQ);

drafts of amendments and additions to the trading rules and specifications have been developed in order to introduce currency futures contracts with an expiration period of 6, 9 and 12 months.

Debt market

In 2023, certain work was also carried out to further develop the government bonds market as an important link in the structure of the country's capital market.

In order to further develop the market, activate trading participants and increase market liquidity, the activities of primary and secondary dealers have been introduced, a unified procedure for simplified admission of members of the "Toshkent" republican stock exchange to UZCE members has been approved on the principle of mutual recognition of members of the two exchanges.

As part of the implementation of measures to attract representatives of the insurance business, investment funds, pension funds and other large corporate legal entities to the government bonds market, a draft amendments and additions to the "Procedure for membership in UZCE JSC" was developed.

In addition, in order to maintain sufficient liquidity in the government bonds market, in January-February 2023, agreements were signed with 5 primary dealers to carry out market making activities in the government bonds market.

By the decision of the General Meeting of Shareholders, the Stock Market Trading Division was established in the structure of the Exchange Trading Department of UZCE, with a staff of 3 people.

Also, in order to introduce a mechanism for the formation and subsequent announcement of dealer ratings and their stimulation in the government bonds market, to bring the results of the rating to the general public through the corporate website and pages in social networks (Facebook, Instagram, Telegram), a draft of the relevant "Regulation on the procedure for determining the rating of UZCE members" has been developed.

Money market

In order to further develop the interbank money market and increase the volume of trading on UZCE, certain work is being carried out in the following areas:

organization of off-system trading of the interbank money market on the basis of an RFQ (Request for quotation) in the form of a continuous auction and using secure chat;

creation of conditions for the placement and attraction of funds in foreign currency on the interbank money market and the announcement of indicators for them in the context of standard terms;

implementation of system and off-system swap operations with the central counterparty;

arrangement of swap operations with the participation of EUR/USD, EUR/RUB, USD/RUB, USD/CNY, USD/KZT and RUB/KZT currency pairs;

introduction of market-maker activities and market-making programs in the swap market;

further improvement of clearing mechanisms for REPO transactions, including netting and gross settlements;

implementation of an effective risk (default) management system;

transfer of market data on swap transactions through the Bloomberg L.P. and Refinitiv platforms.

Derivatives market

In the reporting year, work began in this segment in the following areas:

implementation of liquidity provider activities;

organization of trading with the participation of such currency pairs as EUR/USD, CNY/UZS and others;

creation of an opportunity for all members of the exchange (including investment intermediaries) to participate in trading in derivatives instruments;

organization of trading in futures contracts for the yield of government bonds, money market interest rates, as well as other indicators and stock indices.

International Cooperation and Communication

In the field of international cooperation, great importance was attached to the establishment and development of relations with new potential foreign partners, as well as the strengthening of ties with existing partners within the framework of signed memorandums and agreements. In this direction, a number of important and significant events for UZCE were held in 2023.

On January 16, 2023, the management of UZCE held a meeting at the Central Bank of the Republic of Uzbekistan with representatives of Clearstream Banking S.A., headed by the head of the Global Markets Department Jan Willems, where effective forms of interaction between Clearstream and UZCE were discussed, including the participation of the company on behalf of foreign investors in the markets of UZCE and the establishment of an effective system of international settlements through the SWIFT network.

As part of the cooperation between UZCE and Clearstream, the management of UZCE took part in the 17th Clearstream Banking SA Summit for Central and Eastern Europe, as well as CIS countries, which was held on May 11-12, 2023 in Sofia (Bulgaria).

On February 28, 2023, a meeting was held at UZCE with representatives of the European Bank for Reconstruction and Development, where they discussed the possibilities of UZCE trade and program complexes, the latest changes in the interbank repo market.

In March of the reporting year, the Agency for Information and Mass Communications of the Republic of Uzbekistan held a press conference on the achievements of UZCE in 2022, the introduction of new products and UZCE's plans for the further development of exchange activities.

Within the framework of the event, the results of UZCE's activities were summed up, new tools were characterized, special attention was paid to the ongoing work on further digitalization and improvement of the UZCE's platforms.

As part of strategic cooperation in the development of financial markets in Uzbekistan, on June 1, 2023, a meeting was held at UZCE with the representative of Refinitiv Aygun Muzaffarli.

The parties agreed to accelerate cooperation in the field of transmission and analysis of exchange information, development of technological solutions, exchange of experience in the field of expanding information products, as well as further development of UZCE markets.

On July 28, 2023, a meeting was held at UZCE with the mission of the Asian Development Bank on the provision of technical assistance to participants in the capital markets of the Central Asia Regional Economic Cooperation (CAREC).

The meeting discussed the regulation of exchange markets, further digitalization of exchange processes, the possibility of implementing sustainable development policy projects, as well as the development of the capital market of Uzbekistan.

In the period from June 30 to July 7, 2023, representatives of UZCE, headed by the Director General, visited London, where they held meetings with companies such as Bloomberg L.P. and Refinitiv, the London Stock Exchange, Vermax Ltd. and discussed the transfer of UZCE market data to foreign users through foreign vendors, the exchange of experience in the field of IT, introduction of new exchange instruments, as well as attraction of foreign institutional investors to the markets of UZCE.

During the visit, a strategic agreement was signed between UZCE and Bloomberg L.P. on the transfer of market data to third users through the Bloomberg platform.

On August 2, 2023, a meeting was held at UZCE with a joint delegation of South Korea, which included representatives of the Central Bank of Korea and Dongguk University of Korea.

As a result of the meeting, an agreement was reached on establishing cooperation and exchange of experience in the development of the activities of the central counterparty, improving the settlement system for transactions with government bonds and other exchange instruments in order to create a favorable investment climate for investors and participants in the securities market of the two countries.

On August 23, 2023, a meeting was held with a delegation of Refinitiv headed by Alev Alp Esen, Director of Customer Relations from Turkey, Greece and the CIS countries.

As a result of the meeting, an agreement was reached to further improve the UZCE page at the Refinitiv platform, increase its recognition among participants in the international financial market, and expand the amount of information provided by UZCE.

On September 7, 2023, representatives of UZCE took part in the plenary sessions of the V International Conference "Capital Market of the Republic of Uzbekistan", organized by Cbonds-Congress (Russia).

On September 8, 2023, a meeting was held at UZCE with the management of Kyrgyz Stock Exchange CJSC (KSE).

During the meeting, areas of cooperation between UZCE and KSE were discussed, including the exchange of experience in the development of currency market and the government bonds market, as well as the development of trade and program complexes and the promotion of trade platforms of UZCE.

On September 21, 2023, a meeting was held at UZCE with a delegation of Bloomberg L.P. headed by Peter Johnston, Director of Business Development in Emerging Markets.

The meeting discussed the transfer of UZCE market data to external users through the Bloomberg platform, expanding the types and coverage of the data provided,

exchanging experience in using Bloomberg analytical platforms, including expanding interaction to create a yield curve for government bonds.

On October 22-28, 2023, UZCE representatives paid a working visit to the Moscow Exchange Group, during which working meetings were organized to exchange experience on the establishment of National Clearing Center JSC, National Settlement Depository JSC, structure, tasks and functions, services provided, software, implementation of the activities of the central counterparty, as well as on the basic principles of the derivatives market and requirements for trading Systems.

Also, the delegation of UZCE took part in the annual general meeting of the International Association of Exchanges of the CIS countries, the International Exchange Forum, as well as celebrations on the occasion of the 30th anniversary of Kazakhstan Stock Exchange JSC, organized in Almaty on November 13-17, 2023.

Also, in 2023, working and consulting meetings were held with representatives of Bloomberg L.P., as well as Vermax Ltd, a company specializing in the development of technological products and IT solutions, providing consulting support on market, regulatory and technological issues. The meetings discussed issues of cooperation on the access of foreign investors to the government bonds market of Uzbekistan, the development of technological platforms, as well as the transfer and placement of UZCE market data through the Bloomberg platform.

Main events

January 16-17, 2023 – the General Director of UZCE took part in the 17th Clearstream Banking S.A. (Clearstream) Summit for Central and Eastern Europe, as well as CIS countries in Sofia (Bulgaria).

February 1, 2023 - the status of a market-maker in government bonds secondary market and for repo transactions was assigned to primary dealers - "ASIA ALLIANCE BANK" JSCB, "Uzpromstroybank" JSCB, "Ipak Yuli" JSCIB and "Turonbank" JSCB.

February 14, 2023 - for the first time on the UZCE platform, government bonds were placed in the T+2 settlement mode.

February 21, 2023 - UZCE has successfully passed the ISO 9001:2015 re-certification audit.

February 22, 2023 - UZCE was assigned an LEI.

March 31, 2023 - a press conference of the "Uzbek Republican Currency Exchange" JSC was held at the Agency of Information and Mass Communications to discuss the results of 2022.

April 25, 2023 – "Smart Bank", "APEX BANK", "HAYOT BANK" and "YANGI BANK" joint-stock companies were accepted as members of UZCE.

May 16-18, 2023 - The General Director of UZCE took part in the 32nd Annual Meeting of the Board of Governors of the European Bank for Reconstruction and Development and a business forum in Samarkand.

May 19, 2023 - UZCE has been assigned a BIC code in the SWIFT network.

April 25, 2023 – launch of "One Click", a unique system for automating the process of generating and transmitting payment documents for transactions concluded on the government bonds repo market.

April 28, 2023 – UZCE took part in the conference "KASE day in Tashkent".

