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## EVALUATION OF ELECTRONIC TRADING AND CENTRAL DEPOSITORY IN THE IRAQ STOCK EXCHANGE FOR THE PERIOD (2008- 2018)

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## ABSTRACT

The rapid development of information technology and its use in all fields has a positive influence on all fields, and financial markets have a share of this development through the use of an electronic trading system to settle transactions and enhance transparency and disclosure in all activities of these markets and stimulate their performance.

It is worth noting that these revolutions remove the necessity for nonstop connection with persons through the internet or phone networks, novel knowledge decreases the charges of structure original transaction system and reducing the fences of new participants entry.

The development in transportations expertise allows for quicker ordering then transfer of marketplace information to a bigger collection of participants.

The growing of electronic trading system on a global origin has been phenomenal, and new stock markets have become virtually completely electronic and have emerged as a forerunner in the facilities trade in the stock markets.

Central securities depository system is an integrated work system that of operations aims to control the movement of trading in the stock market and ensure the safety of operations, it is necessary for the work of the stock market in general, and its work is very important to complete all trading operations that take place in the market, therefore legislation worked to organize the work of central securities depository some of them devoted complete laws that explain the features of this organization and everything related to its work.

This study has reached a number of conclusions, perhaps the most important of them are that the use of the electronic trading system as an alternative to the manual trading and deposit system gave great flexibility and different information to brokers that made it easier for them to know the executed and unimplemented processes and carrying out an analysis of the conditions of the companies whose shares are traded faster and achieving transparency and safety for dealers and investors in the market has contributed to raising the efficiency and speed of dealing in securities.

The study has come out for a number of recommendations, perhaps the most important of them are that the big and correct procedure of the electronic trading mechanism must be continuous during the future period, it has a clear impact by avoiding human errors, granting confidence and spreading culture to investors, opening

new investment fields , this increased activity results in improvement increased cash and a gradual rise in the efficiency of price information .

.KEY WORDS: Electronic trading, Central Depository, Trading indicators.

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تقييم التداول الإلكتروني والإيداع المركزي في سوق العراق للأوراق المالية للمدة (2008-2018)

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## الخلاصة

لقد كان للتطور السريع في تكنولوجيا المعلومات واستعمالها في كافة المجالات الأثر الإيجابي على كل المجالات، وقد كان للأسواق المالية نصيب من هذا التطور وذلك من خلال استخدام نظام التداول الإلكتروني في تسوية المعاملات وتعزيز الشفافية والإفصاح في كافة أنشطة هذه الأسواق وتنشيط أدائها، ومن الجدير بالذكر ان هذه الابتكارات تلغي الحاجة إلى الاتصال المباشر بالأشخاص، انما يكون عن طريق شبكات الانترنت والهاتف، وتقلل التكنولوجيا الجديدة من تكاليف بناء أنظمة تجارية جديدة، وتخفيض حواجز الدخول أمام المنافسين الجدد، حيث يتيح التطور في تكنولوجيا الاتصالات توجيه الطلبات بشكل أسرع ونقل بيانات السوق إلى مجموعة أكبر بكثير من المشاركين، وكان نمو أنظمة تنفيذ التداول الإلكتروني على أساس دولي هائلاً، وأسواق الأوراق المالية الجديدة أصبحت إلكترونية بشكل حصري تقريباً وبرزت كقيادة رائدة في صناعة الخدمات في أسواق الأوراق المالية.

يعد نظام الإيداع المركزي منظومة عمل كاملة ترمي إلى تأمين سلامة العمليات في الأسواق المالية، وعمله مهم جدا في سوق الأوراق المالية بشكل عام من اجل اتمام كل عمليات التداول التي تحصل بالسوق لذلك عملت التشريعات إلى تنظيم عمل جهة الإيداع المركزي وأفردت بعضها قوانين كلية وهي تحدد هيكلية هذا النظام وكل ما يتعلق بعمله، وقد خلص البحث الى عدد من الاستنتاجات ولعل من أهمها، أن استخدام نظام التداول الإلكتروني كبديل لنظام التداول اليدوي والإيداع أعطى مرونة كبيرة ومعلومات مختلفة للوسطاء سهلت عليهم معرفة العمليات المنفذة وغير المنفذة وإجراء تحليل لأوضاع الشركات المتداولة أسهمها بشكل أسرع وتحقيق شفافية وأمان للمتعاملين والمستثمرين في السوق قد أسهم في رفع كفاءة وسرعة التعامل بالأوراق المالية، وقد خرج البحث لعدد من التوصيات ولعل من أهمها ان الإجراء الكبير والسديد لألية التداول الإلكتروني يجب ان يكون مستمر خلال فترة زمنية مقبلة، اذ يكون له الأثر الواضح بتجنب الأخطاء البشرية ومنح الثقة ونشر الثقافة للمستثمرين، وفتح ميادين استثمارية جديدة، وينجم عن هذا النشاط المتزايد تحسين متزايد للسيولة وارتفاع تدريجي في كفاءة المعلومات التي تخص الأسعار.

