



Protecting a Concentrated Listed Stake Without Selling It

SCENARIO TYPE	Direct Capital Principal – Concentrated Listed Equity
ASSET CLASS	Single-name listed equity, OTC collar, secured lending facility
RISK FOCUS	Concentration tail risk, trading window constraints, tax efficiency, governance under real constraints
PRIMARY OFFER	Hedge Rebuild™
RELEVANT SERVICES	OTC collar design · Monetisation facility · ISDA and CSA negotiation · Counterparty review · Disclosure analysis support · Roll policy and governance

THE SITUATION

The founder had built a logistics business over fifteen years and taken it public. The IPO was successful. The stake that remained – still around sixty per cent of net worth – was a direct consequence of how the float was structured: enough sold to create liquidity for the business, not enough to meaningfully de-risk the founder's personal balance sheet.

His advisers were a commercial law firm that handled the IPO documentation and a Big Four accountant that managed the group tax structure. Neither of them knew how to think about what came next. The conversations stayed at the level of estate planning and tax deferral. Nobody was asking the question underneath those conversations.

What happens to this family's financial position if the stock falls forty per cent in a quarter where the trading window is shut?

The stock was well run. The business was real. None of that was the issue. The issue was that seventy per cent of net worth was in a single listed name with quarterly windows, an ASX-listed board that watched every on-market move, and a founder who had spent fifteen years building something he was not psychologically ready to sell.

HOW THE PROBLEM COMPOUNDS

Founder-held listed positions tend to drift toward inaction through a sequence that looks rational at each step.

Early on, the stock performs. Urgency disappears. Then a quiet quarter arrives and someone mentions hedging. The bank pitches a collar. The accountant flags potential tax complications. The lawyer flags disclosure obligations. Nobody can independently evaluate the economics. The conversation stalls. Doing nothing becomes the default.

The risk is not that a disaster happens suddenly. It is that each delay makes the next conversation harder, the window narrower, and the available structures less attractive than they would have been twelve months earlier.

WHAT TYPICALLY BREAKS

The zero-cost collar illusion

The standard bank pitch presents a zero-cost collar as free protection. It is not free. The cost is foregone upside above the call strike – psychologically and economically real in a concentrated founder position.

OTC mechanics without a guide

OTC structures solve signalling and sizing but introduce CSA mechanics, initial margin requirements, and variation margin behaviour that most founders and their advisers have never managed. Without structuring support, the structure becomes a second problem.

Listed options signal exactly the wrong thing

Put options are visible on-market in a way that creates the signalling problem the founder wanted to avoid. Liquidity at useful strikes and tenors is thin. They solve the instrument problem while creating a disclosure problem.

Adviser circle with no answer

Commercial lawyer, Big Four accountant, relationship bank – none had the structuring background to design around the real constraints. The conversations stayed theoretical. The window kept narrowing.

THE STRUCTURAL INSIGHT

Protection for a concentrated founder position is not a single instrument decision. It is a programme design question.

The starting point is accepting what cannot change: windows are narrow, disclosure matters, upside participation is non-negotiable below a certain level. Those constraints define the design envelope. Everything inside that envelope is a design choice.

The practical architecture was an OTC collar with a wide enough call strike to preserve meaningful upside participation, sized to cover the portion of the position that represented genuine tail risk rather than the entire stake. The collar was structured to avoid triggering disclosure obligations as a notifiable transaction.

Against the collared position, a lending facility was established with a major bank. The facility gave the founder access to liquidity without a sale event, at a cost of funds materially below what the position's underlying yield was generating. The facility was sized conservatively relative to the collared value so that a further drawdown in the stock did not trigger margin calls at the lending level.

The documentation layer – ISDA master agreement, CSA with appropriate thresholds, and lending facility terms – was negotiated as a package rather than independently. That is where material value was captured: counterparties who know you have alternatives give better terms than counterparties who know you do not.

INTENDED OUTCOMES

- ▶ Downside bounded in a way the family can explain and defend – protection not dependent on benign market conditions to function as intended.
- ▶ Cost of protection explicit and independently evaluated – not accepted from a bank pitch without a second view.
- ▶ Liquidity available when needed without a public market event – lending facility sized conservatively against collared value.
- ▶ Roll policy established in advance – at what point the collar is re-struck, what triggers prompt review, and who has authority to act without convening a full family meeting.
- ▶ Adviser circle upgraded – the commercial lawyer and accountant now understand this category of problem requires a structuring conversation, not just a legal and tax one.

WHERE THIS APPLIES

Most relevant where a founder or family holds a listed position representing a significant concentration of net worth; selling is constrained by windows, optics, or psychology; and the existing adviser circle has no structuring capability to design around those constraints.

Less relevant where the position is small enough to be managed through a disciplined on-market de-risking programme, or where the listed company's governance structure permits more flexible hedging approaches.

TYPICAL ENGAGEMENT PATH

Hedge Rebuild™ – concentrated equity protection: structure design, OTC implementation pathway, governance and roll policy.

Secondary: Monetisation facility design, ISDA and CSA negotiation, counterparty review, disclosure analysis support alongside legal counsel, family governance narrative.

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