June 9, 2023 – "Portfolio Investments" investment company was accepted as a member of the UZCE.

June 30 - July 7, 2023 - at the invitation of Bloomberg L.P., a delegation of the UZCE visited London.

July 5, 2023 – an agreement on the redistribution of UZCE exchange data to external users was signed at the head office of Bloomberg L.P. in London.

August 19, 2023 - a new UZCE website was launched.

September 7, 2023 – UZCE took part in the V International Conference "Capital Market of the Republic of Uzbekistan", organized by Cbonds-Congress (Russia).

October 22-28, 2023 – a working visit of UZCE representatives to the Moscow Exchange Group took place.

November 13-17, 2023 – the delegation of UZCE in Almaty took part in the Annual General Meeting of International Association of Exchanges of the CIS countries, the International Exchange Forum, as well as the celebrations on the occasion of the 30th anniversary of Kazakhstan Stock Exchange JSC.

November 7, 2023 – National Clearing Center JSC was established under the foundation of UZCE.

On November 8, 2023 - a subsidiary of UZCE, National Clearing Center JSC, passed state registration.

October 23, 2023 - a single simplified procedure for admission of members of the Republican Stock Exchange "Toshkent" to members of the UZCE was approved.

December 4, 2023 – an agreement was signed with LSEG Data & Analytics (Refinitiv) to provide UZCE with access to the World Check database.

December 29, 2023 - brokerage companies – "Leader Finance Capital", "Premium Finance", "Satori Capital", "Toshkent Investitsiya Majmui" were accepted as members of UZCE.

Financial results overview

The financial statements of UZCE are prepared in accordance with the legislation of the Republic of Uzbekistan on accounting and reporting.

Taxes paid by UZCE:

Type of tax	Rate
Income tax	15%
Property tax	1,5%
Water use tax	in accordance with the established standards
Land tax	in accordance with the established standards
Dividend tax	5%
Value added tax	12%

According to Article 209 of Chapter 37 of the Tax Code, the following financial services of UZCE are exempt from value added tax:

- ✓ *transactions with national and foreign currency;*
- ✓ *clearing Operations:*
- ✓ *organization of exchange operations with foreign currency:*
- ✓ *cash conversion operations*
- ✓ *transactions with securities (shares, bonds and other securities).*

At the end of the reporting year, UZCE has no overdue liabilities (payables and receivables)

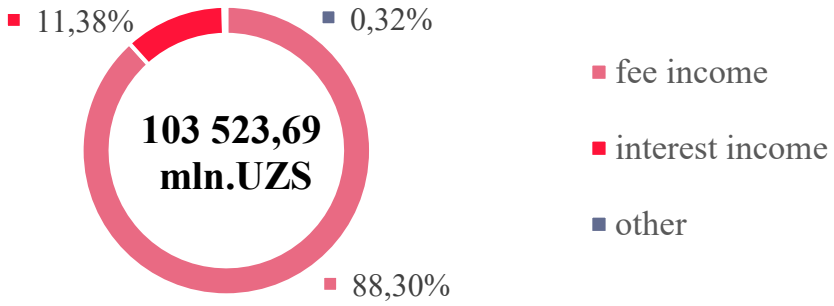
In 2023, UZCE continued to pursue a policy of strict cost control and adhered to the strategy of increasing commission income by diversifying exchange instruments.

Statement of Comprehensive Income (Profit and Loss)

Revenues. The main sources of UZCE's income are commission fees for services related to the organization of exchange trading, as well as interest income from the placement of UZCE's free funds in short-term assets of commercial banks.

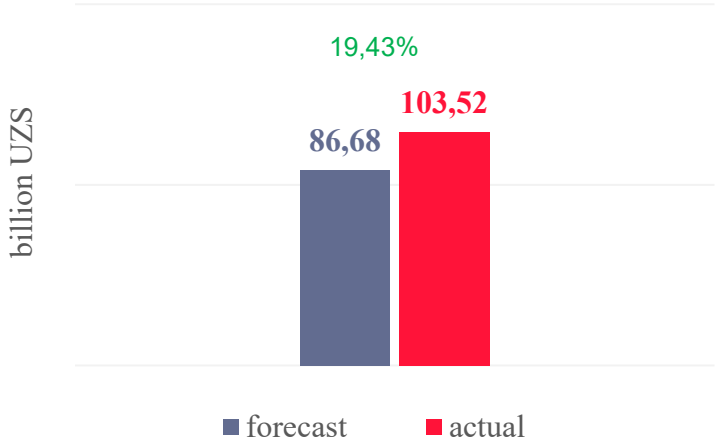
At the end of 2023, the share of commission fees in the income structure of UZCE amounted to 88.30%. The share of interest and other income is 11.38% and 0.32%, respectively.

Income structure



In accordance with the business plan of UZCE for 2023, the volume of total income was planned in the amount of 86,684.50 million UZS. In fact, the total income of UZCE at the end of the reporting year amounted to 103,523.69 million UZS, exceeding the indicators of the business plan by 19.43% or 16,839.19 million UZS.

Total income indicators for 2023



In accordance with the business plan, the forecast income of the currency market for 2023 was provided at the level of 63,750.00 million UZS, which is 63.04% more than the figure provided for in the business plan for 2022. At the same time, the actual performance of the forecast income indicators for the currency market in 2023 amounted to 73,345.45

million UZS, or 9,595.45 million UZS more than the forecast figure provided for by the business plan for 2023.

In the reporting year, there was also a significant increase (97.58%) in income from the organization of trading on the money market compared to the previous year. At the same time, in the debt market, income from the organization of trading in the reporting year decreased by 40.31% compared to 2022

The projected volume of receipts from the placement of UZCE's funds on short-term deposits in commercial banks for 2023 was provided in the amount of 8,625.00 million UZS, which is 6.48% more than the same forecast indicator for 2022.

Actual income from the placement of UZCE funds in 2023 exceeded the forecast indicators by 3,154.72 million UZS or 36.58%, and compared to the actual volume of 2022 - by 43.48%.

Total income at the end of 2023 increased by 17.49% or 15,411.84 million UZS compared to 2022.

Structure of total income in 2022-2023, in millions of UZS

Indicators	2022	2023	23/22	change
Currency market	57 290,71	73 345,45	16 054,73	28,02%
Money market	3 402,32	6 722,16	3 319,85	97,58%
Debt market	19 006,75	11 344,53	-7 662,22	-40,31%
Derivatives market	0,00	0,63	0,63	
Interest income	8 210,09	11 779,72	3 569,63	43,48%
Other income	201,98	331,20	129,22	63,98%
Total	**88 111,85**	**103 523,69**	**15 411,84**	**17,49%**

Dynamics of fee income, in billions of UZS



Expenditures. The actual expenditures of UZCE in 2023 amounted to 32,501.1 million UZS, with the projected volume of total expenditures in the amount of 40,445.5 million UZS. As a result, the amount of savings at the end of 2023 amounted to 7,944.4 million UZS.

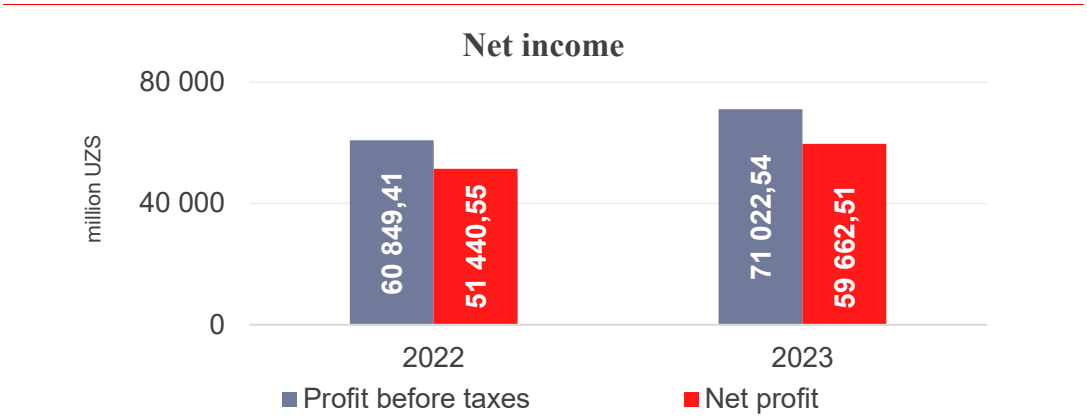
Implementation of the financial and economic estimate of UZCE JSC at the end of 2023

million UZS

№	Indicators	*2023*		
		forecast	*fact*	*difference*
1	**Income, total** *including*:	**86 685**	**103 524**	**16 839**
	net revenue	78 060	91 413	13 353
	other income	-	331	331
	income from financing activities	8 625	11 780	3 155
2	**Cost of production**	**8 761**	**7 037**	**-1 724**
3	**Expenses of the period**	**31 684**	**25 461**	**-6 223**
	selling costs	6 603	6 367	-236
	administrative expenses	13 265	9 372	-3 893
	other operating expenses	11 816	9 722	-2 094
4	**Financing expenses**	**0,4**	**3,3**	**-2,9**
	interest expenses	-		
	losses from the foreign exchange differences	0,4	3,3	-2,9
	other financial expenses	-		
5	**Profit (loss) before income tax**	**46 240**	**71 023**	**24 783**
6	**Income tax**	**6 936**	**11 360**	**4 424**
7	**Net profit (loss)**	**39 303**	**59 663**	**20 360**
8	**EBITDA indicator**	**37 614**	**59 580**	**21 966**

Operating results

At the end of 2023, net profit amounted to 59,662.51 million UZS, an increase of 8,221.97 million UZS compared to the previous year, and an increase of 20,359.51 million UZS compared to the forecast indicators for 2023. At the same time, profit before tax in the reporting year amounted to 71,022.54 million UZS, which is 10,173.13 million UZS more than in 2022 and 24,783.53 million UZS more compared to the forecast figures for 2023.