الكلمات المفتاحية : التداول الإلكتروني، الإيداع المركزي، مؤشرات التداول.

## The first topic

### The scientific methodology of the study

#### 1-1: The study problem

The study problem can be divided to the following questions:

- 1) Does the electronic trading system and the central securities depository system affect on the trading indicators in the Iraq Stock Exchange after the system is transferred in the market from the manual trading system to the electronic trading system?
- 2) What is the impact of the electronic trading system and the central securities depository department on the traded securities?

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- 3) Will the electronic trading and central securities depository system attract more potential investors to invest their money in the financial market? Does the electronic trading system and central securities depository system have an effect in spreading awareness and investment culture among stock market dealers?

### 1-2 The goals of the study

Through our scientific study, we seek to achieve a number of goals, as follows:

- 1) Educating investors to know the electronic trading system and Central securities depository system in order to increase the indicators of electronic trading in securities and raise investment opportunities in the market
- 2) Learn about the mechanisms used in some Arab and foreign markets and benefit from them.
- 3) Knowing the effect of switching the manual trading system to the electronic trading system in the Iraq Stock Exchange.

### 1-3 The importance of the study

The importance of the study is evident as it deals with a very important topic in the Iraq Stock Exchange and the following are the most prominent points:

- 1) This study represents one of the studies that dealt with an important topic that local and Arab offices lack alike, especially with the escalating pace of data and information technology and modern and developed internet networks.
- 2) Shedding light on the electronic trading system and central securities depository system department, as the electronic trading system is characterized by the high speed, low costs and effort exerted by the investors, and what the central securities depository system provides for clearing, settlement and transfer of ownership of securities from one investor to another to complete their operations.
- 3) The electronic trading system has a great importance in spreading awareness and motivating investors and motivating them in order to achieve high levels of performance and effectiveness in the stock market, and the positioning of depositing in the market and save the property of investors from securities has a significant impact on the financial market.

### 1-4 The study hypothesis

For the purpose of achieving the objectives of the study, the following main hypotheses were adopted:

The first hypothesis: The application of the electronic trading system and central depository can lead to a significant contribution to increasing the indicators of electronic trading in securities in the Iraq Stock Exchange compared to the manual trading system.

The second hypothesis: that the use of the electronic trading system and central securities depository system can lead to an increase in the traded securities and an increase in their types.

## The second topic

### Principles of electronic trading

### Principles of electronic trading

#### 2-1 The emergence of the electronic trading system

The mechanisms and methods of trading in securities in the advanced financial markets went through several stages related to the development of the economic system and the philosophy of investing money in those countries, as well as the size and type of financial



services that they provided based on the principle of freedom of movement and movement of capital and investment.

The first origination of trading in primitive securities was the exchange of commodities and the financial settlement and documenting the transaction as a commercial procedure, and because of the lack of completion of the financial settlement in most cases debt instruments originated as a securities and because of the need to liquidate the securities the first stock markets appeared and adopted the mechanisms of registration and manual settlement and announcement of prices for the securities Finance in a public call-and-bid method, then fully relying on advanced technology in all the various sales and purchase orders registrations and making real-time settlements in a fully electronic manner that takes only parts of one second, as the instructions specified by the organized financial markets in different countries set a group of procedures aimed to ensuring the full justice of sellers and buyers and achieving accuracy and speed of financial operations through intermediaries who are committed to implementing any orders reached by their agents in the record of market orders According to the date on which orders were received and at the exclusive prices for each order (**Grimm, 2000**). The American stock market (Nasdaq) witnessed the procedures for organizing and launching the electronic trading system in 1971, coinciding with the launch of the electronic communications network and the emergence of the role of brokers in the market to spread trading information and allow the use of the system and abandoning manual trading, and financial markets began adopting electronic systems in various European countries, respectively, to the USA market by using the technology of trading, maintaining and financial settlement of electronic trading that led to linking the financial systems of countries, and the system of electronic trading was used in financial markets not only to improve the list of trading operations but to change The general trading structure (**Gorham & Singh , 2009**).

