



importance of economic activity and Statement of the Iraqi stock exchange and analysis of the main indicators of the market. The research aims to assess the performance of investors in the (ISX) for securities for the period (2005-2015).

3. Review of Literature:

3.1 The concept of the financial market:

The concept of capital markets has broadened to include all the channels in which money flows between different sectors, institutions and individuals of society. There are definitions of financial markets, including:

- Is the place or Automatic space In which orders for the sale and purchase of financial instruments are collected Whose implementation will trigger trading in financial markets.^[1]
- Are places In which financial assets are traded, which means the flow of money from the units saved to the units invested.^[2]
- It is a system through which buyers and sellers are combined for A particular type of paper or financial assets.^[3]
- Continuous and steady market In the place where trade and financial centers are located The specific dates are likely to be daily Where the owners of capital and brokers meet To deal with securities in accordance with a fixed system and specific regulations, Financial markets are very sensitive It is the first to be affected by recession or boom and in all normal circumstances the price of securities is determined Demand and supply factors Like any other commodity^[4].

3.2 The Historical development of the emergence of financial markets:

The emergence of the first financial markets of the fifth century AD, the Romans are the first to know the financial markets through a market in Rome , In France, the emergence of the financial market can be traced back to the third century AD, when the king of France (Philippe) Mission Exchange brokers. There are those who trace the history of the stock market to the Babylonian era .As human search on wealth To develop its trade between the Tigris and the Euphrates, It was done First semi-banking operations Allow lending Merchants And the spread of trade between the civilizations of ancient Babylon and all parts of the ancient world , Ancient Rome has seen the beginnings of money companies being human to create temples and paving of roads After the collapse of the Roman Empire it was necessary to wait for the middle of the Middle Ages In order for Italy to witness further development of financial and trade operations overseas, This development has necessitated the continued expansion of business activities The presence of a permanent



center or market within which the business is carried out. The Italians are the ones who founded the first time the stock market, This name has been defected by the name of a rich Italian merchant, (Van Win Stock) He owned a hotel in the Belgian city of Brigg and became a meeting place for merchants in the fifteenth century AD to complete business operations He owned a hotel In the Belgian city of Brigg and became a meeting place for merchants in the fifteenth century AD to complete business operations Which characterized this new market in fact is that the goods were not represented in it materially But was replaced by the seller's obligation to the buyer to deliver the goods at a specified date and place. And with the beginning of the sixteenth century with Portuguese explorations and Spanish domination The Belgian Stock Exchange has become the center of commercial and financial transactions in Europe. History has recorded important stock exchanges, In addition to the Burgess Stock Exchange, the Lyon Stock Exchange appeared in 1459, In Amsterdam in 1695, In London in 1695, in Pal and Vina in 1762, In New York in 1792, in Brussels in 1801, in Milan in 1808, in Rome in 1822, in Madrid in 1831, and in Geneva in 1850.

Some people believe that the history of the financial markets originates in Egypt The period from 1883 to 1898 witnessed several attempts to establish stock exchanges in Egypt by the efforts of some brokers In 1900, the first legislation to regulate the operation of the stock exchange was issued.^[5]

3.3: Types of financial markets:

Financial markets are classified into several types According to the criteria adopted in the classification to:^[6]

3.3.1 Markets according to the securities traded and classified to:

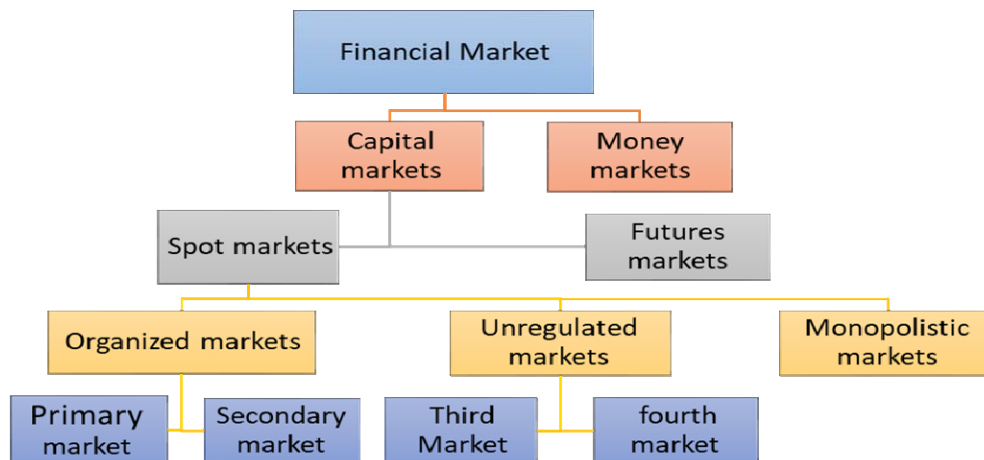
A- Money market: - A market that deals with short-term financial instruments that are easily convertible into cash through brokers and banks

