

APPROVED

By General shareholders meeting of JSC
«UzRCSE»

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DEVELOPMENT STRATEGY
for
JSC «Uzbek republican commodity stock exchange»
for long-term (2016 - 2025 years)
and medium-term (2016-2018 years) periods

Tashkent – 2016.

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I. GENERAL PROVISIONS

1.1 UzRCSE - history of development and the current state.

The beginning of exchange activity in Uzbekistan is connected with formation in March, 1991 of Universal commodity stock exchange "Toshkent" in the form of public joint stock company. At the same time for the short period of time there were formed 36 universal commodity stock exchanges in Uzbekistan - almost in all areas, at many ministries and departments. However absence of legislative and standard and legal base, and also, any practical experience of exchange activity, professional insolvency of personnel structure and brokers of majority of small exchanges, caused to crisis of the exchange movement.

Ignoring of fundamental laws on market development, absence of purposeful work with clients has brought them in economic insolvency and bankruptcy. They ceased their existence.

In July, 1992 Supreme Council of the Republic of Uzbekistan adopted a Law "On the Exchanges and Exchange Activity". This law defines basic provisions about the exchange, exchange goods and exchange activity.

A law "On the Exchanges and Exchange Activity" adopted by Supreme Council of the Republic of Uzbekistan, Decrees of the President of the Republic of Uzbekistan and resolution of Cabinet council have created a new legislative basis for development of the exchanges in the Republic.

Due to reorganization of Uzbek universal commodity stock exchange "Toshkent" - commodity stock and stock exchanges with corresponding transfer of functions and rights, and also transition to work of main experts, accumulating experience in exchange activity.

Along with legislative and legal base also was defined a main specialization of these exchanges, division of spheres of economy with which each of them is connected.

Uzbek republican commodity stock exchange became the most important link of exchange system of the republic. JSC UzRCSE was founded in the form of open joint stock company, registered in Ministry of Justice of the republic on April 8, 1994 and for today is a leading commodity and raw exchange of the republic.

Decisions of governmental leaders on development of exchange trade made in 1999 were important for functioning and further development of exchange sector of economy. Among them it is necessary to mention, first of all Resolutions of Cabinet council of the Republic of Uzbekistan on April 15, 1999 under No. 174 "On measures for increase in efficiency of exchange and fair trade" and on May 6, 1999 under No. 223 "On measures for further improvement of exchange and fair trade in the Republic of Uzbekistan".

Resolution under No. 174 approved an order of sale, acquisition and export of goods, under contracts concluded at the exchange auction. In Annex 1 to specified resolution there is given a list of commodity groups which realization at the exchange auction was allowed only for freely-convertible currency.

According to resolution No. 223, there was approved an order of concluding the import contracts at trading of commodity stock exchanges, and there were created settlement (clearing) houses at them.

There were undertaken cardinal measures on development of exchange trade in the Republic of Uzbekistan according to the resolution of Cabinet council of the Republic of Uzbekistan on February 5, 2004 under No. 57 "On further introduction of market mechanisms of

realization of highly liquid types of production, raw materials and materials". According to this resolution practically all types of material resources are implemented at the exchange auction.

For ensuring effective use of means of government budget, expansion of access of small and private business in obtaining state purchase orders of goods (works, services), further development of competition and ensuring transparency at implementation of government procurement by resolution of the President of the Republic of Uzbekistan on February 7, 2011 under No. PR-1475 "On optimization of government procurement and expansion system of involvement of small business entities to them" there was introduced a new, more perfect, open and transparent mechanism of implementing the government procurement, where government procurement of separate types of goods (works, services) which list is determined by Government commission by government procurement, under one contract for the sum in equivalent from 300 US dollars to 100 thousand USD shall be carried out by means of electronic biddings on decrease in starting price, organized by the exchange.

Use of information systems of the exchange in organization of government procurement showed efficiency of made decisions and this mechanism, by resolution of the President of the Republic of Uzbekistan on April 5, 2013 under No. PP-1948 "On optimization of electronic procurement and expansion system of access for business entities to them", was extended to procurements conducted by entities of natural monopolies and enterprises with prevailing share of state.