## 2-2 The concept of the electronic trading system

There is more than one concept for electronic trading :

It is known by (**Hirt, 2012**): It is a system that automatically matches purchase and sale orders and all trades in financial markets electronically according to specific prices. The online trading system can wait for matching purchase and sale orders, and the online trading system allows their subscribers to see Their order books are fully available, and some make their order books available online (**Hirt, 2012**).

And it was known by (Hamdoun, 2013): It is a system that allows the investor to manage his investments in securities by buying and selling them and executing orders wherever he is available via the internet in association with a brokerage company that is licensed to practice this activity (**Hamdoun, 2013**).

**From the foregoing, the electronic trading system can be defined:** It is a set of programs that classifies securities information and organizes a price list for them, to be dealt with through the associated terminals, through specialized offices to carry out buying and selling operations and trading in electronic transactions between investors, and this system is distinguished The speed of operations, the possibility of direct settlements, and the resale of what was purchased, in addition to the ability to disclose prices and compete according to the price rule in acquiring ownership.

## 2-3 Objectives of the electronic trading system

One of the goals of the electronic trading system in the financial markets in general is the pursuit of two main goals, despite the different rules of electronic trading in them, these goals came as follows:



- 1) Provision of liquidity: Liquidity means the ability of the financial market to meet the requirements of sales orders through purchase orders, and whenever the liquidity of the security is high, the market flexibility is high, and it reflects the efficiency of mechanisms, trading rules and disclosure of information. Therefore, attracting the largest possible number of sellers and buyers and providing the necessary liquidity is an important goal because the market has the ability to attract a quantity of orders to the market that depend on the extent of the existence of fixed obligations from the traders in it, or at least a number of them in order to provide liquidity to the market, as providing liquidity In a specific market, it attracts other traders to send their orders to this market and thus leads to an increase in its liquidity (Harris, 1990), and that liquidity has an impact on the cost of trading operations in the stock markets, so it is an important factor in determining the work of financial markets and portfolio management In it, it is also a factor And concluding competition between trading places for the flow of orders issued by investors, as it affects the decision of traders in the market regarding the place of trading (Bell *et al.*, 2013).
- 2) The electronic trading system also aims to perform the same functions that traditional markets do, but by using advanced electronic information and communication technology to increase efficiency and reduce costs (Rossignoli & Ricciardi, 2015).
- 3) Discovery of prices: Discovery of stock prices, especially the opening, is an essential goal of the financial market, which the electronic trading rules refer to, because it is part of the market's efficiency in terms of the ability to integrate modern information about securities that pertain to their prices, financial position, and their substantive events at the lowest A possible time, and thus leads to the implementation of the largest volume of securities from the prevailing (exploratory) price level as it reduces the possibility of injustice and increases the confidence of traders in the market (Al-Suhaibani, 2007).
- 4) It aims to show the supply and demand of securities in public and anonymous offers are displayed on electronic trading screens located in the trading halls where these offers are available to all subscribers, where transactions and trading operations are carried out without the knowledge of each of the two parties (Machiraju, 2002 ).

### The third topic

#### The basics of the central securities depository system and its operations

##### 3-1 The concept of the central securities depository system

There are several concepts of central depository that are mentioned as follows:  
(Arnett, 2011) definition : It is a central system that contains and deposits the securities deposited by investors, until the investors deal and exchange in the financial markets within the deposits that the investor contains (Arnett, 2011) .

(Mohammed, 2018) definition : It is a system that represents the mainstay of financial markets in order to perform their functions efficiently in financial terms, and it works to keep all the securities that are traded by investors at one central authority and the process is simplified and turns into a credit (Mohammed, 2018).

**From the above, the central securities depository system is defined:** as follows (it is a system in which securities that are traded by investors are saved, and it is considered as a center of safety and guarantee for the rights of investors and their protection, and it undertakes clearing and settlement of securities and facilitating transfers of ownership of securities between trading parties).





### 3-2 The objectives of the central securities depository system

The objectives of the central securities depository system are summarized in the following points: (Ismail & Hanafi, 2009).

- 1) Facilitating securities trading operations in the financial markets and registering them, and ensuring the safety of trading traffic, as they are codified with the information base of the Financial Markets management.
- 2) Facilitating the sale of securities on the same day (T + 0) or daily, which results in an increase in securities trading activity.
- 3) The implementation of judicial orders and bonded to the debtor in the companies issuing securities (the distribution of bonus shares, spending profits, adjusted the nominal value of shares).
- 4) not print stocks and sufficiency checks with a single check that contains the total value of the issued share, as this certificate is a balance for the company issuing the securities that are kept in the central securities division and this reduces financial costs.

