

16. The third aspect is less complex, though ‘scrubbed’ final orderbooks are, despite the bookrunners efforts, not certain to be entirely inflation free. *December 2015*
- Aside any preference being given to specifically targeted investor groups (for example where an issuer is seeking to diversify its investor base), some preference may be given to long-term investors that (i) have shown interest in the transaction, for example through actively participating in roadshows, investor update calls, by submitting clear indications of interest / orders, etc., and/or (ii) have a history of investing in the issuer or its sector, and (iii) do not have a history of flipping. Helpful participation in the pre-sounding process may be rewarded by some prioritisation during allocations, though this is limited and seems to be insufficient for many investors to agree to being pre-sounded. A commercial relationship with other parts of bookrunners’ firms is not a relevant consideration, being in any case restricted by regulation. Bookrunners frequently discuss their general allocations procedures with individual investors.
17. Bookrunners undertake the above in the interest of their issuer clients. *December 2015*
- Bookrunners make an allocation proposal to the issuer based on (i) their internal allocation policies developed in relation to their understanding of generic issuer interests (notably such as those outlined above) and (ii) any specific issuer interests/priorities explicitly communicated by the issuer (including pursuant to ICMA Recommendation R5.9) or otherwise arising from the bookrunners’ understanding of the issuer’s activities. Issuers may choose simply to rely on the bookrunners’ suggestion or to make specific amendments. Such amendments will be given effect – to the extent they are not subject to regulatory restrictions and the bookrunners are otherwise satisfied that the issuer is aware of any related implications. As transactions are executed pursuant to mutual (and ultimately contractual) agreement between issuers and their individual bookrunners, their completion of the transaction necessarily requires them to have reached a consensus on any amendments. A few very sophisticated and frequent issuers may choose to allocate entirely themselves, with bookrunners then providing just a limited book management service. Issuers may participate in allocation calls, bearing in mind that such calls cannot be delayed without potential transaction detriment and that any proactive issuer participation should involve appropriately knowledgeable and empowered issuer staff to avoid such delays.
18. Following an erroneous allocation, the bonds concerned are, prior to being free to trade, either (as appropriate) re-allocated as part of primary execution (subject to any issuer preference) or applied to the syndicate position. After being free to trade, any buying or selling generally takes place at market prices (though in certain circumstances returned bonds might be re-allocated at re-offer). *January 2022*