As per to resolution of the President of the Republic of Uzbekistan on December 4, 2014 under No. RP-2270 "On forecast of main macroeconomic indicators and parameters of Government budget of the Republic of Uzbekistan for 2015" from June 1, 2015 purchase of goods, for which the customer had an urgent or unforeseen need is made through electronic catalog.

Practical implementation of specified normative legal acts has allowed to reorganize system of government and corporate procurement. Introduction of electronic forms of purchases provided equal access to government and corporate procurement to all economic entities, first of all to entities of small and private business, transparency and competition in the course of purchases. Economy of budgetary funds and means of corporate customers due to competition at auction, makes from 15 to 20% of starting cost of purchases.

1.2 Purposes and tasks of Strategy

Main objective of this Strategy is creation of system of priority directions, forms, methods, means and ways of using the resource capacity of the exchange ordered in time for the purpose of its accelerated development for the benefit of its shareholders, personnel and business partners.

Main objectives of Strategy are definition of the followings:

- a current state of the exchange, its place in economies of the republic, weak and strengths, a competitive environment;
- corporate mission and values;
- strategic objectives and tasks of the exchange;
- strategy of the exchange;
- mechanisms of realization of strategy of the exchange;
- main and detailed activities for the forthcoming five-year period;
- methods of improvement of corporate management;

bases of social policy.

This Strategy is a fundamental document defining tendencies and directions of development of the exchange and mechanisms of their realization. All other programs, plans and projects, local acts and administrative documents are based on provisions of the given Strategy and are valid only in the part not contradicting it.

1.3 Corporate mission and values, strategic objectives and tasks

Corporate mission of the exchange: **Introducing innovations, we create, we expand and we improve optimum environment for our clients providing them complex decisions in commodity markets and in the sphere of electronic commerce.**

Corporate values: **Strategy, resources and development. Innovations, creativity and complexity. Quality, efficiency and partnership.**

Strategy, resources and development. We develop and we introduce strategies allowing to best use of our considerable resources, to develop and be in the lead in the market.

Innovations, creativity and complexity. We are convinced that only creative approach and constant introduction of technological, administrative and service innovations for complex resolution of needs of our clients allow us to be in the lead in the market. Therefore our constant aspiration is leadership in innovations.

Quality, efficiency and partnership. We are focused on the client and in this approach we rely on principles of quality, efficiency and partnership. Only such approach, orientation to leadership in service, will enable to provide loyalty of clients, providing inflow of cash, a possibility of building of resources directed to implementation of new development strategies.

II. STRATEGY OF THREEFOLD LEADERSHIP

2.1 Threefold leadership

Success of the exchange will depend on its opportunity to realize a strategy of threefold leadership, ability to be in the lead in three directions.

For achievement of objects set by this Strategy, preservation of competitive advantages, the exchange is obliged to hold and increase:

- leadership in the market;
- leadership in innovations;
- and leadership in service.

A leading position held now by the exchange in commodity market enables to generate income and to use them for financing of innovations directed to entry into new markets, in particular perspective market of electronic commerce. Leadership of the exchange in innovations, innovative approaches and decisions introduced by the exchange will allow to attract clients to its new information systems. Due to leadership in service, rendering high-quality services, these clients will keep, raise number of clients, providing leadership in new markets. Commission collecting raised from clients will permit to generate a new income which the exchange intends to direct to new innovative projects, and also expansion and improvement of operating information systems, service improvement of quality, winning a new perspective markets and strengthening leadership in traditional markets.

Leadership in service		Leadership in the market
	Leadership in innovations	

2.2 Leadership in the market

Up to the present UzRCSE has managed to ensure leadership in national market of electronic commerce between enterprises (electronic exchange trading in raw goods, electronic corporate procurement, electronic exhibition and fair trading not in raw goods - B2B) and in the market of electronic government procurement (B2G). In electronic trades, organized by the exchange there take part tens thousands of large and small enterprises and individual entrepreneurs who concluded more than 635 thousand transactions which total turnover on all trading platforms exceeded 8,9 trillion UZS in 2015 participate in electronic auction organized by the exchange.

The exchange is an operator the largest in the republic of information system providing to clients of a possibility of remote conclusion of transactions on realization of goods (or their purchase). Commission collecting raised from bidders being a source of its main income provides the exchange necessary financial means which can be directed to financing of researches of perspective markets, introduction technological and business innovations, attraction, deduction and stimulation of qualified personnel, advance and advertizing of new services.

