IPO DEVELOPMENT IN UZBEKISTAN: OPPORTUNITIES FOR ATTRACTING DOMESTIC AND FOREIGN INVESTMENT

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Abstract. This paper examines recent developments in Uzbekistan’s initial public offering (IPO) market and assesses how IPO activity can contribute to attracting both domestic and foreign investment for long-term economic development. The study draws upon official documents, regulatory materials, and verified media reports. Particular attention is given to the capital-market reforms planned and implemented during 2025–2026. A key development examined in the paper is the dual listing conducted in May 2026. The National Investment Fund of Uzbekistan (UzNIF) listed its shares on the London Stock Exchange and simultaneously offered shares on the Republican Stock Exchange “Toshkent” (UZSE). This transaction represented the first international equity offering by an Uzbek issuer. The paper argues that the UzNIF transaction provides evidence of international investor confidence in Uzbekistan’s emerging capital market. At the same time, the development of a stronger domestic equity-investment culture cannot be achieved automatically. The study emphasizes the importance of consistent institutional reforms, broader opportunities for retail investors, and continued implementation of the government’s capital-market-based privatization strategy. These measures are essential for transforming individual IPO transactions into a sustainable and inclusive capital-market ecosystem.

Keywords: Uzbekistan; IPO market; capital market; privatization; UzNIF; dual listing; London Stock Exchange; Tashkent Stock Exchange; foreign investment; retail investors; institutional reform; investor confidence.

1. Introduction and Research Question

Since 2017, the Government of Uzbekistan has pursued a broad range of economic reforms aimed at reducing the state’s direct role in the economy and increasing the

participation of private-sector actors. One of the central components of this reform agenda has been the privatization of state-owned assets and enterprises. During the period from 2021 to 2024, state-owned assets with a total value of approximately 47 trillion soums were privatized. This figure was approximately thirty times higher than the volume of privatization carried out during the previous decade. At the same time, the number of enterprises with state participation was reduced by approximately half (Government of the Republic of Uzbekistan, 2026).

Beginning in 2025, the privatization process entered a new stage. In addition to traditional auctions, the government began to place greater emphasis on the sale of shares through public offerings on both domestic and international capital markets. This approach represents a significant shift from conventional asset sales toward market-based mechanisms capable of attracting a broader range of investors.

The central research question of this paper is therefore straightforward: **How can IPO activity attract both domestic and foreign investment while supporting Uzbekistan’s long-term economic development?**

The paper is organized into three main analytical parts. First, it examines the institutional and regulatory framework governing IPO-based privatization during 2025–2026. Second, it assesses the development and current performance of the Tashkent Stock Exchange. Third, it analyzes the 2026 UzNIF IPO as a major case study and considers its implications for Uzbekistan’s capital-market development and investment attraction.

2. Institutional, Policy, and Market Framework, 2025–2026

On April 21, 2025, the President of the Republic of Uzbekistan signed Presidential Decree No. UP-70, entitled “On the Privatization Program for 2025.” The decree introduced measures designed to simplify the process of selling state-owned property and abolished certain exclusive privileges previously enjoyed by state-owned enterprises (Kosta Legal, 2025; CIS-Legislation.com, 2025). On the same date, a related resolution concerning the cross-border privatization of major state-owned companies was also adopted (Kosta Legal, 2025; CIS-Legislation.com, 2025).

The privatization program includes 115 enterprises, 659 real-estate assets, and

approximately 6,100 hectares of land. At the same time, the government introduced a restriction on the establishment of new state-owned enterprises (Avesta Investment Group, 2025). Approximately ten companies are expected to enter public markets between 2025 and 2028. Some of these transactions are planned in the form of initial public offerings (IPOs) or secondary public offerings (SPOs), while investors may acquire minority stakes generally ranging from approximately 10 to 25 percent. This structure demonstrates a gradual transition away from complete privatization toward market-based mechanisms for the sale of state assets (U.S. Department of State, 2025).

A particularly important role in this strategy is played by the National Investment Fund of Uzbekistan. The fund was established in August 2024, while Franklin Templeton assumed responsibility for its management in February 2025. The establishment and professional international management of the fund place it at the center of Uzbekistan’s efforts to modernize the management and monetization of state-owned assets (Cleary Gottlieb, 2026a).

The Republican Stock Exchange “Toshkent” (UZSE) was established in 1994 and remains the principal organized securities market in Uzbekistan for trading stocks and bonds. In 2025, the exchange’s net profit increased by 43.1 percent to 17.6 billion soums, while Main Board turnover increased by 33 percent to 175 billion soums. Total trading activity reached 8.078 trillion soums across 362,420 transactions (UzDaily.uz, 2026a).

By June 2026, the total market capitalization of Uzbekistan’s stock market was estimated at USD 35.49 billion. The market included 82 issuers of ordinary shares and 37 issuers of preferred shares (Asia Frontier Capital, 2026).

Before 2026, the privatization process relied predominantly on auctions and other conventional mechanisms for the sale of state assets. There had been no major IPO program specifically designed to attract substantial international institutional investment. Against this background, the UzNIF transaction represents a particularly important development because it combined a domestic share offering on the UZSE with an international Global Depositary Receipt (GDR) listing in London.

3. Case Study: The UzNIF IPO of May 2026

The National Investment Fund of Uzbekistan (UzNIF) began trading on May 18, 2026. Its Global Depositary Receipts (GDRs) were listed and traded in London, while its ordinary shares began trading in Tashkent. The transaction represented the first deal of its kind involving an Uzbek issuer and also constituted the first London listing by an Uzbek issuer (Cleary Gottlieb, 2026a, 2026b).

