Corporate Bonds

What is a corporate bond?
A corporate bond is a loan to a corporation. When you buy a bond, the corporation pays interest, usually making a payment twice a year. At a stated date in the future, called the maturity date, the corporation returns your principal if you still hold the bond. The maturity dates on corporate bonds can range from one year to 40 years.

How are we paid for our services?

Newly issued corporate bonds
We sell newly issued corporate bonds at the offering price during the initial public offering period. We receive a selling fee, which is incorporated into the initial offering price. You will see the selling fee displayed as a new issue payment line item in the trade confirmation.

Secondary corporate bonds
Secondary corporate bonds are transactions involving previously issued bonds. When you buy or sell a secondary corporate bond, Edward Jones may act as either an agent or a principal. If we act as an agent, your trade confirmation will display the commission you pay, which may be up to 2% of the dollar amount you buy and up to .75% of the dollar amount you sell.

If you buy a bond from our inventory or sell a bond that we purchase directly from you, we act as a principal. You will see the markup or markdown, which is included in the price, displayed as a line item in the trade confirmation. The markup may be up to 2% of the dollar amount you buy and the markdown may be up to .75% of the dollar amount you sell. The price is also adjusted to reflect changes in interest rates and market prices that have occurred since we bought the security. As a result of these changes, Edward Jones can earn revenue or incur losses from buying or selling corporate bonds as principal.

In addition to either a commission or markup or markdown, Edward Jones generally charges a transaction fee when you buy or sell a secondary corporate bond through our brokerage services. If the bond’s principal is $1,000 or less, you will not be charged a transaction fee.

How is your financial advisor compensated?
Your financial advisor receives a percentage of any commissions, markups or markdowns for corporate bonds. In addition, our revenue affects Edward Jones’ overall profitability and thus may affect any branch bonus your financial advisor receives.