All of this provides position of the exchange leading and indisputable for today in the market of electronic commerce in sector of B2B and B2G.

Participation of state in share capital of the exchange, and also role of the exchange as a main conductor of public policy on ensuring transparency and competition and introduction of information and communication technologies in commodity markets provides the exchange support of state governing bodies.

At the same time, development of electronic commerce accelerated by acts adopted in this sphere may bring and will lead to appearance of potential competitors, challenging to indisputable leadership of the exchange.

Challenges of time demand acceptance of thought-over strategy preventing such development of situation. A sole rational answer for these challenges is orientation to introduction of innovations and entry into new markets.

2.3 Leadership in innovations

Leadership in innovations means constant and unrelenting aspiration to introduction technological and business of innovations and to modernization of operating information systems, guarantying retaining and hardening of leadership in the market. Human, financial and institutional capacity, available at the exchange allows to hope for achievement of leadership in questions of introducing the innovations. The exchange intends to conduct monitoring of electronic commerce in the world for definition of the most perspective directions of its development, definition of the latest technological developments, new business directions.

Subject of continuous monitoring will be the newest practices on management of enterprises also being introduced by the world leaders and marketing strategy (business innovations).

The most important competitive advantage of the exchange is a recognition of its brand, the widest client base acquired by years of activity. Introduced innovations, first of all, will be offered clients who already use services of the exchange in other directions, have personal accounts in clearing house of the exchange. It will allow "to untwist" new technological platforms for short terms, to attract such number of clients that enables to carry out an operative transition to self-sufficiency of new projects. Retaining the attracted clients, ensuring their loyalty will be achieved on the account of a high-quality service.

2.4 Leadership in service

Leadership in service means an aspiration of the exchange to provide the highest in comparison with competitors and from the point of view of expectations of clients level of clients service as a key factor of success. The highest level of service will be reached at the expense of organization

Upon introduction of innovations a special attention will be drawn on ability of **complex resolution** of clients problems. Services offered clients will be supplemented with additional opportunities in the sphere of settlement service, logistics, information, advertizing and other services.

In clients servicing the exchange will rely on the following fundamental principles:
ensuring maximum quality of services;
achievement of efficiency in customer service, immediate response to their requirements and inquiries;
establishment of partner approach in relationship with clients.

2.5 Three principal markets

Activity of the exchange will be concentrated on three principal markets:
exchange commodity market;
market of the government and corporate procurement;
market of electronic commerce.

The exchange intends and holds a leadership in the exchange commodity market (realization of standard, mainly primary goods) from now on. Services allowing to organize the government and corporate procurement will and develop from now on. Considerable emphasis will be put on the market, new to the exchange, –market of electronic commerce.

2.6 Ensuring threefold balance of interests (clients, shareholders, personnel)

The present Strategy provides an account and ensuring balance of interests for clients of the exchange, its shareholders and personnel.

Interests of these three categories not only do contradict, but also coincide as they are interdependent.

Clients are interested in expeditious and high-quality service and acquisition of economic benefit from use of services of the exchange. High level of service is able to provide personnel of

Society who in turn, are interested in material and moral stimulation of work, receiving a worthy benefits package. Shareholders of the exchange whose main interest in capitalization increase of the exchange, cost of its shares and high size of dividends can provide these conditions to them with their decision. These conditions are feasible only due to attraction and deduction of enough number of clients providing inflow of cash.

III. MECHANISM FOR IMPLEMENTATION OF PROJECTS ON DEVELOPMENT

3.1 Development of internal business and support of innovations

Small innovative enterprises which main advantage is the enterprise initiative, efficiency in decision-making and innovation will be main competitors who can challenge the exchange in the sphere of electronic commerce. A new corporate culture directed to encouragement of spirit of business, an enterprise initiative, informality and efficiency in decision-making can become the only worthy answer to these challenges. For active introduction of innovative projects of UzRCSE will actively develop internal business (entrepreneurship).