Markets overview

In 2023, in order to organize new exchange markets of UZCE, to ensure a stable increase in trading volumes, work continued on the introduction of modern, advanced exchange mechanisms and information and communication technologies based on advanced international experience.

The reporting year was marked by further diversification of the UZCE exchange market and ended with positive results in all exchange segments. The volume of transactions in the UZCE markets reached record highs, which was the result of an increase in the activity of trading participants in the reporting year.

The development of the trading and software complex of UZCE made it possible to modernize both the technology of operations in all exchange segments and the settlement and clearing process.

Along with improving the quality of service for trading participants and developing the infrastructure of the exchange market, UZCE continued to improve its tariff policy in the direction of stimulating the growth of liquidity.

In order to increase the attractiveness of the repo market and create additional convenience for trading participants, it was decided not to charge commissions on inter-dealer repo transactions from May 1 to June 30, 2023.

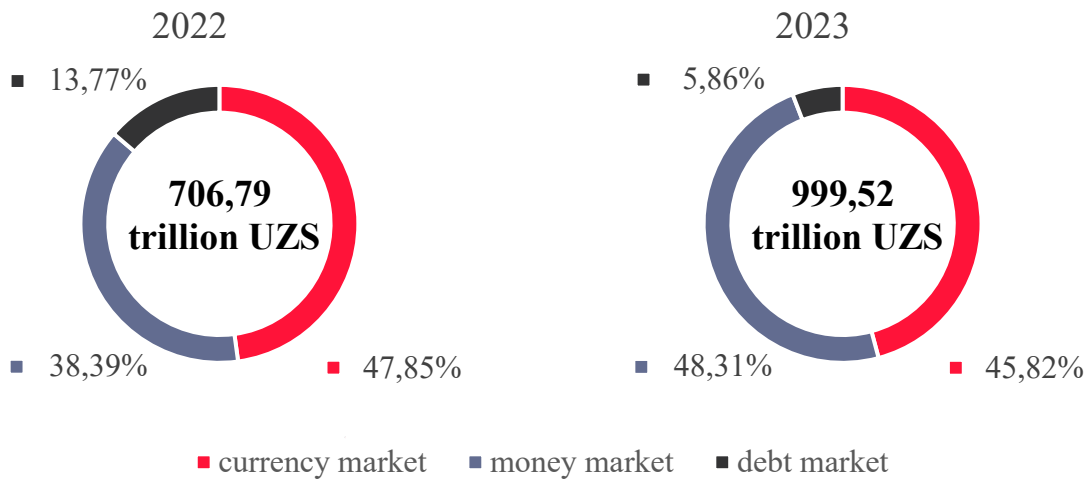
In the reporting year, the growth of exchange trading volumes on UZCE reached its maximum value. The total trading volume on UZCE amounted to 999.52 trillion UZS and exceeded the indicator of the previous period (706.79 trillion UZS) by 41.42%.

In terms of UZCE markets, trading volumes in the currency market in 2023 compared to 2022 increased by 35.43%, in the money market - by 77.99%, and in the debt market, on the contrary, decreased by 39.78% due to the fact that there was a more than threefold reduction in the issuance of Central Bank bonds compared to 2022.

Measures to diversify UZCE's exchange instruments over the past few years have made adjustments to the share of exchange markets in the total volume of exchange trading in 2022.

At the end of 2023, the share of the currency market in the total volume was 45.82% (in 2022 - 47.85%), money market - 48.31% (38.39%) and debt market - 5.86% (13.77%).

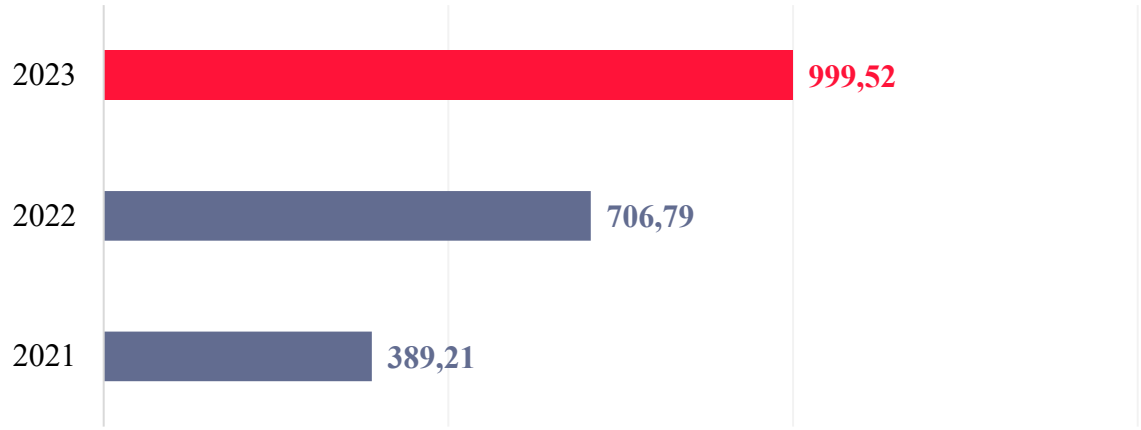
Share of exchange markets in 2022-2023



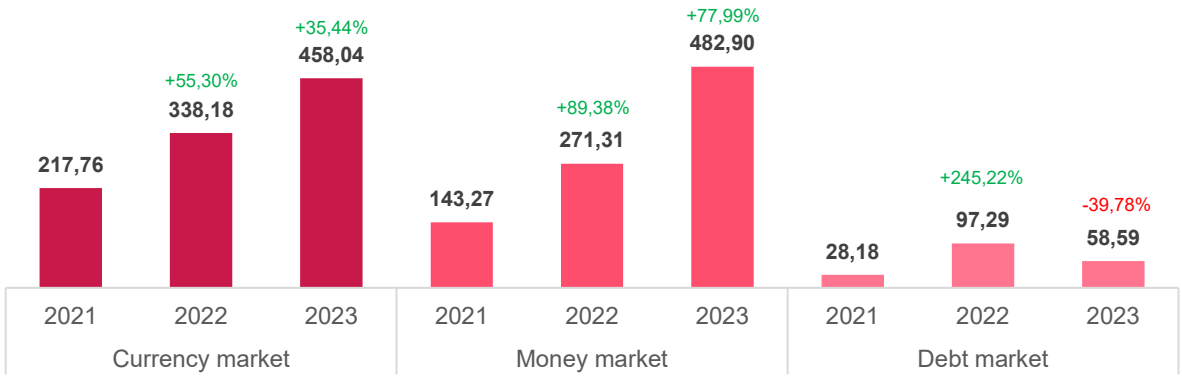
Trading volumes in 2022-2023, in trillions of UZS

Exchange markets	2022	2023	Increase	
			trillion UZS	in %
Total trading volume	**706,79**	**999,52**	**292,73**	**41,42%**
Currency market	**338,18**	**458,00**	**119,82**	**35,43%**
spot	338,18	458,00	119,82	35,43%
Money market	**271,31**	**482,90**	**211,58**	**77,99%**
currency swap	0,16	0,48	0,32	200,33%
interbank money market	147,82	310,78	162,96	110,24%
deposit auctions	122,79	94,49	-28,29	-23,04%
repo transactions	0,54	77,14	76,60	143 times
Debt market	**97,29**	**58,59**	**-38,70**	**-39,78%**
primary	87,29	47,30	-39,99	-45,81%
secondary	10,00	11,29	1,28	12,82%
Derivatives market	0,00	0,04	0,04	-
futures	0,00	0,04	0,04	-

Dynamics of the total trading volume in 2021-2023, in trillions of UZS



Dynamics of trading volume in 2021 – 2023 by market, in trillions of UZS



Currency market

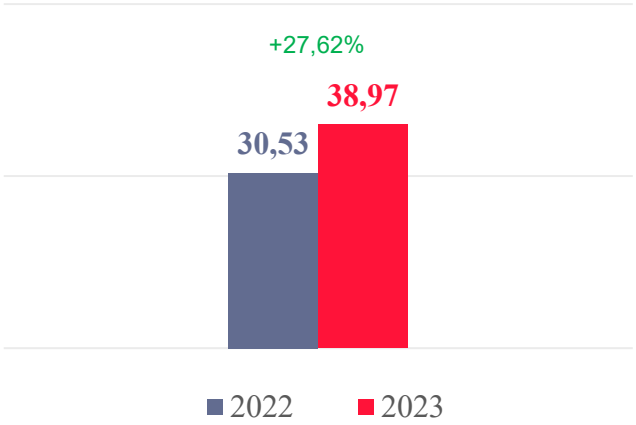
The currency market of UZCE is one of the most important elements of the national financial system, as well as a center of liquidity for operations with national and foreign currency, assisting the Central Bank in organizing the exchange currency market for effective monetary policy.

In the reporting year, the total volume of trading in the spot currency market increased by 35.43% or 119.82 trillion UZS compared to the same indicators in 2022, amounting to 458.00 trillion UZS.

USD/UZS. In the basket of currency pairs, the share of the USD/SUM instrument in the reporting period amounted to 99.97% of the total volume of currency trading and reached 457.87 trillion UZS.