### The fourth topic

#### Electronic trading indicators in the financial markets

##### 4-1 The concept of securities trading indicators

There are several definitions and concepts that clarify the meaning of trading indicators in the stock markets. They are mentioned as follows:

It was known by (Yap, 2012): it is a performance measure used in analyzing the evolution in the prices of securities traded on the stock market) (Yap, 2012).

Defined by (Mohammed, 2017): it is the indicators that measure the level of prices in stock markets by relying on a group of shares of companies traded in financial markets, and the securities are determined in a way that allows the index to display the status of the targeted financial markets measured (Mohammad, 2017) .

From the foregoing, the financial market indicators are defined as a numerical establishment to measure the results of the dealings in the security and the price at which it must be compatible with the ownership limits of the owners, the prevailing price of the securities, and in addition to that they are a criterion for the direction of the market movement, up or down compared to the results of the base period and the previous trading .

##### 4-2 The importance of indicators in the stock markets and their relationship to the economic situation

The indicators in securities are a reflective mirror of the economic situation as it predicts the economic situation in the future before any change in shares over a period of time, and there are a number of attributes that are applied to the stock markets, where in the case of a possible stock price index move upward it is called the stock markets The financial market is bullish, and in the event that the expected stock index moves downward, the stock market is called a declining market, and the indicators issued by the stock markets are a measure of market movement in the short term, and in most cases the stock market indicators reverse the information Data and data that can be utilized in predicting the direction of the market and this helps him take the buying decisions and selling (Waeli, 2011).

**The fifth topic****Discuss the results of indicators of electronic trading and of the central securities depository system in the Iraq Stock Exchange**

5-1 Discuss the effect of electronic trading on trading indicators in securities for the period (2008 - 2018).

**Table (1):** Electronic trading indicators in the Iraq Stock Exchange for the period (2008 - 2018).

Stock turnover	General price index	Number of sessions	Number of listed companies	market value (billion dinars)	Number of contracts	The value of shares traded (billion dinars)	Year Number of shares traded (billion shares)	Pointers
								Year
13.11	58.36	139	94	2.283	31.108	301	151	2008
14	100.86	152	91	3.125	49.339	411	211	2009
13.79	100.98	237	85	3.446	71.722	400	255	2010
20	136.03	232	87	4.930	132.574	941	492	2011
17.62	125.02	230	85	5.597	136.039	894	626	2012
18.91	113.15	231	83	11.476	126.904	2.845	876	2013
13.14	92	227	83	9.546	104.938	901	746	2014
7.1	73.56	233	98	9.265	120.978	495	619	2015
11.1	64.48	234	97	9.355	112.230	516	1038	2016
10.6	58.54	239	101	10.721	95.806	900	1215	2017
6.9	51.12	238	104	11.350	91.067	466	832	2018

**Source:** The table prepared by the researcher, based on the data of the annual reports of the Iraq Stock Exchange for the period (2008 - 2018).

In this section, will be discussed the study trading results of the study years, and 2008 is considered the base year as it is the last year in which manual trading was carried out in the Iraq Stock Exchange and its results are compared to the years that followed until 2018.

- 1) Discussing the results of the number of shares traded: The year 2008 is the last year in which the process of manual trading took place in the market, as the number of shares traded reached (151) billion shares, but in the following years where electronic trading was used in trading operations, the number of shares increased by large proportions. Despite the fluctuation from year to year, but compared to 2008, it is much higher, reaching the highest percentage in 2017 (1215) billion shares, as this year ended with Iraq declaring its victory over ISIS, which helped from the acquisition of many listed companies and investors to the market, either. The rest of the years, the fact that there are economic and security crises in the country caused declining in some years, although it is higher rates than in 2008.
- 2) Discussing the results of the value of traded shares: We note through table No. (1) that in 2008 the value of shares traded manually in the Iraq Stock Exchange reached (301) billion dinars, whereby operations are carried out between investors face to face in the presence of the financial intermediary, and since In 2009 the value of shares traded began to increase according to the electronic trading system that was created in the market, and its continuation and development in line with international standards, where the highest rate of traded shares during the study period in 2013 reached (2845) billion dinars by attracting a lot of Traders in the market, and the telecommunications sector has been



included This increases the market's contribution, and with respect to the rest other years, it is higher than in 2008, despite the presence of high and low stock values in line with the conditions surrounding the market and the Iraqi economy in general.