UzNIF holds stakes of approximately 25 to 40 percent in 13 major state-owned enterprises. By the end of 2025, the value of its portfolio had reached approximately USD 2.44 billion (Gazeta.uz, 2026a; bne IntelliNews, 2026).

The offering consisted of two components. GDRs were offered at USD 25 per unit, while local shares were offered at UZS 4.65 per share. Retail investors were provided with a 5 percent discount as part of the offering structure (Cleary Gottlieb, 2026a, 2026b; Euronews, 2026a, 2026b).

The Ministry of Economy and Finance raised USD 603.6 million through the transaction. Based on this amount, the implied valuation of the fund was approximately USD 1.95 billion. International demand was particularly strong, with external orders reaching approximately USD 2.8–2.9 billion. This demand was reportedly generated by more than 160 institutional investors. Within Uzbekistan, approximately 4,700 applications were submitted by investors (Cleary Gottlieb, 2026a, 2026b; Euronews, 2026a, 2026b).

The performance of the securities immediately following the beginning of trading was also significant. On the Tashkent Stock Exchange, UzNIF shares closed at UZS 5.46, representing an increase of 23.8 percent compared with the offering price. In London, the GDRs ended trading at approximately USD 28, representing an increase of around 12 percent (Gazeta.uz, 2026b).

The simultaneous operation of the domestic and international components of the transaction required several interim regulatory arrangements. Uzbekistan does not yet have a permanent and comprehensive legal framework specifically governing GDR-based IPOs by state-owned enterprises. Consequently, the UzNIF transaction was implemented through special temporary procedures developed for the particular offering (Cleary Gottlieb, 2026b).

4. Opportunities and Constraints for Investment

The scale of international demand for the UzNIF offering demonstrates that Uzbekistan can attract significant foreign institutional capital even in the absence of a long history of major international listings. Several factors appear to have contributed to this outcome, including a clearly structured transaction, alignment with international capital-market practices, the involvement of an experienced global asset manager, enhanced disclosure requirements, and simultaneous trading on two exchanges (Cleary Gottlieb, 2026a, 2026b; Euronews, 2026a).

The broader macroeconomic environment also provides a supportive background for capital-market development. In its 2026 Article IV assessment, the International Monetary Fund noted Uzbekistan’s strong economic performance, including improvements in fiscal and external indicators. At the same time, the IMF emphasized that further reforms involving state-owned enterprises and capital-market development remain necessary (International Monetary Fund, 2026; Central Bank of the Republic of Uzbekistan, 2026).

The World Bank Group’s July 2026 diagnostic provides additional context. It estimated new private investment at approximately USD 5.2–6.4 billion and projected that developments in sectors such as logistics, tourism, and pharmaceuticals could contribute to the creation of more than 300,000 jobs (International Finance Corporation / World Bank Group, 2026). These estimates demonstrate that capital-market development should be considered as one component of a broader investment and economic-development strategy rather than as an isolated source of financing.

The domestic results of the UzNIF IPO, however, appear less conclusive. The retail discount and the Jett application-based investment route were clearly designed to encourage broader domestic ownership. Nevertheless, the overall level of retail participation remained relatively limited. Approximately 4,700 applications and a retail allocation of roughly 3 percent indicate that domestic participation is still at an early stage. This situation is consistent with the historically limited level of activity and liquidity in Uzbekistan’s equity market (Gazeta.uz, 2026b; Euronews, 2026b; UzDaily.uz, 2026a; Asia Frontier Capital, 2026).

The regulatory structure presents another important challenge. Because dual-tranche

IPOs currently depend to a considerable extent on transaction-specific rules and temporary arrangements, the long-term development of the market will require the establishment of a permanent and predictable legal framework for future international and domestic public offerings (Cleary Gottlieb, 2026b).

A permanent regulatory framework could reduce uncertainty for issuers and investors, standardize disclosure requirements, clarify the legal treatment of GDRs and dual listings, and make future IPOs easier to organize. Such reforms would also help Uzbekistan establish a consistent track record in international equity markets.

In addition, the expansion of domestic retail participation will depend on improving financial literacy, strengthening investor protection, increasing access to brokerage and digital investment platforms, and developing a more active secondary market. Without these supporting mechanisms, successful IPO transactions may remain isolated events rather than becoming part of a broader transformation of the domestic capital market.

6. Conclusion

The UzNIF transaction represents an important milestone in the emergence of the IPO as a practical instrument of Uzbekistan’s privatization strategy. The transaction demonstrated that Uzbekistan is capable of attracting substantial foreign institutional capital through a carefully structured dual listing on the London Stock Exchange and the Republican Stock Exchange “Toshkent.” The strong level of international demand, together with the positive initial market performance of both the local shares and London-listed GDRs, provides evidence of significant international investor interest in Uzbekistan’s emerging capital market.

However, the long-term success of this strategy will depend on whether the experience of UzNIF can be transformed into a broader and sustainable capital-market development process. In particular, Uzbekistan will need to continue implementing the 2025–2028 privatization pipeline, establish a permanent and comprehensive legal framework for future IPOs and dual listings, and expand the participation of both retail and institutional investors in the domestic market.

Greater domestic participation is particularly important because attracting foreign

capital alone cannot guarantee that the benefits of capital-market development will be widely distributed within the Uzbek economy. Strengthening financial literacy, improving investor access, enhancing corporate governance, increasing transparency, and developing an active secondary market can help create a stronger domestic equity-investment culture.

Future monitoring of subsequent state-owned enterprise listings, investor participation, trading volumes, liquidity, and secondary-market performance on the UZSE will be essential for evaluating the long-term significance of the UzNIF transaction. These developments will ultimately determine whether UzNIF remains an isolated landmark transaction or becomes the starting point for a sustained expansion of Uzbekistan’s public equity market.

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