B- Capital markets: - The medium and long-term financial instruments, such as shares and bonds of different types, are traded. This market is divided into:

- **Spot markets:** Which deal with financial instruments that are delivered and received upon completion of the contract and will include the organized and unorganized market.
- **Futures markets:** These are markets dealing with different financial instruments but through contracts executed at a later date (**Figure 1 illustrates this**)



Figure 1 (Types of Financial Markets)



Source : *Maih Shabib Al Shammari, Hassan Karim Hamza, International Finance Foundations of Theory and Analytical Methods, I 1, Baghdad Book and Documentation House, 2015, pp. 279-280*

3.3.2 Markets according to the Standard of Issuance: Divided into:

A- **Primary market:** It is sometime called the investment bank, which issues securities (for example, bonds) in favor of a government institution or an enterprise.

B- **Second market (stock exchanges):** A market in which financial instruments are traded after issuance and distribution by investment banks. It consists of an organized market comprising central markets and local markets, There is an unorganized market outside the stock exchanges.

C- **Third Market:** A part of the unorganized market Such as brokerage houses without Members of financial markets.

D- **Fourth Market:** It represents the dealings of investment institutions, traders and businessmen Who deal with each other for the sale and purchase of securities In order to avoid commission payments to brokers or reduce it.

3.3.3 Markets according to the criterion of time: divided into:

A. **Spot markets:** These are the markets in which contract transactions are executed. This means that financial instruments are delivered immediately or during a day-to-day operation of the deal. Spot markets Cash markets If their financial instruments are money market instruments, either their financial instruments are capital market instruments, they are called an spot capital Market.

B. **Future markets:** Which are dealing with futures contracts that are executed in the future, we may buy shares and contract them now, but delivery will take place after an agreed period of time, The objective of these markets is to reduce the risk to the buyer due to Price fluctuations in the future.



3.3.4 Markets according to the standard of how to deal: divided into:

A. The open markets: where the sale of financial instruments (stocks, bonds, and others) in terms of bidding where the financial instruments are placed on the highest Bidder may be sold financial instruments more than once in this market per day and the market is characterized by a large number of dealers and has A specific place is a regulated market.

B. Negotiation or bargaining market: It deals with negotiations and bargains preceding the sale or borrowing process where the price, quantity, terms of delivery and how to pay are negotiated .^[7]

3.4 The importance of financial markets and their role in Economic growth.

The financial markets proved their active role in the economies that provided the prerequisites for their success. The importance of the financial market lies in several things, the most important of which are:

3.4.1 Deploy investment behavior through activities within the financial markets, offering shares, bonds and other financial instruments issued by investors or financial intermediaries for the purpose of financing certain projects or adopting credit facilities, as well as offering tradable instruments in the financial markets which directly contributes to the transfer of savers To investors when required on these instruments and abandon the liquidity saved.

3.4.2 Mobilizing financial resources and motivating savers, as financial markets play an active role in raising savings returns. Here, the more favorable the economic, political and social conditions surrounding these markets, the greater the catalytic role of these markets for savers.

3.4.3 Financial markets are a great place to facilitate the exchange of investment assets among households and government institutions as key economic actors in order to transfer Current resources to the future or to deliver the current output to future consumption.

3.4.4 The financial markets through its management, specialized offices and experts can advise and advise the issuing companies of the financial instruments traded by analyzing the demand and supply factors of these instruments, indicating the needs of these companies, identifying the best tools and the most suitable methods to finance these needs.

3.4.5 Ensuring balance by maintaining stable growth as an important part of the returns of investment instruments, as it can be achieved through hedging by financial market administrations.

3.4.6 Financial markets are an important reference for demonstrating the efficiency of investment policies in the economy.