For encouragement of initiators and performers of innovative projects there shall be stipulated actions on material and moral incentive. Degree for initiative of employees will be one of decisive factors considered in charging awards and extra charges to the salary. Stimulation for participation in implementation of innovative projects directed to occurrence on new markets or retaining the positions in traditional markets has to become powerful if not by defining part of staff income of the exchange. With consideration of advanced foreign practice, there shall be developed methods of participation of participants of innovative projects in income gained from their introduction. At the same time, methods of participation in income have to stimulate financial stability of projects in a long term perspective.

3.2 Committee on development and Fund of development

For coordination of development programs of the exchange, consideration of projects and monitoring of their execution at Board of the exchange there shall be formed **Committee on development**.

A purpose of creation of Committee is ensuring profound study of questions, being within the competence of Board in the sphere of planning financially - economic activity of the exchange, development of comprehensively reasonable recommendations to Board, and also control over execution of decisions of Board regarding implementation of approved programs and projects of development.

For sufficient and steady financing of approved programs and projects of development, expansion of innovative activity of the exchange, there shall be formed **Fund of development of JSC UZRCSE**.

According to cl. 22 of Annex No. 2 to resolution of the President of the Republic of Uzbekistan on April 24, 2015 under No. PD-4720, each quarter 10 % from net profit, gained by the exchange for the reporting period will be directed to Fund of development.

In addition to these funds, also not less than 50% of income gained from introduction of new projects within not less than three years from the moment of their introduction and not less than 20% of profit gained by the exchange over indicators approved by business plan will be directed to Fund of development.

These funds will be applied on financing of perspective researches, development and marketing of new products with account of market demand, implementation of new innovative projects, modernization of processing equipment and software products, work incentives of personnel occupied in implementation of new projects.

3.3 Project management

A new innovative culture introduced at the exchange provides a mechanism of implementation of business projects initiated and realized by staff of the exchange or third parties related to the exchange with contracts on joint activity (contracts of particular partnership).

Innovative offers will be considered and estimated by Committee on development. After conducting examination of project, an offer on its introduction will be sent to Committees addressed to board, together with draft agreement, project coordinated with initiators. The board of the exchange will adopt decisions on implementation of project, its business plan and budget. Project manager appointed by the Board will perform management over personnel of project, to be responsible for its realization according to confirmed budget and terms of realization.

Income gained from implementation of project will be distributed according to contract on joint activity.

IV. FURTHER DEVELOPMENT OF EXCHANGE TRADE

4.1 Expansion and improvement of exchange trade in real goods

Up to the present time, UzRCSE conducts electronic exchange auction of highly liquid production on wide nomenclature of standard uniform goods.

Strategy assumes:

extension of this nomenclature at the expense of highly liquid production, not captured by electronic auction (natural gas, electricity, polypropylene);

introduction of forward trade in highly liquid production;

development and improvement of additional services rendered to participants of exchange trade (information, settlement, logistic, arbitration and other types of service);

stage-by-stage construction of infrastructure of modern exchange trade will allow to introduce trade in derivatives by the time, when derivative exchange tools shall be demanded by domestic economy.

V. EXPANSION AND IMPROVEMENT OF SYSTEM OF ELECTRONIC GOVERNMENT AND CORPORATE PROCUREMENT

5.1 Organization of government and corporate procurement with use of information systems of the exchange

One of the action spheres of the exchange having considerable potential of growth is organization of government and corporate procurement with use of information systems of the exchange.

5.2 Measures for radical improvement of system on government and corporate procurement.

Despite the notable positive result achieved as a result of introducing an electronic methods of procurement, operating ways of their implementation (electronic reversible auction and the electronic catalog) do not allow to apply them for difficult, complex and expensive goods, and also works and services, which purchasing price is not the only thing or defining selection criterion for proposals of suppliers.

There are also other shortcomings of operating practice of purchases.

There are facts of non-execution or not appropriate execution by suppliers and customers of contractual obligations. Customers who do not have qualified personnel in the field of purchases not always precisely and rather professionally describe objects of purchases that lead to disputes during the periods of goods delivery, to manipulations in the course of purchases. There are cases of embezzlement by unfair suppliers.

