

Corporate bonds open to small investors

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Fixed-income broker FIIG Securities has launched a service allowing ordinary investors access to corporate bonds, once the preserve of banks, fund managers and the ultra wealthy.

FIIG's DirectBonds service lets investors buy high-yielding, investment-grade bonds in parcels as small as \$50,000, down from the previous \$500,000 minimum that had put corporate bonds out of reach of most people.

FIIG Securities managing director Jim Stening says it's a major step in opening up the Australian bond market to individuals, companies and self-managed super funds.

He says the scheme complements recent moves by Australian Securities and Investments Commission (ASIC) aimed at encouraging the development of the retail corporate bond market.

"There is broad agreement from the regulator on down that corporate bonds have a lot to offer the retail investor and that companies would also benefit if retail investors could buy their bonds," Mr Stening said in a statement on Wednesday.

He said the DirectBonds service had taken months of development to overcome technical obstacles imposed by the trading system which had prevented any similar service being offered in the past.

Investors can buy bonds issued by a range of household names including as Telstra, Macquarie Bank, AXA, GE Capital, and Sydney Airports.

In May, ASIC moved to encourage the development of the retail bond market by making it easier for listed companies to issue listed bonds to retail investors.

It did this by reducing disclosure requirements to allow short-form or two-part prospectuses, subject to certain conditions.