3.5 Performance standards of financial markets: Divided into: ^[8]

3.5.1 Market value: Which is the total value of the market capital as a sum of the prices of the shares subscribed to the companies listed on the stock markets at the end of the period specified for trading (day, month, year) By market value, the total size of the financial market or space occupied by the market can be determined in the country's economic activity and thus reflects the degree of development of investment in securities in that country.

3.5.2 Trading volume: The volume of trading in the financial market represents the value of shares traded therein, which means the total value of shares traded during a limited period (day, month, year) at different prices. This value reflects the number of shares traded in their prices during the fiscal year usually, If the value of the traded shares is fully equal to their market value in the financial market within a limited period, then the market liquidity will be 100% complete.

3.5.3 Number of companies: The companies that allow them to deal with securities in the financial market and which have met the listing requirements and requirements.

3.5.4 Number of shares traded: The traded shares are prepared in the market hall during the period specified for the trading activity and at various market prices.

3.5.5 Stock turnover rate: It measures the degree of financial market liquidity and the level of transaction costs within the market It is calculated by dividing the trading volume by the market value for the same period of time, The increase in the value of the index is evidence of the high liquidity in the market, in addition to the financial instruments are trading easily and easily and the lowest cost and the absence of obstacles to the conclusion of transactions and marketing. ^[9]

3.6 The emergence of the Iraqi Stock exchange (ISX):

Iraq Stock Exchange is a securities market in Iraq in Baghdad. It was established by law No. (24) for the year 1991, The market was a government market that was able to include 113 Iraqi joint stock companies and was able to attract in the last year the annual trading rates exceeded seventeen million dollars and a half. From 1992 to 2003 Market was know as the Baghdad Stock Exchange.

On 18 April 2004, the Interim Civil Administration issued Law No. 74 establishing two financial institutions that regulate the functioning of the capital market and restructuring in Iraq to be heirs to the Baghdad Stock Exchange, namely: ^[10]



- **Iraq Stock Exchange (ISX).**
- **Iraqi Securities Commission (ISC).**

Either the Iraqi market for securities has been expressed by the said law as a legal entity, non-governmental organization self-organized financially and administratively independent of the Iraqi government and the Ministry of Finance not for profit, Owned by members Subject to the supervision of the Securities Authority and operates in accordance with the instructions and rules issued by it, while the responsibility of the market is limited to the assets owned by him and does not include assets owned by members, It is managed by a board of nine elected members representing various economic sectors of the investment sector and called the Board of Governors. ^[11] Where the Authority, which is an independent government body, is the most important objective to contribute to the achievement of stable and sustainable economic development in Iraq by strengthening the investment structure and encouraging the process of capital formation in the practice of licensing and monitoring participants in the capital markets. ^[12]

3.6.1 The importance of the Iraqi Stock Exchange (ISX):

The importance of the (ISX) is the role that can plays in the process of economic and social development, as an important tool of polarization, recycling and non-diversion of resources and savings whether monetary or held by commercial banks in the form of savings deposits or Ongoing or long term, for individuals, companies, institutions and others, and employing them in real investments in various economic projects.

As the importance of the Iraqi market for securities through the important tools that these markets play at the level of the national economy,

3.6.1.1 Planning the Monetary Policy of the Country: Stock markets play a key role in the country's monetary policy planning process. The central bank, through the money market, can play an active role in changing short-term interest rates by controlling the reserves of commercial banks that play a leading role in this market. Which is directly central to short-term interest rates, and also indirectly enables the money market to control long-term interest rates.

3.6.1.2 Achieving liquidity: The existence of the stock market efficient and effective can be transferred funds invested in securities to cash, and transfer of cash to securities. In other words facilitate the conversion of real resources from securities to cash and vice versa also

3.6.1.3 The existence of an effective securities market leads to high liquidity for short-, medium- and long-term financial assets, thereby increasing the turnover of capital for various economic projects, thereby



increasing the productive capacity of economic projects and creating economic recovery.

It can be said that a systematic and sophisticated market for securities will help attract capital and turn individual family businesses into joint stock companies because these markets provide investor confidence. ^[13]

3.6.2 The objectives of the (ISX): ^[14]

- Organizing and training its members and companies listed in the market in a manner consistent with the objective of protecting investors and enhancing the confidence of investors.
- Enhancing the interests of investors in a free market that is reliable, efficient, competitive and transparent.
- Regulate and simplify securities transactions in a fair, efficient and orderly manner, including clearing and settlement transactions.
- Organizing the transactions of its members in all matters relating to the purchase and sale of securities and determining the rights and obligations of the parties and the means of protecting their legitimate interests.
- Developing the capital market in Iraq to serve the national economy and help companies in building the capital necessary for investment.
- Raising awareness among Iraqi and non-Iraqi investors about the opportunities to invest in the market.
- Collecting, analyzing and disseminating statistics and information necessary to achieve the objectives set forth in this Law.
- Communicate with the stock markets in the Arab world and the international markets in order to develop the market.
- Carry out other necessary services and activities to support its objectives.