The trading volume in US dollar equivalent for the period under review amounted to 38.97 billion USD. Compared to 2022, it increased by 27.62% or 8.44 billion USD.

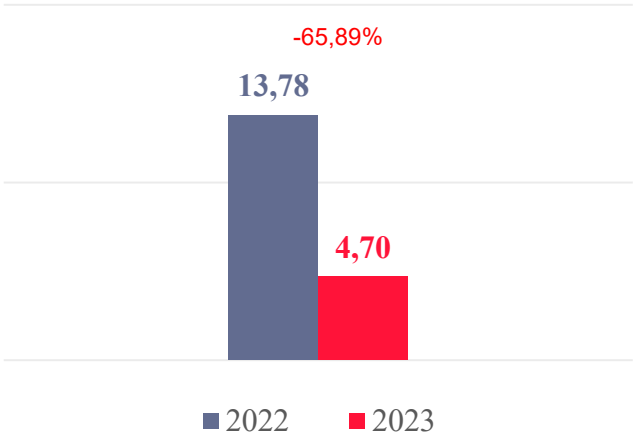
Trading volumes for 2022-2023, in billions of USD



According to the analysis of economic conditions and monetary policy conducted by the Central Bank, in 2023, the trend of increasing foreign exchange flows to the country in the form of remittances, export earnings and bank deposits continued.

Euro/UZS. In 2023, due to an increase in the volume of over-the-counter transactions of commercial banks, there was a decrease in trading volumes for the euro-sum instrument compared to the previous year. Thus, in the reporting year, trading volumes in euros amounted to 4.70 million euros, a decrease of 65.89% compared to 2022 (13.78 million euros).

Trading volumes in 2022-2023, in millions of euros

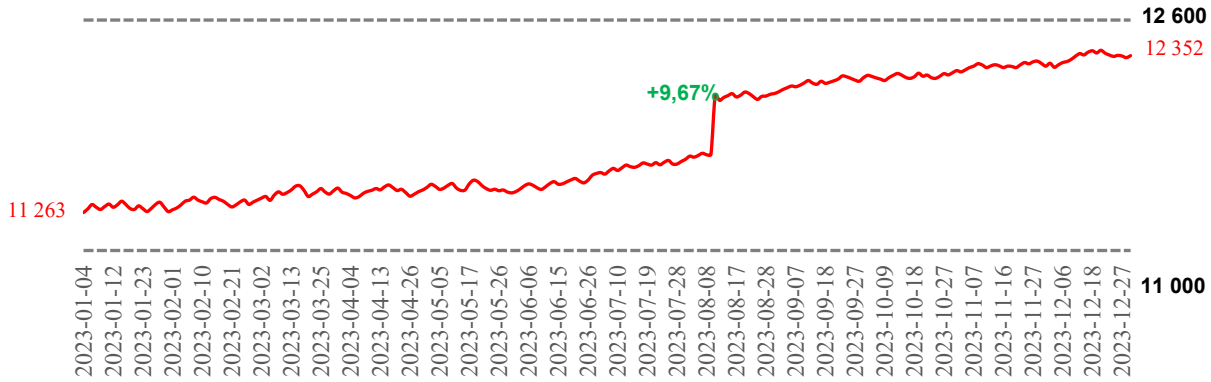


Russian ruble/UZS. In 2023, trading volumes for this currency pair amounted to 573.10 million Russian rubles, or 19.40% more than in 2022.

Dynamics of the exchange rate

The dynamics of the national currency exchange rate at exchange trading was formed under the influence of internal and external factors, based on the ratio of supply and demand in the currency market.

During 2023, the value of the national currency against the US dollar decreased by 9.67% compared to the beginning of the year (from 11,263.41 UZS/USD to 12,352.86 UZS/USD).



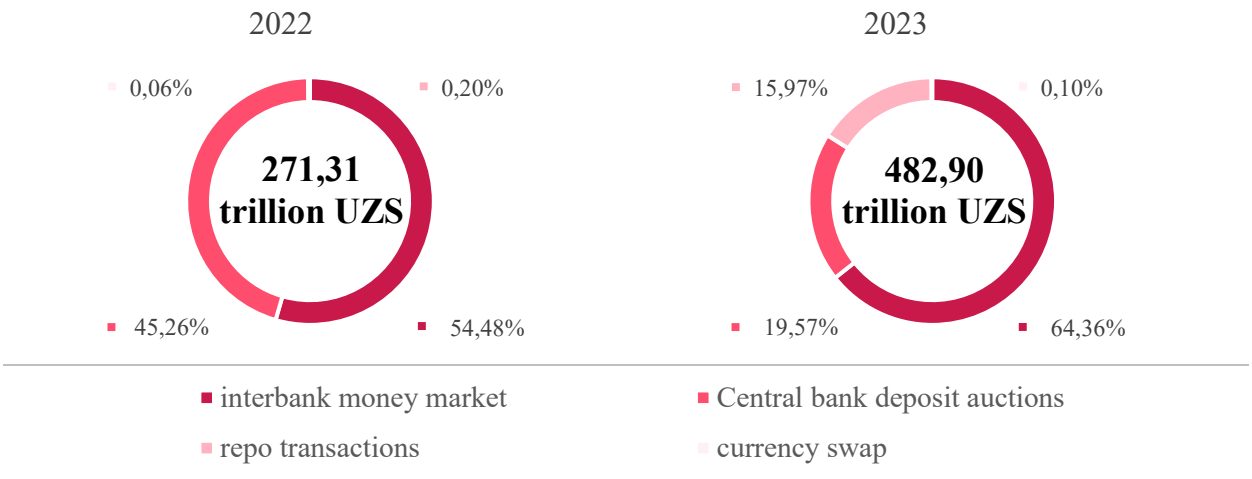
Money market

On the interbank money market, operations are carried out to attract and place funds of local commercial banks, deposit auctions of the Central Bank, inter-dealer repo transactions, as well as currency swap operations.

Money market instruments are in demand among participants of the UZCE exchange markets and allow them to flexibly manage their funds, placing them in short-term assets.

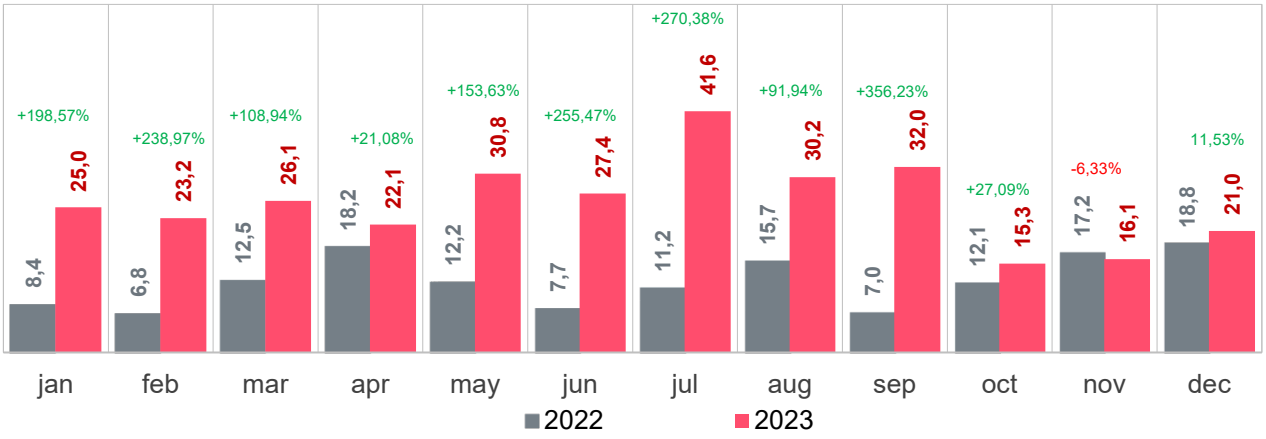
The total trading volume in the money market at the end of 2023 amounted to **482.90 trillion UZS** and exceeded the same indicator of the previous year (271.31 trillion UZS) by 78.00%.

Money market structure

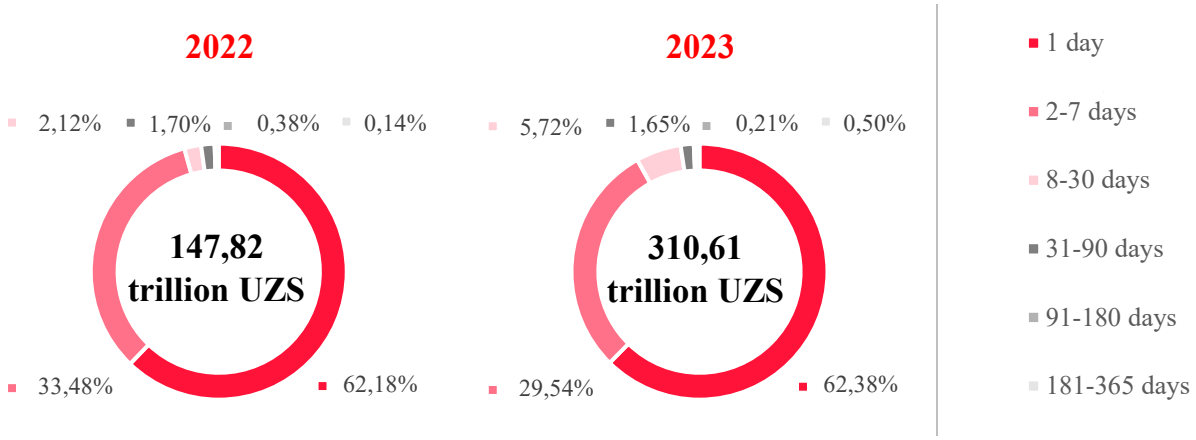


At the same time, trading volumes in the interbank money market in 2023 amounted to 310.6 trillion UZS, exceeding the indicators of 2022 (147.82 trillion UZS) by 2.1 times.