In these conditions, according to decisions made by state governing bodies in the forthcoming years, there shall be conducted a radical reorganization of system of government and corporate procurement, with improving standard and legal base of purchases. According to Strategy on increase in efficiency and effectiveness of government procurement system of the Republic of Uzbekistan for 2016-2025:

not less than 80% of all volume of government procurement (total amount - about 10 bln. USD in a year) already at the first stage of realization of specified Strategy (2016-2020) will be carried out in electronic ways;

The central place in work on reorganization of purchases and introduction in practice of their implementation of information and communication technologies is allocated to the Uzbek republican commodity and raw exchange.

Information and communication technologies introduced serious amendments in business processes in various spheres. Their active introduction and use in sphere of government procurement everywhere in the world is dictated by the following obvious advantages and benefits which they provide:

automation and simplification of purchases processes;

increased transparency of procedures and accountability of participants and public officials;

prevention illegal and corruption practice;

minimization of physical contact between participants of process, prevention of facts of conspiracy and coercion;

economy of costs for participation in procurement procedures, including expenses on journey;

increase in level of credibility to system of government procurement;

decrease in costs of carrying out monitoring and control in the sphere of government procurement for supervisory authorities and decrease in administrative pressure from their party upon participants of purchases.

During validity term of Strategy, it is provided to introduce information and communication technologies at all process stages of government procurement from their planning to organization of control over observance of regulations and procedures of government procurement.

5.3 Integrity and complexity of an information system of government procurement.

Measures for introduction of ICT in system of government procurement will be directed, first of all to creation of a **uniform, complete and complex information system of government procurement**. This system will be under construction on the basis of uniform special information portal of the exchange.

There shall be undertaken efforts on coordination of actions for introduction of information and communication technologies in practice of government procurement with process of introduction of electronic government and information management system public finances (IMSPF). Speed for introduction of information and communication technologies will depend, in addition, on formation of databases and various registers of ministries and departments and on creation of mechanism for their interaction. Similar interaction will allow considerably to cut down the expenses connected with participation of regional and small enterprises in government procurement.

5.4 Directions of introduction of information and communication technologies.

Opportunities given by information and communication technologies enable to predict their use in the following directions in sphere of government procurement:

introduction of new electronic methods of procurement;

use of information system for carrying out preliminary qualification of suppliers and purchases in two stages;

concentration and archiving of all complex of information related to carrying out government procurement (standard and legal and methodological base, plans on purchases, preliminary announcements of carrying out purchases, information on results of holding procurement procedures and definition of suppliers, information about course of execution of contractual obligations, decisions of public bodies and economic board, Government commission, arbitration court, any other public information on purchases) on special information portal and providing an open access to this information for all interested parties;

online monitoring over performance of obligations under signed contracts and information system of providing guarantees of their execution;

use of information and communication technologies in the sphere of appeal of illegal actions or inaction of public officials in the sphere of government procurement;

organization of monitoring and control in the sphere of government procurement with use of information and communication technologies.

5.5 Electronic methods of procurement.

Experience of use of mechanisms of an electronic reverse auction and electronic catalog in organization of government procurement revealed not only positive sides, but also the aforesaid problems, upon determining suppliers with use of these methods of procurement.

Use of price indicators as only one criterion in determining the supplier does not allow to take the advantage provided by information and communication technologies for the most part of objects of purchases (difficult types of equipment, complex deliveries of goods, performance of work and rendering services) when technical and/or quality indicators of objects of purchases or

a condition of their delivery may have defining or comparable significance with the price for the supplier.

In these conditions, there shall be granted a transfer into electronic forms of procurement methods, considering along with a price other criteria and indicators.

This Strategy assumes introduction (already at the first stage of its realization) **an electronic competition (tender), electronic request for quotations, electronic request for proposals and registration in information system of the exchange of direct contracts with suppliers.**

Basic and preemptive method of procurement of goods, works and services and obligatory at their purchase by cost under one contract for the sum over 100 000 USD, in the Republic of Uzbekistan shall be admitted as **electronic competition** (tender).

