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Distressed Debt Veterans Start Brokerage to Trade High Yield

- **Chung, Alexander set up firm for difficult-to-trade credits**
- **Ardent will use research team to select where to make markets**

By Katie Linsell and Marion Halftermeyer

(Bloomberg) -- Distressed debt specialists Peter Chung and Tim Alexander are starting a securities dealer to trade high-yield credit at a time when buying and selling the debt of struggling companies is in the spotlight.

Chung, a former senior trader at SC Lowy's special situations business and Alexander, partner at credit hedge fund Sound Point Capital Management, have joined together to found Ardent Financial, according to a phone interview with the duo.

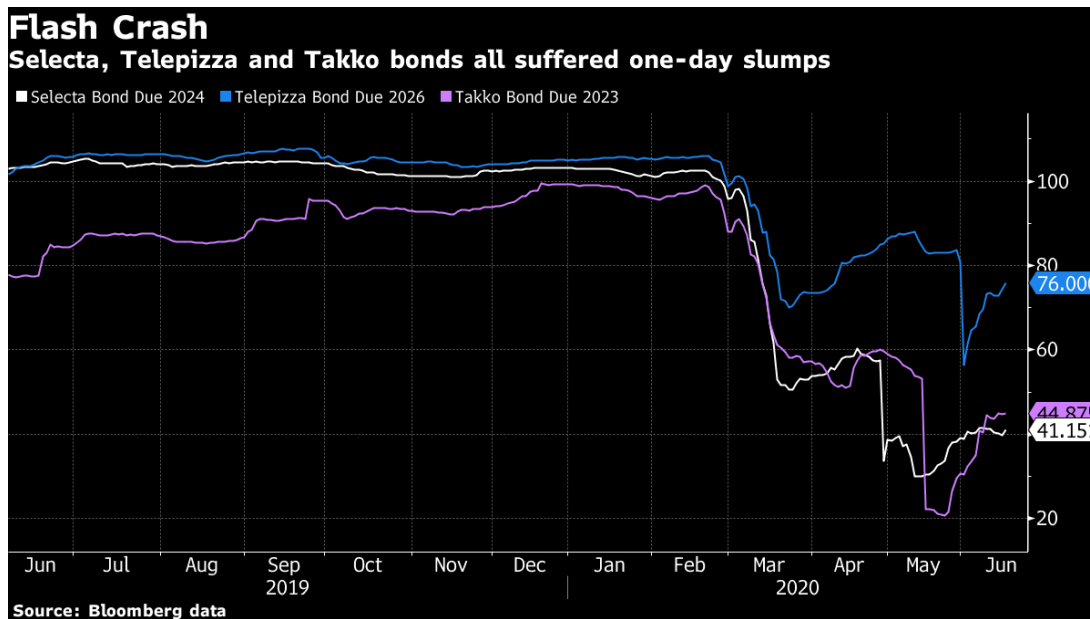
The London-based brokerage will use its balance sheet to make markets in high-yield corporate bonds, financial services credit and restructured equities in Europe, the U.S. and some emerging markets before expanding to loans as well, Chung and Alexander said.

High-yield and distressed debt has become increasingly difficult to trade as post-crisis regulations deter banks from holding the securities. During the havoc caused by the coronavirus pandemic, traders found it nearly impossible to buy and sell debt as the gulf between bid and offer prices widened.

"The growth of debt markets globally has been accompanied with a meaningful fall in the number of dealers ready to make markets in times of stress," Alexander, head of strategy at Ardent, said by phone. "We will be selective in where we make markets so that we can provide a deeper level of service than investment banks."

Read more: [Trading 'Pointless' in Europe's Paralyzed Junk Debt Market](#)

Junk bond traders at big investment banks have already been reduced to the role of matchmakers between buyers and sellers following a rule change that makes it more costly for lenders to hold the debt on their balance sheets. In other parts of the bond market that are more frequently traded, algorithms and bots are making headway in executing orders on behalf of humans.



The result of the thin liquidity in junk bond markets is that notes can plummet in value with no intermediary stepping in. That’s been particularly evident with the impact of the pandemic. Bonds from vending machine firm Selecta, German fashion retailer Takko and Spanish takeaway chain Telepizza have all suffered one-day declines of more than 20 cents in recent months.

Ardent has its own research team to choose which situations the broker wants to trade and the firm has equity backing, allowing it to hold securities for trading rather than just connect buyers and sellers. The broker is starting with a headcount of seven people and aims to grow to 10 by the end of the year, according to Chung and Alexander.

Chung will act as Chief Executive Officer and he’s joined by Chief Operating Officer Aidan Brady, former CEO of the U.K. Municipal Bonds Agency and COO of Deutsche Bank U.K.

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