Dynamics of trading volume in the interbank money market in 2022-2023



Share of standardized periods in total trading volume in 2022-2023



In terms of standardized periods, deposits with a one-day maturity prevailed in the interbank money market in 2023 (62.38%), slightly exceeding this figure by 0.2% at the end of 2022.

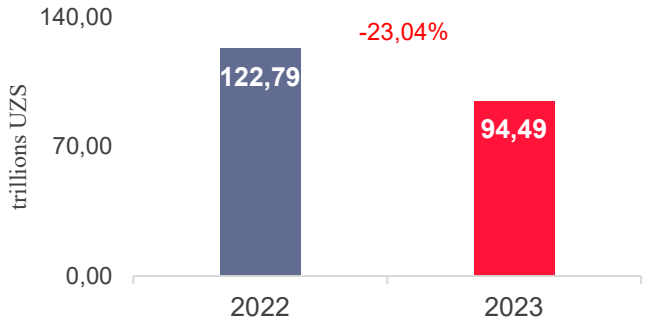
At the same time, in 2023, compared to 2022, the weighted average rate on interbank deposits with a maturity of one day (overnight) stabilized near the Central Bank's policy rate.

Weighted average rate on overnight deposits in the interbank money market for 2022-2023



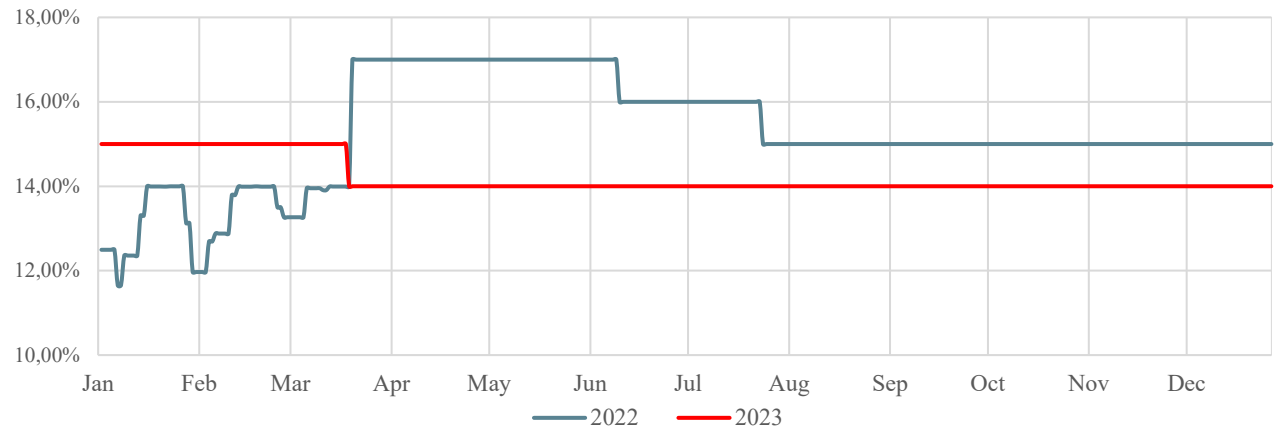
In 2023, the volume of operations at deposit auctions of the Central Bank slightly decreased compared to 2022 (122.79 trillion UZS) by 23.04% or 28.3 trillion UZS, and amounted to 94.49 trillion UZS.

Volumes of deposit auctions of the Central Bank (trillion UZS)



During the first quarter of 2023, the weighted average interest rates at deposit auctions of the Central Bank were around 15%, further strengthening during the year near the policy rate of the Central Bank (14%).

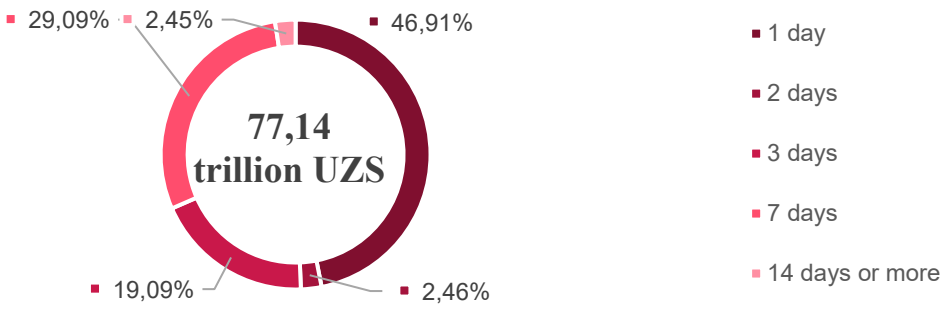
Weighted average rate at deposit auctions of the Central Bank for 2022-2023



At the end of 2023, the volume of inter-dealer repo transactions amounted to 77.14 trillion UZS, which is 142 times more than the same indicator for the previous year (0.54 trillion UZS).

In the total volume of inter-dealer repo transactions, transactions with a maturity of 1 to 7 days prevailed, the share of which amounted to 97.55%.

Structure of inter-dealer repo transactions at the end of 2023



Government bonds market

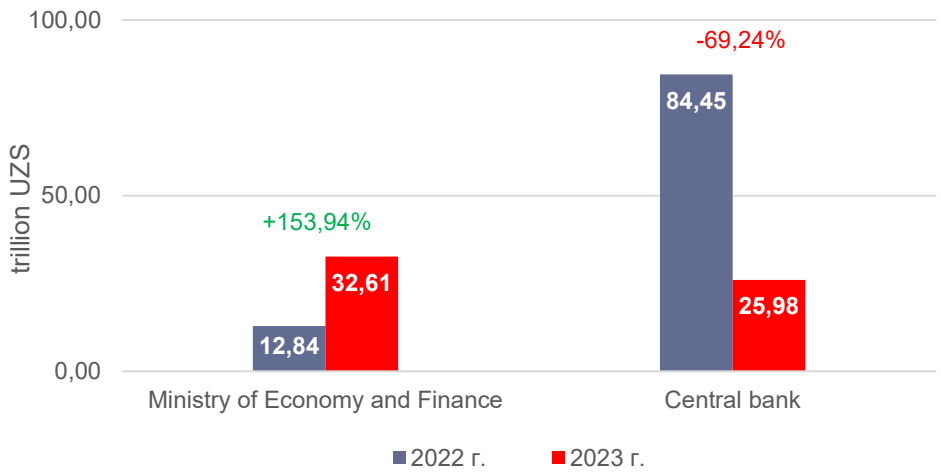
On the government bonds market, which is one of the main exchange platforms, trading is organized for the placement and circulation of coupon and discount government bonds issued by the Ministry of Economy and Finance of the Republic of Uzbekistan, as well as bonds of the Central Bank.

The total trading volume in this market at the end of 2023 amounted to 58.59 trillion UZS, a decrease compared to the same indicator of the previous year amounted to 39.78% or 38.70 trillion UZS.

In terms of issuers, the volume of transactions with government bonds of the Ministry of Economy and Finance amounted to 32.61 trillion UZS, an increase compared to the same indicator in 2022 amounted to 153.94% (12.84 trillion UZS).

The main factor behind the decrease in the volume of trading in the debt market was the reduction in the volume of placement of bonds of the Central Bank. So, if in 2022 the volume of transactions with bonds of the Central Bank was equal to 84.45 trillion UZS. At the end of the reporting year, transactions with bonds of the Central Bank in the amount of 25.98 trillion UZS were made or 69.24% less compared to 2022.

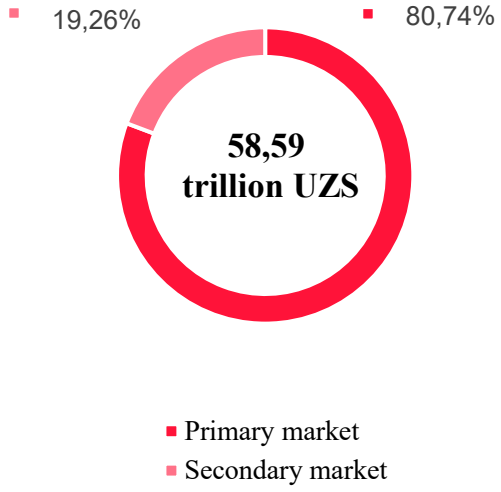
Dynamics of the total trading volume by issuers of government bonds at the end of 2023



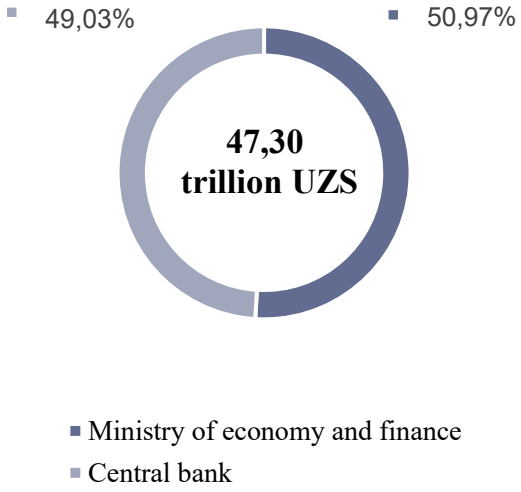
In the structure of the total trading volume, the share of the primary auctions amounted to 80.74% (47.30 trillion UZS), and secondary trading - 19.26% (11.29 trillion UZS).