3.7 Market Highlights:

This market differs from the Baghdad Stock Exchange in many matters, some of which concern the change in the administrative structure; Where the Iraqi market became administratively separate from the Ministry of Finance. If the Baghdad market was represented by the Director General, it would be replaced by the Board of Governors. Which consists of nine members whose task is to regulate the market, define its general policy and supervise the activities of the market. The Board and this form represented by all the parties have made decisions that reflect the interests and views of all parties, There has been no change in its organizational structure. The Ministry of Finance, the Ministry of Trade, its association with the Registrar of Companies, and the granting of licenses to brokerage firms, are no longer financially or organizationally connected. Its structure has become an integral part of the General Assembly, the Board of Governors, the Executive Director, the Depository Center and



seven administrative departments; This is an integral structure that ensures self-management of the market Administrative foundations and economic foundations and the removal of the government influence factor. There is another change as the market becomes responsible for granting licenses to brokerage firms without any government intervention, and then these companies establish the Union of Securities Brokers in July 2004 to be responsible for delivering proposals and looking to the market council. ^[15]

3.8 The Stages of Trading in the (ISX):

The trading of shares in the (ISX) since its establishment in 2004 in two stages: ^[16]

3.8.1 The Manual Trading Stage:

The first trading session was held on June 24, 2004 with the manual trading mechanism, which means the registration of purchase orders and sales orders on plastic plates. The shares of companies are traded when the purchase price matches the selling price according to the offer and demand. The stock settlement process is carried out the following day under the transfer and transfer contracts at the center The deposit is made manually and paid according to the financial clearance and settlement report between the creditor and the debtor. The buyer was not able to sell his shares until after receiving the share certificate from the company within six working days (That is, the financial settlement precedes the equity settlement by at least six days)

3.8.2 Electronic Trading Stage:

The trading in the (ISX) started from the session of April 19, 2009 to electronic trading for the first time in the history of Iraq and replaced the plastic panels at the electronic trading stations at the market headquarters, and also in (47) sites of the brokerage company outside the market building and trading through the WAN, The Securities Commission, which monitors the trading and accordingly, the transfer of ownership in real time according to the system (Equator) and financial adjustments are made immediately after the meeting (T+0) (Which means that the financial settlement and equity are done at the same time).

3.9 Sections of the Iraqi Stock Exchange:

For the purpose of achieving the goals of the ISX, has developed a regulatory structure commensurate with the objectives in the market, and the structure consists of the following levels: ^[17]

3.9.1 Supervisory Committee: It consists of experts of the Board of Governors (three members). It is its task to prepare a monthly report to



the Board of Governors based on reports submitted by the Department of Control and inspection of daily market activity.

3.9.2 The authorized director: Based on the internal rules of the Iraqi market for securities, the authorized director shall be responsible for the administrative, financial and technical matters of the market and other functions.

3.9.3 The Deputy authorized director: The duties of the authorized director in the absence of him

3.9.4 Office of the Board of Governors:

- Prepare the Board of Governors' calendar.
- Prepare records and documents relating to cases before the Board.
- Organizing, printing and signing the decisions of the meetings of the members of the Council.
- Formulating the Council's decisions and following up on their implementation.
- Save decisions, meetings and attachments of documents.
- Carry out all the tasks requested by the authorized director.

3.9.5 Censorship And inspection Section: Audit of financial statements of companies, brokerage and accounting records of the Accounts and other functions.

3.9.6 Listing and Operations Section : This section is divided into (Insertion Division, Disclosure Division, Trade Management and Control Division).

3.9.7 electronic system Section: It is divided into (Technical Support Division, Software Development Division, Systems and Operations Division)

3.9.8 Studies and Development Section: (Division of Studies, Publishing Division, Public Relations Division).

3.9.9 Financial Affairs Section: Carry out day-to-day finance, reporting and annual budget closing and participation in the Procurement Committee.