- 3) Discussing the results of the number of contracts executed: (Table 1) shows that the number of contracts executed in 2008 is (31108) contract as the contracts that were executed manually between investors and the presence of a financial broker who receives the sale order from one of the investors and searches for the investor who has a purchase order and the deal is completed, and at the end of the manual trading system in the market in 2009, electronic trading began, in which the index of contracts witnessed a significant increase for the years that followed in 2008, which means an increase in the number of investors and the number of companies listed on the market, despite a decrease in the number Contracts executed in a number of years, because of economic and political consequences in the country, and scored the highest number of contracts executed in 2011 as it reached (132 574) contract as a result of the adoption of market management policies and modern technology.
- 4) Discussing the results of the market value: The market value at the end of 2008 amounted to (2283) billion dinars, as the operations that were carried out in the markets are manual trading operations, and with the introduction of the trading mechanism and the replacement of manual trading with electronic trading in the Iraq Stock Exchange, the market value began It recorded a significant increase during the research years compared to 2008 due to the increase in the number of shares listed in the market and the increase in the annual closing price from one year to the next, with a decline in the market value during a number of years as a result of political conflicts that affect attracting more investment operations that take place in the companies listed in the market, and the market value recorded its highest rise in 2013, reaching (11476) billion dinars, despite the events in Iraq and the bad political conditions and the decline in oil exports, but the followed market policy and its precautionary operations in front of the situations facing the economy in general and the Iraq Stock Exchange Especially .
- 5) Discussing the results of the number of listed companies: The number of companies that were included in the Iraq Stock Exchange decreased after 2008 for a period of 6 years after the end of manual trading, as they were (94) companies, and the Iraq Stock Exchange worked to keep up with new technologies developed in the world with a view The development of the effectiveness of its performance and expansion in modern digital applications in order to attract investors and owners of funds, which led to an increase in the number of companies listed for recent years of research in conjunction with attracting more investment operations in the market.
- 6) Discussion of the results of the number of sessions: The number of sessions held in the Iraq Stock Exchange escalated after 2008, specifically after the use of electronic trading in the market and the result of the increase in the number of contracts implemented in the market and the increase in the number of investors in it, and the highest increase in the number of sessions was recorded in 2017 as It reached (239) sessions in the market, as electronic trading greatly affected the holding of sessions in the market.
- 7) Discussing the results of the general price index: The general price index in 2008 reached (58.36) points in the presence of manual trading for operations that take place in the market, and the index rose significantly when converting manual trading to electronic trading for all years that followed in 2008, and the index retreated year after year in the market started from the year 2015, as the price movement in the market is going in one



direction between the change between the share price and the change in the price index that reflects the movement of the prices of all shares.

8) Discussion of the results of the stock turnover rate: The stock turnover rate was recorded in 2008 (13.11) once, and after 2008 the stock turnover rate increased significantly during the research years, as it recorded its highest rise in 2013 as it reached (18.91) times as a result of the escalation of a number Shares traded in the market, as the rate of turnover of shares is directly proportional to the number of shares traded, which means that trading operations that take place in the market after 2008 have increased by a large percentage due to the succession of investment operations in the market and the increase of joint-stock companies and their increasing transactions on a large scale, and in some Years, stock turnover decreased due to lower number of shares Ole in the market, which negatively affected the turnover rate for securities.

5-2 Discussing the effect of the central securities depository system on trading indicators in securities for the period (2010-2018)

**Table (2):** Indicators of the Iraqi Central Securities Depository for the period (2010 -2018)

The number of deposited shareholders	Shareholder ownership		Number of deposited shares (billion shares)	Registered Capital (billion dinars)	Number of registered companies	year
	Foreigners (billion shares)	Iraqis (billion shares)				
34.263	147	718	0.866	1.844	85	2010
90.851	0.418	1.190	1.608	2.599	87	2011
66.531	0.642	2.344	2.968	3.713	85	2012
74.382	0.939	3.143	4.082	4.630	83	2013
77.157	1.296	3.982	5.279	5.732	83	2014
80.068	1.777	4.993	6.711	8.805	98	2015
79.838	1.792	5.541	7.333	9.389	97	2016
128.040	1.798	7.041	8.840	11.379	101	2017
129.791	1.800	7.328	9.182	11.998	104	2018

**Source:** Prepared by the researcher, based on the data of the annual reports of the Iraqi the central securities depository for the period (2010-2018).