In the reporting period the share of government bonds issued by the Ministry of Economy and Finance in the structure of government bonds placement amounted to 50.97% (24.11 trillion UZS), bonds of the Central Bank - 49.03% (23.19 trillion UZS)

Structure of the government bonds market in 2023



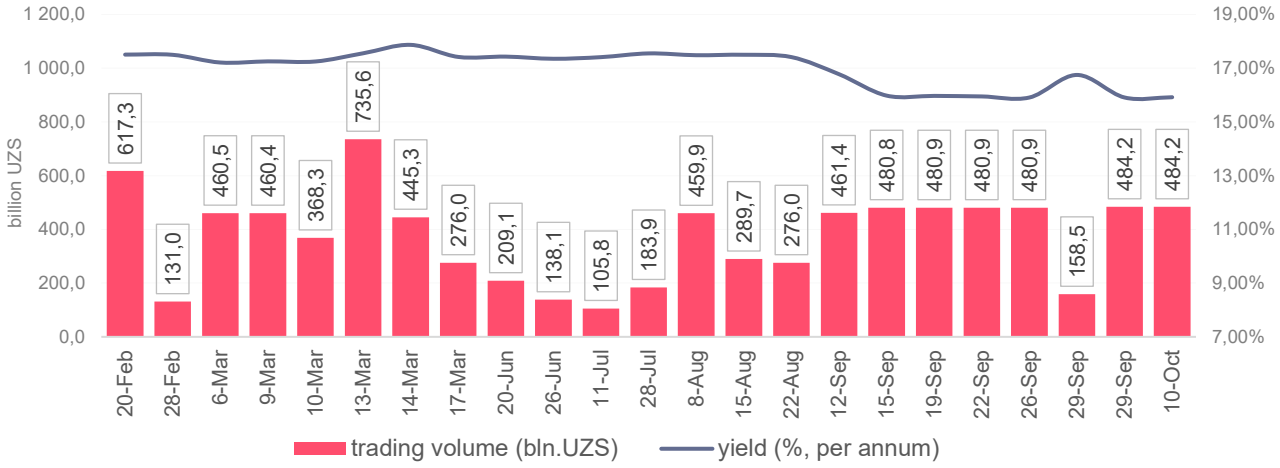
Structure of government bonds issue in 2023 by issuers



During 2023, 59 auctions were held, as a result of which bonds of the Ministry of Economy and Finance with a nominal value of 24.83 trillion UZS were placed with a trading volume of 24.11 trillion UZS.

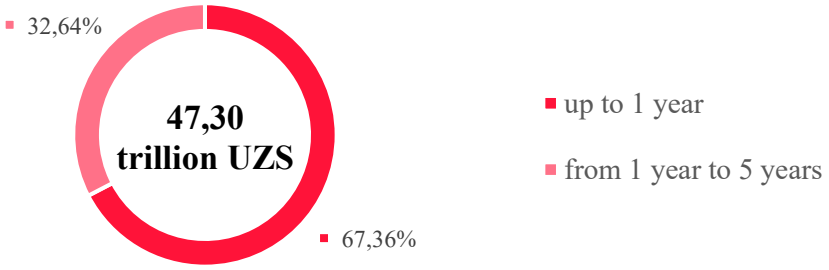
The weighted average yield on government bonds placement was within the corridor from 15.91% to 18.19% per annum. The volumes placed at one auction varied in the reporting period from 34.48 billion UZS to 2,867.39 billion UZS.

Trading volumes and yields on short-term government bonds of the Ministry of Economy and Finance in 2023



The results of the analysis of the government bonds market in 2023 showed that bonds with a maturity of up to one year prevailed in the structure of government bonds placement with a share of 67.36% of the total volume.

Structure of government bonds issue in the context of maturity



Depositary

As of December 31, 2023, the volume of government bonds in the accounting registers of the UZCE depository at face value decreased by 5.75% compared to 2022 and amounted to 26,142.36 billion UZS.

In terms of maturity, government bonds with a maturity of up to one year prevail. Nevertheless, in 2023, there is an increase in the share of medium- and long-term bonds in circulation.

Volume of government bonds in circulation accounted for in the UZCE depository in 2022-2023

in billions of UZS

Maturity	as of December 31, 2022	as of December 31, 2023	Change, %
up to 3 months	14 700,00	4 675,86	-68,19%
from 3 to 6 months	4 303,38	2 101,73	-51,16%
from 6 months to 1 year	3 592,30	0,00	-100,00%
from 1 year to 5 years	4 832,22	17 855,22	269,50%
from 5 to 10 years	310,00	1 509,55	386,95%
Total	**27 737,90**	**26 142,36**	-5,75%

Volume of government bonds in circulation as of December 31, 2023 accounted for in the UZCE depository by issuers

in billions of UZS

Maturity	Ministry of Economy and Finance	Central bank	Total
up to 3 months	0,00	4 675,86	4 675,86
from 3 to 6 months	2 101,73	0,00	2 101,73
from 6 months to 1 year	0,00	0,00	0,00
from 1 year to 5 years	17 855,22	0,00	17 855,22
from 5 to 10 years	1 509,55	0,00	1 509,55
Total	**21 466,50**	**4 675,86**	**26 142,36**

Compliance control and anti-corruption

The introduction of the best corporate governance practices, the need to monitor the compliance of the organization's activities with the requirements of the law, and external challenges have become factors for the implementation of an effective compliance policy at UZCE. To date, the main goals of UZCE within the framework of compliance policy are to carry out activities in accordance with high standards of business ethics and values of the organization, to prevent conflicts of interest of employees, and to introduce a compliance culture.

Taking into account the priority of the anti-corruption policy, as well as the intensification of the activities of the UZCE in the international arena in order to strengthen the international status and positive image of the UZCE, as well as further attract foreign investors to the exchange markets, an effective system of compliance control and anti-corruption has been introduced at the UZCE.

In the organizational structure of UZCE, the Department of Legal Support and Compliance Control was created, the Code of Corporate Ethics and Standards of Conduct for UZCE Employees, the Anti-Corruption Program of UZCE, the UZCE Anti-Corruption Policy, the Methodology for Assessing Corruption Risks in UZCE were approved, and the Instruction on the organization of training of UZCE employees in the field of ethics and anti-corruption was developed.

The main functions of the Department include monitoring compliance with anti-corruption legislation and internal regulations in the organization, developing measures and an action plan to prevent corruption offenses, ensuring their full, timely and high-quality implementation, considering complaints and anonymous reports about threats of corruption and violations in the behavior of UZCE employees and taking appropriate measures.

The Department also develops and submits for approval to the Management drafts of internal documents aimed at the implementation of anti-corruption measures, conducts their compliance examination, studies the conditions and causes of corruption offenses, and develops proposals for their elimination.

On a regular basis, the department conducts preventive conversations with employees, organizes seminars, webinars and other events on anti-corruption issues and the formation of intolerance to corrupt behavior within the organization.

Public communications and media relations

UZCE conducts an active PR campaign to widely cover the organization's activities through the media, as well as through the use of its own resources, including presentation materials and videos. Printed and electronic publications publish materials on exchange activities.

Various TV channels regularly broadcast TV shows, hold press conferences, briefings on the activities of UZCE with the participation of responsible employees of the Exchange. Market information is published daily on the official website and pages of UZCE in social networks.

In pursuance of the Decree of the President of the Republic of Uzbekistan dated June 16, 2021 No. UP-6247 "On additional measures to ensure the openness of the activities of state bodies and organizations, as well as the effective implementation of public control", on March 31, 2023, a press conference of the UZCE was held at the Agency for Information and Mass Communications to discuss the results achieved in 2022, as well as measures for the further development of exchange activities.

During the press conference, the results of UZCE's activities in the context of exchange markets were announced, a brief description of new exchange instruments that were introduced during the reporting year was given. Particular attention at the event was paid to measures taken to further digitalize and improve the technological effectiveness of trading platforms.

As part of the implementation of measures for the further development of public communications, the practice of publishing official statements, reactions and refutations to incorrect and unreliable publications about the activities of the UZCE through the official website and pages in social networks has been introduced at the UZCE.

In the field of communications development, the activities of UZCE in 2023 were aimed at regular coverage of events with the participation of UZCE representatives, bringing stock exchange and other information to the general public, including through the official website, social networks and the media.

In accordance with current modern trends, a new official website of UZCE was developed and launched, functionality was expanded, intuitive navigation, convenient and concise design was introduced, as well as new sections were created and filled with relevant content.

Human Resources Policy

An important factor in the successful operation of UZCE is the personnel policy aimed at creating the necessary conditions for unlocking the versatile potential of employees, their constant professional development, as well as attracting experienced and young professionals to the organization.

The HR policy of UZCE covers the following **main areas**:

selection and motivation of personnel, retention of highly qualified specialists;

professional training and development of personnel;

improvement of the corporate culture that contributes to the disclosure of the potential of employees, the achievement of better results and the implementation of the strategic goals of the organization.

Among the ***main priority areas*** of effective personnel management, it is necessary to highlight the selection and placement of personnel according to professional and personal qualities, the continuity of knowledge and experience, the determination of personnel capabilities to meet a certain position, the development of a set of measures to increase loyalty and reduce staff turnover.