3.9.10 Legal Affairs Section: It follows up market-based issues and legal consultations.

4. Analysis of market indicators developments :

In order to identify developments in the market, it is necessary to study its basic indicators, which are a reflection of the efforts of the market makers and reflect the economic and social conditions of the Iraqi economy as shown in Table ^[18]



Table (1) Performance Indicators of the Iraqi market for securities for the period (2005-2015)

YEAR	MARKET VALUE	TRADING VOLUME	NUMBER OF LISTED COMPANIES	NUMBER OF SHARES TRADED
2005	3246863	366809	85	55639
2006	1960205	146891	93	57975
2007	2142169	427367.5	94	152991
2008	2353143	301350.2	96	150853
2009	3581198	411928.4	91	211290.6
2010	3462275	400359.9	87	255659.5
2011	4931193	941198.2	87	492371.6
2012	5327351	893825.3	84	625639.9
2013	11451369	2840220.3	83	871182.1
2014	9520626	898316	86	743852.4
2015	12364785	456179.8	98	579640.3

Source: Prepared by the researcher based on the annual reports of the Iraqi market for securities for the period (2005-2015).

4.1: Market Value indicators:

Table (1) shows that the market value increased to (12364785) in 2015 from (3246863) in 2005 recording an increase of 280.82% during the study period. The banking sector occupied (55.98%) followed by the telecommunications sector In the last three years of study, it was followed by 27.28%, followed by the industrial sector with 7.22%, followed by the hotels and tourism sector with 6.22%, followed by the services sector (2.05%), agriculture (0.81%), (0.202%), while the investment came in last place (0.190%) as in Table (2).

Table (2) Market capitalization by sector (2005-2015)

Year	Banks	Industry	Agriculture	Hotels And Tourism	services	Insurance services	Investment	Telecommunications
2005	2534688	376887	22452	237283	53353	7250	14950	-
2006	1450529	219001	19420	211609	39637	6105	13905	-
2007	1621846	232518.2	17244.25	187028.1	62681	6800	12250	-
2008	1722314	323644	16765	219807.5	50128.2	7985	12500	-
2009	2382969	388142	31828	393053	133090	9430	16987.5	-
2010	2408756	393190	36055	455175	141815	16314	10970	-
2011	3811589	454493	54895	413714	168362	17431	13449	-
2012	4293558	392692	61807	390858	163912	14717	9807	-
2013	5228300	558755	80014	427036	144711	13773	4150	4995222
2014	4801035	465126	76755	502319	148496	13554	3185	3510156
2015	3402995	536193	73853	301839	129162	8140	2378	7910225
Total	33658579	4340641	491088.3	3739722	1235347	121499	114531.5	16415603

Source: Preparation of the researcher based on the annual reports of the Iraqi market for securities for the period (2005-2015).

4.2: Trading Volume Indicator:



A table (1) shows the increase in the volume of trading up to (2840220.3) in 2013 after it was (366809) in 2005 and Figure (1) shows the flows in volume decrease and high throughout the study period. The sector accounted for 67.16% of the total volume of trading followed by the telecommunications sector with 21.93%, followed by the industrial sector by 7.04% , Followed by the Hotels and Tourism sector (3.7%), followed by Services, Agriculture, Insurance and Investment (2.56% - 1.15%, -0.24% and 0.19%).

Table (3) Trading Volume Sectoral Categorization (2005-2015)

Year	Agriculture	Hotels and Tourism	Services	Insurance	Investment	Industry	Banks	Telecommunications
2005	612	9287	14551	337	1368	60922	279696	-
2006	697	3304	5968	523	2220	18191	115988	-
2007	619	4949.4	336.06	203.7	1285.4	9774	407175.4	-
2008	450.7	13667.3	2683.8	503.9	651.3	16147.3	267156.1	-
2009	1093	42635.1	14543.7	1025	3461.8	29934.4	319235.4	-
2010	1158.1	50217.9	20606.5	2293.5	1141.6	65530.6	259411.9	-
2011	7033.1	42560.5	48946.5	7830.1	3149.9	126222.1	705455.9	-
2012	62473.6	29254	27065.1	2031.3	942	94726.9	677332.4	-
2013	10163	25005.2	25980	1157.8	1548.7	70035.4	953874.3	1752566
2014	3088	59018.2	21503.5	2218.3	17.6	37916.5	763582.7	10971.2
2015	5941.5	19368.2	24802.4	1317	342.6	39760.9	355859.7	8787.4
Total	93329	299266.8	206986.6	19440.6	16128.9	569161.1	5104768	1772324

Source: Preparation of the researcher based on the annual reports of the Iraqi market for securities for the period (2005-2015).