When holding an electronic competition information system will provide:

possibility of remote (distance) participation of customers and suppliers in purchases;

placement of announcement of holding a procurement procedure and procurement documentation online and automatic disclosure of procurement documentation (in volume, identical to all suppliers) after introduction by them of minimum payment for participation in electronic procurement;

automatic simultaneous opening of envelopes with proposals of bidders;

possibility of online submission of offers from applicants, mainly by means of filling the standard forms and automatic check of quantitative indices in their offers with a possibility of their correction;

relationship of customer and organizer of auction with suppliers (including at explanation of provisions of procurement documentation) through chat, available to all suppliers, with saving this information during the term established by legislation;

automatic comparison of quantitative indices and criteria and their preliminary ranging according to conditions of procurement documentation;

possibility of remote vote of members of contest committee in standard forms for vote;

automatic formation of standard protocols of meetings of contest committee;

availability of all information and possibility of its use at appeal of illegal actions or inaction of public officials, monitoring and control of holding procurement procedures.

Established long partner links between customers and suppliers can be kept and government procurement by cost under one contract to 5 000 USD may be concluded by means of **direct contracts with traditional suppliers**. In order to avoid risks of manipulation the prices, such contracts will be subject to obligatory registration in information system of the exchange. After registration of contract, information system of government procurement in the automatic mode will send to all potential suppliers (any potential competitors of traditional supplier, carrying out delivery of similar goods) registered in it, including newly formed enterprises, including small and private, an offer within 48 hours, there shall be granted an opportunity on the account of giving of lower prices, than in traditional supplier, to win in a row for purchases and to sign contract with the customer. In case of absence of lower price offers, the contract with the traditional supplier will inure.

Legally such mechanism is admissible according to art. 104 of Civil code ("Transactions made under a condition"). The contract with traditional supplier will be signed under a suspensive condition according to which emergence of rights and obligations for such contract shall depend on whether as a result of registration of transaction in information system of the

exchange by any potential competitor there has been applied a price lower, than it is recorded in transaction under a suspensive condition.

Introduction of mechanism for conclusion of direct contracts with their subsequent registration in information system of the exchange will allow:

to keep traditional stable relations between customers and traditional suppliers without prejudice to interests of newly formed enterprises;

to exclude corruption risks at conclusion of direct contracts;

to provide placement of information on direct contracts in a unified information system of government procurement;

to recognize a price of transaction as market price and to exclude illegal intervention of supervisory authorities in relationship between the customer and the supplier.

In case of absence at the customer of traditional suppliers or at the choice of the customer, purchases by cost under one contract to 5 000 USD may be concluded in the way of **electronic request for quotations**. This way in general will be a simplified form of a reverse auction: with reduced term between submission of announcement and time for definition of winner of procedure (at choice of the customer, but not less than 48 hours) and with single submission of competing price offers.

Standard goods, in the presence of their domestic competitive market, for the sum from 5 000 to 100 000 USD will be still bought by way of **electronic reverse auction**, and purchase of difficult goods, works and services for this sum – way of **electronic request for proposals**. Electronic request for proposals will represent a simplified form of electronic competition (tender), with reduced (not less than 10 days) period between submission of announcement and choice of the supplier. In conducting electronic request for proposals a choice of the supplier will be fulfilled by not less than to two criteria and, at request of the customer, with preliminary qualification of suppliers.

For implementation of urgent and unforeseen purchases there shall be used a method of **electronic catalog**. At the same time, with account of international practice, there shall be considered a question of placement of goods in electronic catalog on the basis of framework agreements.

5.6 Other directions on use of information and communication technologies in system of government procurement

Use of information and communication technologies for carrying out **preliminary qualification of suppliers and purchases in two stages** will allow to simplify at the same time these processes and to provide transparency and objectivity at their implementation.

Information system will allow to avoid submission of documents, confirming capacity of potential supplier when holding each procurement procedure. Information on existence of necessary licenses, allowing documents, certificates, existence of necessary financial means, personnel potential will be substantially automated due to interaction of information system of government procurement with databases of ministries and departments, banks and other organizations. Introduction of system on rating of suppliers and their categories (registers of conscientious suppliers, registers of guaranteeing suppliers) will allow the most active and conscientious suppliers to avoid repeated retraining, providing them operative and exclusive access to participation in procurement. Carrying out preliminary qualification with use of

information system will limit an arbitrariness from unfair customers, warning a possibility of unfair restriction of competition and conflict of interests.

Introduction of electronic procedure of two-stage purchases will allow to provide increase in level of procedure on definitions of a subject of purchases.