As part of the ongoing HR policy in 2023, work continued on:

improvement of the system of incentives and remuneration of employees in proportion to the contribution made to the development of UZCE's activities;

development and stimulation of UZCE's human resources, implementation of the Code of Ethical Conduct and Corporate Ethics;

development and implementation of HR strategy;

regular professional development of key employees, including in the field of corporate governance;

exchange of experience with leading foreign exchanges and financial organizations in the field of exchange trading development.

Much attention is paid to improving the skills of key employees of the organization, including in the field of corporate governance, improving the system of training and succession of personnel, organizing the training of promising young specialists, and applying their abilities in the context of the tasks set.

The HR policy of UZCE is aimed at the formation of a single cross-functional team of professional employees through the introduction of standards, including a system for the selection and admission of personnel, a program for the motivation and evaluation of employees, training and development of personnel, as well as the creation of a fair remuneration system.

The main principles of the HR policy are:

providing equal opportunities in hiring candidates, objectivity in the selection, hiring and rotation of employees;

improving the quality of personnel through the introduction of a multi-stage personnel selection system, studying the needs of personnel in training, advanced training and other areas;

providing employees with opportunities for professional development, continuous training, which increases their competitiveness, including a flexible system of employment and vacations, as well as ensuring decent wages;

fair remuneration and effective motivation of personnel based on the best foreign experience of remuneration of employees in proportion to the contribution to the development of the organization.

Objectives of the HR policy

The main goal of the HR policy of UZCE is to create an effective personnel management system designed to rationalize the need to achieve individual goals of personnel, as well as strategic goals and objectives of UZCE, which implies maintaining a balance of interests of shareholders, the organization itself and personnel, as well as finding fair compromises between them.

In accordance with the economic goal of the personnel policy, personnel decisions are made aimed at optimizing cost ratios for the development of human resources, on the one hand, and the development of the organization, as well as obtaining maximum profit, on the other hand.

At the same time, the implementation of a personnel policy focused on social values and the well-being of each employee is ***the social goal of the personnel policy*** pursued at UZCE.

To achieve the social goal, UZCE is implementing a set of measures to create a system of fair remuneration corresponding to the performance of the scope of work, a lawful combination of incentives and restrictions, providing for a rational system of remuneration, with a specific definition of tasks, responsibilities and indicators, as well as incentive factors that affect the improvement of labor efficiency.

Staff Composition Statistics

The number of employees at UZCE at the beginning of 2023 was 55 people, as of December 31, 2023, the staff of UZCE was 62 people.

Of the total staff of UZCE, 19 people are managers, 16 people are specialists, 22 people are production personnel, 1 is technical and 4 people are service personnel.

Gender structure

At the end of 2023, the total number of female employees was 31% (19 women), male - 69% (43 men).

Employee education

At the end of the reporting period, out of 62 employees, 54 people have higher education, 8 people have secondary specialized education.

Age category of UZCE employees:

up to 30 years old – 17 people;

from 31 to 39 years old – 17 people;

from 40 to 49 years old – 19 people;

from 50 to 59 years old – 6 people;

60 years and older – 3 people.

The presence of different age categories at UZCE made it possible to appoint mentors to newly hired employees from among experienced specialists.

As part of its HR policy, UZCE is actively working to attract talented and qualified employees to its ranks. In order to help new employees quickly adapt to the team and the workplace, UZCE has introduced the practice of conducting welcome trainings, which are designed to provide new employees with all the necessary knowledge, tools and resources for a successful start in the company.

In addition, in 2023, UZCE regularly took part in job fairs, which are held in many educational institutions in order to help students and young professionals decide on the choice of profession, undergo an internship, as well as receive valuable advice from representatives of various industries.

In the reporting year, 18 specialists, including 6 women, were hired by UZCE, during the same period, 11 people left the staff, including 4 women.

Staff training

In the reporting year, work continued to provide high-quality education, develop free and creative thinking, teamwork and communication skills among employees, and improve financial literacy among exchange trading participants and the public.

As part of the ongoing work, organizational measures are being taken to equip the UZCE Educational Center, the tasks of which include training and advanced training of UZCE employees and exchange trading participants, cooperation with higher educational institutions in order to train specialists for the exchange sector, as well as improving the financial literacy of the population.

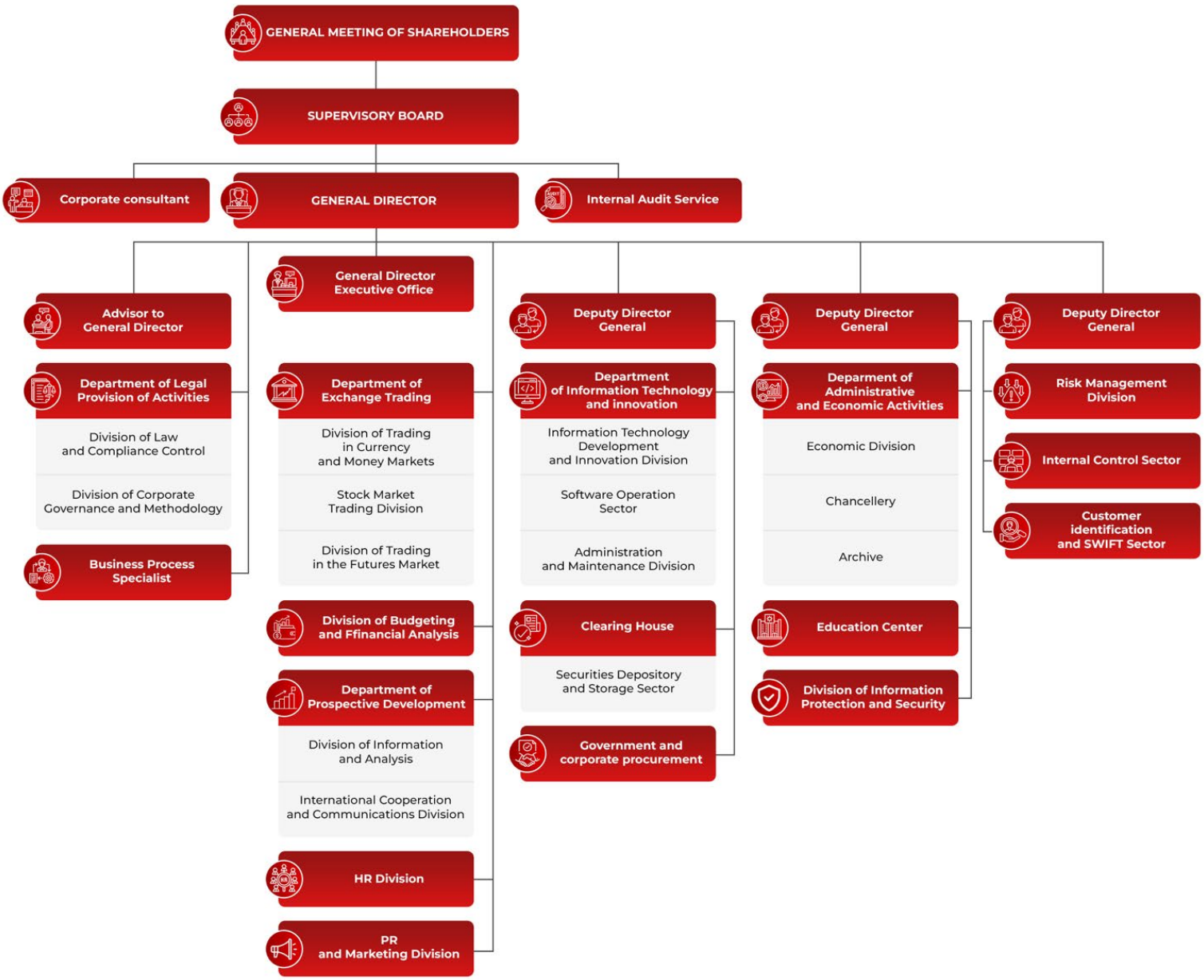
In the reporting year, 23 employees of UZCE, including 5 women, improved their qualifications in educational institutions on a commercial basis.

In addition, during 2023, UZCE employees took part in more than 14 training seminars on the development of the exchange and financial sector, compliance culture, legal literacy and other issues.

Corporate governance

UZCE carries out its activities in the form of a joint-stock company. The governing bodies are the General Meeting of Shareholders, the Supervisory Board and the executive body (General Director).

Organizational structure of UZCE JSC



General Meeting of Shareholders

Information about shareholders:

Name of the shareholder	Share in the authorized capital, %	Number of shares, pcs.
Central Bank of the Republic of Uzbekistan	50,13	536 200
"National Bank for Foreign Economic Activity of the Republic of Uzbekistan" JSC	11,13	119 000
"Uzsanoatqurilishbank" JSCB	11,13	119 000
"Agrobank" JSCB	8,90	95 200
"Ipak yuli" JSCIB	8,90	95 200
"Orient Finance" PJSB	5,76	61 600
"Halk Banki" JSC	4,05	43 400

The General Meeting of Shareholders is the supreme governing body of UZCE.

The General Meeting of Shareholders (Annual General Meeting of Shareholders) is held annually from 10 to 30 June, no later than six months after the end of the financial year.

At the Annual General Meeting of Shareholders, decisions are made on the election of the composition of the Supervisory Board of UZCE, as well as the annual report of UZCE, reports of the Executive Body and the Supervisory Board on measures taken to achieve the goals of the UZCE Development Strategy and other documents are considered.

In 2023, the annual and one extraordinary general meeting of shareholders of UZCE were held.

The annual meeting of the General Meeting of Shareholders for 2023 was held on May 23, 2023 and the extraordinary meeting was held on December 18, 2023.