Figure (2) Preparation of the researcher based on the data of table (1)

4.3: Number of listed companies:

A table (1) shows that the number of listed companies increased to (98) in 2015 after (85) companies in 2005. It is clear from the table that the number of companies in the Iraqi market for securities did not develop during the period.

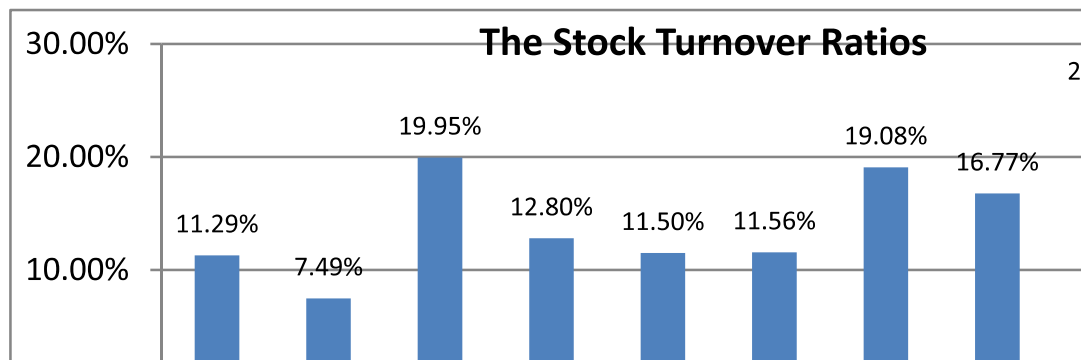
5.1.2 Indicator of the stock turnover Ratio:

Figure (2) shows the instability of the turnover of the stock as it decreased to (7.49%) in 2006 compared to (11.29%) in 2005, and then it increased in 2007 by (19.95%) and then decreased in the years) Then



rose to (19.08%) in 2011 and fell to (16.77%) in 2012 then rose to (24.80%) in 2013 and recorded a decline of (9.43%) in 2014 and returned to 3.68% The stock turnover is a guide to the development of the organizational and administrative structure of the market.

Figure (3)

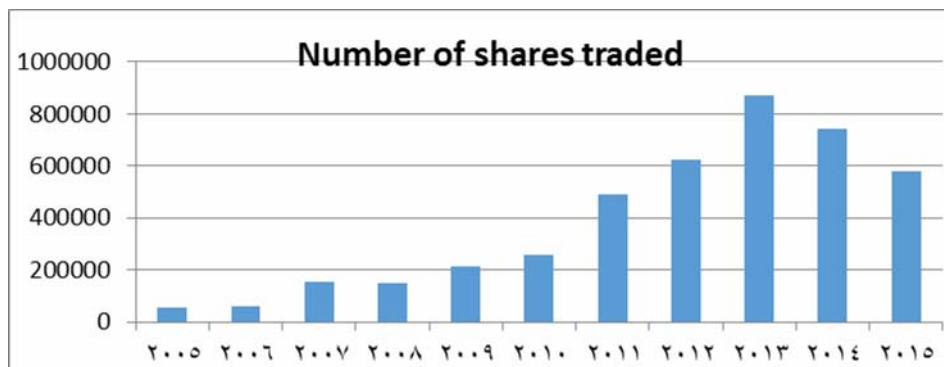


Source: Preparation of the researcher based on the data of table (1)

4.4: Number of shares traded Indicator:

Table (1) shows the continuous increase in the number of traded shares which reached (871182.1) in 2013 compared to (55639) in 2005 and Figure (3) shows the increase over the study period in the number of shares traded.

Figure (4) Number of shares traded Indicator for the period (2005-2015)



Preparation of the researcher based on the data of table (1)

5. Scientific Methodology of Research:

5.1 *Research Hypothesis:*

After careful consideration of the research questions and objectives of this study, and review of relevant literature, the theoretical framework is developed, and hypotheses are formulated to identify and test the relationship between the various variables identified based on the literature review presented earlier,

This hypothesis is summed up in the fact that the ease of trading in the (ISX) is a factor in the expansion of this market and increases its impact



on the overall economic activity of Iraq. Specifically, the present study hypothesized that:

H1: There is a negative relationship between market value (MV) and GDP growth rate behavior.