In this section, the indicators of the Iraqi Central Depository of Securities in the Iraq Stock Exchange for the period (2010-2018) are discussed.

- 1) Discussing the results of the number of registered companies: It is clear from the above table that the number of companies that have been registered in the Iraqi Depository Center ranges from high and low during the average years, but started to rise from 2015 until the end of 2018, which means that the number of companies is increasing over the years Which helps to generate effective movement and activity of securities in the Iraq Stock Exchange and qualifies them to increase the indicators of trading in securities, since the central securities depository system is an important part of the management of the financial market in general, as it provides security and safety for the ownership of investors in general within the scope of their ownership established and specified by the two parties.
- 2) Discuss the results of registered capital: The registered capital represents an actual basis for the Iraqi Depository Center, that during the years of the study it becomes clear that the

registered capital is escalating year after year, as it is the result of attracting the desire of shareholders of all classes and keeping their shares with the center as the safe haven for shareholders' ownership of their shares or For their money that strengthens a prelude to investing in the Iraqi market for securities and activating the movement of securities trading to consolidate the market activity and reflect this activity at the level of the economy as a whole.

- 3) Discussing the results of the number of shares deposited: The number of shares deposited represents the deposits of shareholders and all investors (individuals, companies, investment portfolios) at the deposit center, so that they can be used when investing in the financial market, and it is clear from the data of (Table 2) that the number of shares deposited In the Iraqi Deposit Center, a good path towards the rise over the years of study until the end of 2018 is taken, and this is a good measure that increasing shares lead to increased deposits and thus leads to increased trading in the stock market.
- 4) Discussing the results of shareholders' ownership: The ownership of the shareholders in the deposit center is the ownership of specific persons in the center, as they are an essential and effective part of the market, and they have dues that they receive from the end of all operations at the end of each fiscal year in the center. Various nationalities to (the ownership of Iraqi shareholders, the ownership of non-Iraqi shareholders), and we note that shareholders' ownership for both categories develops and rises year after year in the deposit center, which increases the pillar of the center and strengthens its operations and increases its effectiveness by linking it with the Iraq Stock Exchange.
- 5) Discussing the results of the number of deposited shareholders: The number of shareholders deposited in the center fluctuates between the rise and fall in the early years of the study, but it is gradually increasing until 2018, which means that the number of depositors of shares in the Iraqi Depository Center is increasing and this is evidence of the effectiveness of the performance of the processes and systems that are taking place In the center and this activity reflects on the trading operations that take place in the Iraqi market for securities, and increase the effectiveness of trading securities in the market by raising the efficiency and increasing the activity of the market, and therefore reflected on the performance of the Iraqi market for securities and upgrading the volatile economic reality in the country.

## The sixth topic

### 6-1 Conclusions

- 1) The trading indicators in the Iraqi market for securities rose significantly after the introduction of the trading system in the market, despite some declines due to factors that affected them, which contributed to raising the performance of the Iraq Stock Exchange and increasing its effectiveness and activity.
- 2) Electronic trading has led to the opportunity to obtain increased trading operations in the market and facilitate the implementation of deals and large contracts, as the number of contracts executed in 2018 reached (91.067) contract.
- 3) The investment instruments used in the Iraq Stock Exchange are very limited and trading operations are limited to shares of the traded companies only, due to the fact that the market did not deal with other securities (bonds, bank certificates of deposit, etc.) and limited it to shares only.
- 4) The strength of the infrastructure of the Iraq Stock Exchange in terms of inquiry offices, brokerage firms and electronic brokers in the market, which play a major role in



facilitating the access of investment services to investing segments and using them efficiently.

### 6-2 Recommendations

- 1) motivating the investment climate in the Iraqi market for securities, to attract many foreign companies to invest by providing a safe environment characterized by economic and security stability, as well as granting confidence guarantees to foreign investors and reducing customs duties to attract more investments.
- 2) Diversification of modern financial instruments in order to be dealt with in the Iraq Stock Exchange from bonds and certificates of deposit, in order to expand the scope of investments for all companies and sectors.
- 3) The separation of the Iraqi Depository Center and making it an independent body from the Iraqi market. The securities have a legal personality without being bound by the requirements of the draft securities law to separate the Iraqi Depository Center from the market.
- 4) The Iraqi Depository Center begins issuing annual reports for each year separately, indicating the indicators for the central deposit in each year.

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