

Introduction to Bonds

Chapter Overview

- Bearer Securities
- Bond Coupons
- Bloomberg DES Screen
- Coupons versus Yields
- Expected Returns, Carry & Roll-Down (or Slide)

Bearer versus Registered Securities

Securities used to be issued on pieces of paper (Bearer)

Bearer Stock Certificate



Bearer Bond Certificate



\$1,000
Principal

\$40
Coupon

- **Bearer Securities:** Your ownership in the stock and bond is based on who owns the piece of paper. You exchange the piece of paper for cash when you trade
- **Registered Securities:** Your ownership of a stock and bond is tracked by a central depository. Central lists of who has bought and sold securities. No pieces of paper exchange hands. Each security has an identifier (CUSIP) in the US and ISIN in Europe