H2: There is a negative relationship between trading value (TV) and GDP growth rate behavior.

5.2 The study variables and Data:

There are two independent variables in this model market value indicator and trading value. The dependent variable is GDP growth rate. We get the data from annual reports of Iraqi stock exchange through period (2005-2015).

5.3 Analysis Impact the ISX indicators on Economic growth:

a. Descriptive Statistics of study variables:

This section explains the descriptive statistics of the variables who participated in the study through descriptive analysis which includes the mean and standard deviation for the independent and dependent variables are attained and recorded in Table (4).

Table.4: Descriptive Analysis for Major Variables

	<i>GDP</i>	<i>MV</i>	<i>TV</i>
Mean	0.72	6.62	4.91
Standard Error	0.08	0.08	0.14
Standard Deviation	0.28	0.27	0.49
Sample Variance	0.08	0.07	0.24
Kurtosis	0.47	-1.30	-1.44
Skewness	-0.73	0.36	0.27
Minimum	0.14	6.28	4.27
Maximum	1.10	7.05	5.63
N. Of Observations	11	11	11

All variables are evaluated based on a 5 point scale. The results show that the mean of GDP growth rate behavior was (0.72) with a standard deviation of (0.28). The mean of market value (MV) was (6.62) with a standard deviation of (0.27). Finally, the mean of trading value (TV) was (4.91) with a standard deviation of (0.49).

b. Multiple Regression Analysis:

Multiple regression analysis provides a means of objectively assessing the degree and the character of the relationship between the independent variables and dependent variable; the regression coefficients indicate the relative importance of each of the independent variables in the prediction of the dependent variable (Sekaran & Bougie, 2010). The result for regression analysis is depicted in Table6.

**Table 6: Results of Regression Analysis**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.149	3.91	0.54	0.59
MV	-0.14	0.45	-0.31	0.76
TV	-0.10	0.25	-0.39	0.7
Model Summary				
R-squared	0.20	Mean dependent var		0.72
Adjusted R-squared	0.22	S.D. dependent var		0.28
S.E. of regression	0.31	Akaike info criterion		0.73
Sum squared resid	0.77	Schwarz criterion		0.83
F-statistic	0.08	Hannan-Quinn criter.		0.66
Prob(F-statistic)	0.92	Durbin-Watson stat		1.99

The result indicates that only 22% of the variance (R^2) in GDP is significantly explained by MV and TV. The remaining percentages of the variance are being affecting by other factor that has not been studied in this research. The results show that MV and TV are significantly having negative relationship with GDP behavior. The coefficient value for MV (-0.14), and TV (-0.10). According to the beta value among the two variables. TV are the most influential independent variable on GDP behavior with significant 0.7.

6. Conclusions and Recommendations:

This study mainly aims to evaluating of performance of ISX and its impact in economic activity\y and investigate the relationship between market value (MV) and trading value on GDP growth rate behavior. Specifically, this study examines the effect relationship of market value and trading value with GDP growth rate behavior.

Toward this end, a number of research hypotheses have been formulated based on the research questions. This study has generally succeeded in establishing the determinants of deviant behavior.

A- Conclusions:

1. The financial market is of economic importance because it is the effective tool for mobilizing savings and redistributing them to the areas of investment needed, thus contributing to economic growth.
2. The Iraqi capital market despite its recent emergence, but it differs from the market in Baghdad in terms of non-dependence of the market administratively to the government, and is managed by an independent board of directors
3. Through the analysis of the underlying market indicators, it was found that they were experiencing a state of instability and clear disparity during the period under study.
4. The degree of concentration on the activity of the banking sector with the low activity of other sectors in the market.
5. Absence of the bond market in the ISX.



6. The results indicate that only 22% of the change in GDP is significantly explained by MV and TV.
7. The MV and TV are significantly having negative relationship with GDP behavior.

B-Recommendations:

1. The market should be diversified so that it is not limited to stocks only, especially bonds, for their role in financing and in activating the movement of trades in the market. Increasing the dissemination of reports on the market and more than one entity to inform the investors.
2. Evaluate the operational performance of shareholding companies and discuss the annual performance reports.
3. Issuing instructions for investment portfolios management.
4. Developing the companies Law by the initial public offering (IPO).
5. Issuing the capital market law in Iraq with full set of instructions and rules in accordance with international standards.
6. Issuing corporate governance rules based to the principles of disclosure and transparency.

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