At the meetings, in accordance with the procedure established by law, reports were heard, organizational and other issues were considered, as a result of which appropriate decisions were made, including:

approval of the Regulations of the Annual General Meeting of Shareholders of UZCE;

the number and personnel of the counting commission of the UZCE were approved;

heard and approved the report of the Supervisory Board of “Uzbek Republican Currency Exchange” JSC on the results of activities in 2022 (including measures taken to achieve the goals of the UZCE Development Strategy);

the upper limit of charitable (sponsorship) and other gratuitous assistance of UZCE JSC is set at 1% of the net profit of UZCE for 2022;

considered the opinion of the State Enterprise “Central Securities Depository” based on the results of the assessment of the corporate governance system for 2022 carried out at UZCE;

the annual report of the Executive Body of UZCE for 2022 was approved;

at the end of 2022, UZCE’s net profit was distributed among shareholders as dividends, and the remaining funds were sent to the Guarantee Fund for the execution of concluded exchange transactions;

Members of the Supervisory Board of UZCE were elected;

a decision was made to conduct a mandatory audit of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for 2022 in accordance with auditing standards, as well as to conclude an agreement with the audit organization PKF MAK ALYANS LLC to check the quantitative indicators of KPIs and integral efficiency rate;

amendments and additions were made to the Charter of UZCE JSC, its new version was approved;

amendments and additions to the Regulations “On the General Meeting of Shareholders of UZCE JSC”, “On the Supervisory Board of UZCE JSC” and “On the Executive Body of UZCE JSC” were approved.

The Supervisory Board

As part of its activities, in accordance with the "Regulation on the Supervisory Board of the Uzbek Republican Currency Exchange JSC", the Supervisory Board, which elects representatives of shareholders, carries out the general management of the activities of the UZCE.

Composition of the Supervisory Board of UZCE:

№	Name	Position
1.	Abubakirov Bobir Yuldashovich	Chairman of the Supervisory Board
2.	Adilov Alimardon Abdurazakovich	Member of the Supervisory Board
3.	Ruziev Farrukh Aralovich	Member of the Supervisory Board
4.	Yakubov Shukhrat Israilovich	Member of the Supervisory Board
5.	Kakhorov Erkin Azizjonovich	Member of the Supervisory Board
6.	Mirtursunov Davron Shavkatovich	Member of the Supervisory Board
7.	Djunaydullaev Tokhir Fakhriddinovich	Member of the Supervisory Board

Independent members may also be included in the Supervisory Board.

The management of the Supervisory Board and the organization of its activities are carried out by the Chairman of the Supervisory Board.

The Chairman of the Supervisory Board is elected by the members of the Supervisory Board by a majority vote of the total number of members of the Supervisory Board elected to the Supervisory Board from among its members.

Members of the Supervisory Board are elected by the General Meeting of Shareholders for a period of three years in accordance with the procedure established by law and the Charter of UZCE.

Persons elected to the Supervisory Board may be re-elected an unlimited number of times.

The number of members of the Supervisory Board is seven people.

Activities of the Supervisory Board in 2023

During the reporting year, the Supervisory Board carried out certain work to fulfill the requirements established by law for the management of the joint-stock company, including the implementation of measures within the framework of the UZCE Development Strategy.

The activities of the Supervisory Board were aimed at the development of the activities of the UZCE, including the further expansion of exchange instruments, the improvement of internal documents, as well as control over the financial and economic activities of the Executive Body of the UZCE.

In the reporting year, 22 meetings of the UZCE Supervisory Board were held, at which appropriate decisions were made on the issues considered.

Including:

1. In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated February 21, 2022 No. 82 “On amendments and additions to the Resolution of the Cabinet of Ministers dated December 14, 2018 No. 1016 “On measures to organize the issuance of state treasury obligations and bonds of the Republic of Uzbekistan”, the Resolution of the Board of the Central Bank dated January 14, 2023 No.1/5, in order to introduce settlements based on the results of auctions with government bonds in the T+2 settlement mode, automation of trading and settlement and clearing processes for REPO transactions on UZCE, introduction of default management mechanisms in UZCE, application of the SOFR rate instead of the LIBOR rate in settlements on currency futures transactions and currency swap transactions, reduction of the initial margin payable when buying and selling currency futures contracts from 5% to 2%, admission to the UZCE of legal entities that have received the right to professional activities in the securities market as investment intermediaries, as well as creating the possibility of admitting foreign nominee holders and foreign investment intermediaries to UZCE members, amendments and additions have been made to the following internal regulatory documents of UZCE:

Rules for trading in government bonds in “Uzbek Republican Currency Exchange” JSC;

Rules for trading in bonds of the Central Bank of the Republic of Uzbekistan in “Uzbek Republican Currency Exchange” JSC;

Rules for conclusion and execution of repo transactions with government bonds in “Uzbek Republican Currency Exchange” JSC;

Regulations on membership in the “Uzbek Republican Currency Exchange” JSC;

Procedure for collection of commission (fees) in UZCE;

Rules of exchange trading in currency futures contracts in “Uzbek Republican Currency Exchange” JSC.

2. In order to further stimulate exchange markets by maintaining a positive trend in trading volumes, including in the government bonds market, forming deep skills of trading participants, stimulating the growth of trading volumes and scales by optimizing commission fees, it was decided not to charge commission fees for inter-dealer repo transactions from May 1, 2023 to June 30, 2023.

3. In order to further improve the system of remuneration of UZCE employees, motivate employees to work efficiently, fair calculation of wages, strengthen social protection of UZCE employees, increase their initiative and their further stimulation, amendments and additions were made to the Regulation "On remuneration and incentives for employees of the Uzbek Republican Currency Exchange".

4. A competition was held to select an independent organization providing professional services for the purposes of assessing the corporate governance system in UZCE for 2022.

5. "Smart Bank", "APEX BANK", "HAYOT BANK" and "YANGI BANK" joint-stock companies, as well as "Portfolio Investments" LLC, "Leader Finance Capital" LLC, "Premium Finance" LLC, "Satori Capital" LLC, "Toshkent Investitsiya Majmui" LLC were accepted as members of the UZCE in categories "A", "B" and "C".

6. The reports of the executive body of UZCE for the first quarter, the first half and 9 months of 2023 were approved, and issues related to the convening and holding of the Annual General Meeting of Shareholders of UZCE were considered.

7. By the decisions of the Supervisory Board, the term of the employment contract with the Executive Body of UZCE (General Director R.R. Usmanov) was extended, and the business plan of UZCE for 2024 was approved.

In addition, in the reporting year, the Supervisory Board approved the establishment of the National Clearing Center JSC under the foundation of "Uzbek Republican Currency Exchange" JSC.

The authorized capital of National Clearing Center JSC was set at 5 billion UZS, and it was also decided to form it from UZCE's own funds.

At the same time, it was decided at the next stage to increase the size of the authorized capital of National Clearing Center JSC to 55 billion UZS, which will be formed at the expense of the UZCE guarantee fund, as well as by contributing to the authorized capital of the UZCE property in the form of fixed assets, including intellectual property (settlement and clearing and other software of the UZCE) with an assessment.

Also, by the decision of the Supervisory Board of UZCE, an agreement was approved on the lease of a part of the administrative building of UZCE, located at the address: Tashkent, Sh. Rashidov Avenue, 4.

The Supervisory Board decided to engage qualified consultants, as well as leading international consulting organizations, for the high-quality and timely implementation of

the action plan within the framework of the Roadmap for the development of the capital market in 2023-2025.

In pursuance of the Decree of the President of the Republic of Uzbekistan dated September 2, 2023 No.PP-291, on October 23, 2023, a single simplified procedure for admitting members of the Republican Stock Exchange “Tashkent” JSC to membership was approved.

In the reporting year, the Supervisory Board also monitored compliance by the Executive Body of UZCE with the principle of disclosure of information on the securities market in accordance with the procedure established by the Law of the Republic of Uzbekistan “On Joint Stock Companies and Protection of Shareholders’ Rights”.

At the same time, shareholders were regularly provided with quarterly reports of the Executive Body, financial statements, extracts from decisions of meetings of the Supervisory Board and other information. Also, these reports and material facts related to the holding of general meetings of shareholders and other activities of UZCE were regularly posted on the Unified Corporate Information Portal and on the official website of UZCE.

Executive Body

The management of the current activities of UZCE is carried out by the sole Executive Body - the General Director, acting in accordance with the "Regulation on the Executive Body of the "Uzbek Republican Currency Exchange" JSC".

The General Director of UZCE is appointed by the decision of the Supervisory Board. As a rule, the decision to appoint the General Director is made on the basis of a competitive selection, in which foreign managers can take part.

The competence of the Director-General includes, inter alia:

organizing the implementation of decisions of the General Meeting of Shareholders and the Supervisory Board;

approval of staff, issuance of orders and instructions that are mandatory for all employees of the UZCE;

approval of internal regulatory documents of UZCE within its powers;

admission to participation in exchange trading and temporary suspension of UZCE members from trading, creation of conditions to ensure the improvement of the level of professional qualification of their employees (traders) participating in exchange trading;

temporary suspension of UZCE members from participation in exchange trading;

insurance of business risks of UZCE and liability of the Executive Body;

resolution of other issues related to the management of UZCE's day-to-day operations, except for issues within the competence of the General Meeting of Shareholders and the Supervisory Board in accordance with the law.

The Executive body also submits to the Supervisory Board the issues of exclusion from the membership of the UZCE, verifies the professional qualifications of traders of the UZCE members participating in exchange trading.