

Good afternoon, dear forum participants, dear friends!

First of all, I want to say that I am very glad to be among those invited to this wonderful event, and I express my deep gratitude for the honor kindly provided to speak to the distinguished participants.

Allow me at the beginning of my speech to make a short excursion into the history of the creation and formation of our organization - the Uzbek Republican Currency Exchange.

The Uzbek Republican Currency Exchange was established in 1992 and is one of the oldest exchange platforms in the country.

Today, the Exchange is the largest and multifunctional exchange platform in the country and is a unique integrated system that includes trading floors, a settlement and clearing part, as well as a depository.

Foreign exchange market instruments, government securities, money market instruments, as well as monetary instruments of the Central Bank for liquidity management are traded on our exchange markets.

In order to provide additional and attractive trading strategies, as well as hedging instruments for trading participants, the UZCE has introduced exchange trading mechanisms with instruments such as currency swaps and repo transactions with government securities.

The unique competitive advantage of our organization is the integration of different markets on one trading platform, which allows market participants to effectively manage financial resources.

In addition, the functioning of a single exchange market with various financial instruments on the UZCE trading floor contributes to the formation of indicators that allow the regulator to increase the efficiency of monetary policy.

I would like to note that, since last year, the “Eikon” informational and analytical platform of the “Refinitiv” company (Thomson Reuters) has been constantly posting updated information about the markets, indicators and activities of the Exchange.

At the same time, a distinctive feature of building a trading system on the Exchange is that exchange trading is carried out on the basis of unique trading and software complexes developed by the Exchange itself, in accordance with world standards for organizing trading in financial instruments. We are constantly working on improving technologies, modernizing the systems used and introducing modern information products, providing bidders with modern and convenient services.

Dear participants, let me give you a small overview of the exchange markets of our organization.

The exchange market today is represented by the following main segments.

On the foreign exchange market today, trades for the purchase and sale of foreign currency, currency swap operations, as well as regular currency swap auctions conducted by the Central Bank are held.

The money market covers the interbank deposit market, where interbank operations are carried out to attract and provide funds, as well as deposit auctions of the Central Bank.

The primary and secondary markets for government securities are in an active trading phase, where the Ministry of Finance and the Central Bank place government securities among commercial banks of the republic and other legal entities. Secondary trading is also organized in this market, along with inter-dealer repo transactions and Central Bank repo auctions.

Analysis of exchange markets over the past two years shows a stable growth trend in exchange turnover and a positive trend in the diversification of exchange instruments.

It should be noted that despite the situation with quarantine restrictions introduced last year in connection with the coronavirus pandemic, in 2020 activity in our markets not only remained, but also increased. Thus, the total trading volume in 2020 reached 34.1 billion US dollars, exceeding the indicators of 2018 by 1.6 times, and in 2019 by 1.3 times.

Foreign exchange market

The foreign exchange market plays an important role in the country's financial system as a center of liquidity for operations with the national currency. Foreign exchange trades determine the exchange rates of foreign currencies against the sum, which are a benchmark for the official rate of the Central Bank.

According to the outcome of the last three years, the average growth in the volume of trading in the foreign exchange market is equal to 11.6%.

At the same time, at the end of 2020, the trading volume in the foreign exchange market reached the level of 25.94 trillion. US dollars.

At present, the main share in the structure of trading on the foreign exchange market falls on the pair of sums - US dollar.

Trading in euros was also organized in the Exchange's trading system, the volume of which in 2020 amounted to the equivalent of \$ 2.3 billion, having increased by 3 times compared to 2018.

Starting from 2019, a new instrument of inter-dealer currency swap was introduced in the Exchange's trading system, the volume of transactions for which in 2019 amounted to \$ 4.34 million. US equivalent.

In addition, as part of the monetary policy pursued by the Central Bank in accordance with the standards of the inflation targeting regime, from the beginning of 2020, the Central Bank's currency swap auctions began to be held in the Exchange's trading system. The total volume of currency swap transactions at the end of 2020 amounted to USD 316.93 million in equivalent.

It should be noted that, in order to improve the mechanism for conducting trades in the foreign exchange market, at the beginning of this year, the Exchange trading platform successfully switched from the "fixing" method to a combination of "call auction" and bilateral continuous auction ("matching"), as well as transfer settlements for trading on the T + 1 mode.

Money market

It should be noted that the organization of trading on the money market provided an additional opportunity for market participants to instantly attract and place funds in short-term assets. Money market instruments are highly popular, as evidenced by the positive dynamics of the volume of transactions.

In 2020, trading volumes amounted to USD 5.76 billion in equivalent, which is 4 times higher than in 2019 and 8.6 times higher than in 2018.

At the same time, in the first quarter of 2021, transactions in the amount of \$ 3.5 billion were made in the interbank deposit market, which exceeds the annual volume of 2019 by 2.4 times.

In addition, since December 2018, deposit auctions of the Central Bank have been held on the Exchange to attract funds from commercial banks.

In 2020, the volume of transactions at the deposit auctions of the Central Bank reached USD 515.25 million and exceeded the indicator of 2019 by more than 14 times.

Government securities market

If we talk about the government securities market, then this market is one of the main trading floors of the Exchange.

The total trading volume in the government securities market at the end of 2020 amounted to USD 2.13 billion, having increased compared to the same indicator in 2019 by 6.7 times or by USD 1.8 billion.

In 2020, the Exchange successfully introduced mechanisms for exchange trading in inflation targeting instruments - auctions for the placement of bonds of the Central Bank, as well as REPO auctions, which are held on a regular basis. It should be noted that this market is currently in an active phase, the volumes of issues are increasing and both domestic and foreign investors are showing great interest in it.

Dear participants, I would like to note several points regarding the implementation of the Exchange Development Strategy.

The main goals, objectives and priority directions for the development of the Exchange's activities are determined based on the understanding of the need for further development of activities by diversifying exchange instruments, introducing modern trading methods, advanced exchange mechanisms and information and communication technologies.

So, at present, trading systems are being prepared for the introduction of new exchange instruments, and in the near future it is planned to significantly expand the existing

instruments, including through derivative financial instruments, to conduct trades in the stock sector with various types of securities, including gold ETFs of funds.

It is planned to significantly expand the composition of trading participants at the expense of the insurance business, investment and other funds, as well as individuals.

During 2021-2022 the Exchange will involve the institution of market - making in all exchange markets, as the main participant in exchange trading.

We also plan to significantly expand the list of exchange instruments in the foreign exchange market, in particular, by introducing trading in various currency pairs.

Among other measures for the near future, expanding the instruments of the government securities market by placing government bonds with different circulation periods.

The necessary measures will also be taken to create favorable conditions for organizing trading in various types of securities - mortgage and infrastructure securities, bonds of international financial institutions, various funds, exchange-traded bonds.

As part of development activities, it is planned to develop and introduce derivative financial instruments for managing interest and currency risks, including futures on foreign exchange rates, on the values of various indicators of the exchange market, in particular the securities market.

Also, in 2022, it is planned to organize the institution of the Central Counterparty in order to create a stable and reliable settlement system.