

Distributing new issues of corporate bonds to retail investors

Solid Solutions Associates, the leading experts in the management of share offers targeted at retail investors, is offering to assist investment banks and advisers to develop channels for distributing new issues of corporate bonds to retail investors.

The UK retail investor market for individual corporate bond issues is largely untapped, even though stockbrokers report significant latent demand for this type of product. Legal and regulatory barriers to addressing the retail market have now been addressed. Transparent secondary market trading is now in place. The ease of marketing financial instruments, and the speed of response, has been hugely improved by the widespread prevalence of fast online communications and secure online transactions. Distributing new issues has never been more 'doable' in terms of speed, flexibility and cost. Issuers' interest in distributing bonds to retail investors is growing.

Solid Solutions Associates – our business

Over the past 20 years we have managed the retail tranche of 90 of the largest or most high corporate transactions – mainly equity-based and principally in the UK. These have included the IPOs of 3i Group, Kingston Communications, Freeserve, Avis, Carphone Warehouse, Orange, Saga, Thomson Travel, William Hill, Railtrack, Standard Life, Friends Provident and Norwich Union. We have worked closely with the equity capital markets (ECM) team of nearly every investment bank in the City of London and are also well known to the major corporate finance and legal advisers. For more information see www.solid-solutions.co.uk

For straightforward equity IPOs we usually recommend an offer to retail investors through retail stockbrokers (an 'Intermediaries Offer'). We have developed a standardised approach to Intermediaries Offers, involving distribution via every retail stockbroker in the UK, that has become quicker and slicker as stockbrokers have progressively moved their operations online. Our current objective is to increase the number and frequency of Intermediaries Offers so as to allow the stockbrokers' internal processes for IPOs to become more permanent features of their operations.

New issues of corporate bonds

The distribution channel open to equity new issues through retail stockbrokers is equally suited to new issues of other financial instruments, such as corporate bonds. Indeed, corporate bond new issues could well be more frequent than equity new issues – together they can provide the flow of transactions that will keep open the distribution channel, and establish a permanent retail market for these instruments. We have been working with APCIMS (the Association of Private Client Investment Managers and Stockbrokers) to promote the distribution of corporate bond new issues through its members, and ran a survey of its members to establish their requirements and preferences in respect of corporate bonds.

What Solid Solutions offers

We offer a confidential consultancy and/or project management service to investment banks and advisers:

- To help your debt capital markets (DCM) or corporate broking team to set up a distribution channel for corporate bonds direct to all UK stockbrokers (i.e. a retail distribution desk to complement the institutional distribution desk), working through the legal, regulatory and practical issues.

- To assist your team to assemble a pipeline of bond issues suitable for the retail market, advising on what factors will lead to a successful transaction.
- To establish appropriate contacts with retail stockbroking firms, including all of the 'private client brokers' and the execution-only dealing firms.
- To work with your team on the promotion, marketing & PR and to project manage the distribution of bonds to retail brokers during transactions.
- To assist in the drafting of any documentation or communications material whether for the private investor or for retail stockbrokers.

Our fees are based on time expended rather than on the value of a particular transaction or any future trail.

Contact us

For further information or a confidential discussion please contact:

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