Information and communication technologies will be actively used for **concentration and archiving of all complex of information** connected with holding government procurement (standard and legal and methodological base, plans of purchases, preliminary announcements of carrying out purchases, information on results of holding procurement procedures and definition of suppliers, information on course for execution of contractual obligations, decisions of public bodies and economic board, Government commission, arbitration court, any other public information on purchases) on special information portal and providing an open access to this information for all interested parties. For this purpose on a constant basis there shall be held modernization of existing special information portal.

System of **online monitoring of performing the obligations** under signed contracts and providing guarantees of their execution will be constructed with use of experience on providing guarantees for execution of exchange transactions, successfully proved in the republic. Inclinations (guarantee providing) of purchases participants will be deposited on personal accounts of purchases participants in clearing house of the exchange.

Inclinations (guarantee providing) of participants of purchases will be deposited on personal accounts of purchases participants in clearing house of the exchange. Through clearing house of the exchange there will be performed all calculations for signed contracts on government procurement, irrespective of method of procurement. Information system of calculations will conduct:

placement of announcement about purchases exclusively in the presence of financial means of the customer on his/her personal account in clearing house for the purpose of financial security of state order;

submission of proposals of bidders only in the presence of made deposit and, in need of additional providing for prevention of submitting dumping or not secured applications of suppliers;

verification the performance of obligations in real time with use of online calculations technologies.

Information and communication technologies will be used also at introduction of new **mechanism of appeal** of illegal actions or inaction of public officials in the sphere of government procurement. Electronic filing of applications through special information portal and possibilities of software and hardware will allow to provide a new level of transparency and control of complaints consideration. Information system will enable to control terms for consideration of complaints, to monitor all process from submission of complaint before adoption of reasonable and objective decision, will put under control actions of public officials and bodies for timely response to complaints.

Organization of **monitoring and control in the sphere of government procurement** with use of information and communication technologies will allow to significantly increase efficiency and objectivity of these functions. It will be legislatively established that a main way of control over process of implementing the government procurement shall be cameral checks on the basis of monitoring and analysis of information placed on special information portal. Regulatory authorities will obtain information in established legislation order through special information portal. Discrepancy of actions to legislation of actions of purchases participants by

means of comparing the information placed on portal, including with use of functions of automatic information comparison and suppression of interests conflict, observance of terms and procedures, principles of transparency and competition of purchases will become the basis for organization of checks for participants of government procurement.

For systematization of purchases, improvement of work on collecting and processing of statistical data, the best and more exact description of goods and simplification of their search it is admitted as necessary to create uniform systematized inventory, works, services, being objects of government procurement. For this purpose, on the basis of qualifier of UNO (UNSPSC) there will be created and updated on a constant basis **National qualifier of goods, works and services for needs of government procurement and electronic commerce.**

VI. DEVELOPMENT OF ELECTRONIC COMMERCE

6.1 Multipurpose modular trade and marketing portal.

The most perspective, both from the point of view of turnover, and from a profitability position from activities of the exchange planned for the forthcoming five-year period is **electronic commerce.**

Pursuant to the strategy of threefold leadership, within the project it is supposed, having involved the capacity of the exchange, all of its resources, to enter the market of electronic commerce with complex innovative project where high quality services will be rendered to all potential categories of clients (large manufacturing enterprises, organizations of wholesale and home shopping service, individual entrepreneurs and consumers – physical entities).

From 2017 it is provided stage-by-stage start of multipurpose modular **Trade and marketing portal** which will render various categories of consumers (legal entities, individual entrepreneurs, consumers – physical entities) all complex of services in sphere of electronic commerce – electronic trading, electronic marketing, electronic logistics and electronic payments.

	Trading platform (auction and catalogue)	
Manufacturers, whole sellers, operators of cellular communication, importers	Platform e-dealer	RETAILERS legal entities and individual businessmen
Module of advance Promo quizzing Group discounts	Electronic hypermarket E-shops and websites of manufacturers	E-shops of retailers
	Electronic multipurpose trade-marketing system	
Electronic catalogue	Co-branding program of loyalty	Cash back-portal
FINAL CONSUMERS – Physical entities		Additional services: settlement and logistic systems

Multipurpose trade and marketing portal, will include the following platforms (services):

Trading platform of B2B. Modernized platform of electronic exhibition and fair trading has to become a main channel of wholesale and small wholesale trade not in primary and consumer goods. This platform will include:

trading area of noncompetitive trade operating by principle of wholesale and small wholesale shop for legal entities;

trading platform of competitive trade for legal entities operating by principle of auction on increase in starting price;

electronic platform for registration of contracts signed between legal entities with use of principle of inquiry of the highest price;

electronic trading platform for legal entities with use of mechanism of a "short" auction.

