PROSPECTS FOR THE USE OF CORPORATE BONDS IN REPO OPERATIONS

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Abstract

This thesis analyzes the economic significance of using corporate bonds in REPO operations, international experience, and the opportunities available for the capital market of Uzbekistan. It substantiates the role of incorporating corporate bonds into REPO transactions in increasing market liquidity, enhancing investment attractiveness, and developing the corporate debt market.

Keywords

REPO operations, corporate bonds, capital market, liquidity, securities market, collateral, investments, financial instruments.

Introduction

The efficient functioning of financial markets largely depends on liquidity. REPO operations are among the most important instruments for managing short-term liquidity and are widely used in global practice. In recent years, the use of corporate bonds in REPO transactions has become an important direction for the development of capital markets.

Main Part

In international practice, corporate bonds are actively used in REPO operations in the United States, the European Union, South Korea, India, and Kazakhstan. This practice increases bond market liquidity, creates additional financing opportunities for investors, and enhances the investment attractiveness of issuers. The min advantages of including corporate bonds in REPO operations are increasing bond market liquidity, stimulating secondary market trading, reducing the cost of raising capital, and strengthening the stability of the financial system. International experience shows that credit ratings, the issuer's financial condition, and market liquidity are the primary criteria for accepting corporate bonds in REPO transactions. Haircut mechanisms are commonly applied to reduce risks. In Uzbekistan, it would be advisable to introduce corporate bonds into REPO operations gradually. Initially, bonds issued by large banks and strategic enterprises could be accepted, with broader participation introduced as the market develops.

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Conclusion

The inclusion of corporate bonds in REPO operations accelerates capital market development, creates new opportunities for investors and issuers, and increases the liquidity of the financial system. For Uzbekistan, the gradual implementation of this mechanism based on international best practices is of great importance.

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