Marketing platform e-dealer. Main function of e-dealer marketing platform– rendering assistance in establishing communications between large producers, large wholesale trade bodies and foreign companies entering the market of Uzbekistan on one hand and regional companies including deployed in regions by retailer enterprises with another.

The first category of clients is interested in penetration on local, local markets, in advance of production in regions, however territorial expansion often demands considerable financial means and organizing efforts, knowledge of local features and takes a lot of time.

The second category needs expansion of turns, attraction of new goods and investments.

As a result both categories of clients are interested in establishing communications and existence of elementary guarantees providing protection against unfair business practice of potential contractors.

Electronic hypermarket (designer of websites and shops). One of the most perspective directions for the exchange is development of service allowing to conduct retails through information system of the exchange (B2B). For this purpose designer of websites and shops will become one of key modules of multipurpose trade and marketing portal.

The designer of websites will provide the organizations, first of all entities of small and private business and individual entrepreneurs for a small regular payment to use possibilities of module for creation of own page on Internet or electronic shop. It will allow to cut expenses of enterprises on participation in electronic commerce through the portal of the exchange (expenses on tenancy, organization of call center, compensation of employees, expenses on logistics etc.)

System of goods advance "Promo quizzing ". For advance of new types of production, holding other promotion actions, clients of the exchange will be given an opportunity of use a special marketing Promo quizzing platform. This platform will allow to connect the legal entities offering the goods, works and services and physical entities – consumers of production (so-called innovators). Enterprises will be able on the account of carrying out quizzes and lotteries to inform about their production to the greatest possible quantity of potential consumers, and consumers – to obtain a maximum information on new products, at the same time having an opportunity of prizes as winners of quizzes and lotteries held by sellers.

System of group (collective) discounts. System of collective discounts is created for accelerated promotion of goods by economic entities (works, services) to consumers (mainly – to physical entities). The system will allow economic entities to increase sales volumes, and to users to buy goods (works, services) with wholesale discounts (not less than 15% of regular prices).

For simplification to the user of navigation with participation in collective purchases, there shall be created a system of filtration of offered shares on regions, cities and types of goods (works, services), terms of shares and sizes of discounts.

Electronic repository. Enterprises of the republic will be able to use electronic repository of the exchange for storage of signed contracts, arbitration proceeding at emergence of disputes and disagreements on them, system of payment under such contracts and monitoring of performance of obligations.

As a result of successful execution of provided actions it will be possible to achieve substantial increase of turns of transactions concluded at the exchange and profit of the exchange not less than three times.

However realization of actions provided by this Strategy will demand tension of all resources of the exchange: financial, administrative and organizational and other, accurate mutual understanding and interaction from personnel, executive body, Supervisory board and shareholders of the exchange.

VII. STRATEGY OF THE EXCHANGE FOR MEDIUM TERM (2016-2018)

Actions provided by the given strategy will be realized during 2016-2025, in terms determined by annually approved business plans of JSC UzRCSE.

At the same time, a considerable part of these actions, on each of specified directions, will be introduced in medium term (2016-2018). Basic activities of the exchange for medium-term period are given below.

2016-2018 yy.	Exchange trade	Expansion of nomenclature of exchange trades with real goods (natural gas, polypropylene, new productions, studying the request on realization of electricity on exchange trades)
		Further implementation of ICT (EDS, electronic document turnover) Implementation of mechanism of trade with participant of central counter agent of exchange logistics
	Government and corporate purchases	Expansion of electronic methods of purchases to 80 % from their total volume (request of prices, request of offers, joint procurements, electronic contest and etc.)
		Improvement of special information portal. Conducting works on involvement of enterprises, including with foreign investment
	Electronic commerce	Start u of multipurpose module trade-marketing portal
		Development of infrastructure of electronic commerce. electronic payments and logistics