

(19) World Intellectual Property Organization
International Bureau



(43) International Publication Date
20 March 2003 (20.03.2003)

PCT

(10) International Publication Number
WO 03/023554 A2

- (51) International Patent Classification⁷: G06F
- (21) International Application Number: PCT/US02/25923
- (22) International Filing Date: 12 August 2002 (12.08.2002)
- (25) Filing Language: English
- (26) Publication Language: English
- (30) Priority Data:
60/311,574 10 August 2001 (10.08.2001) US
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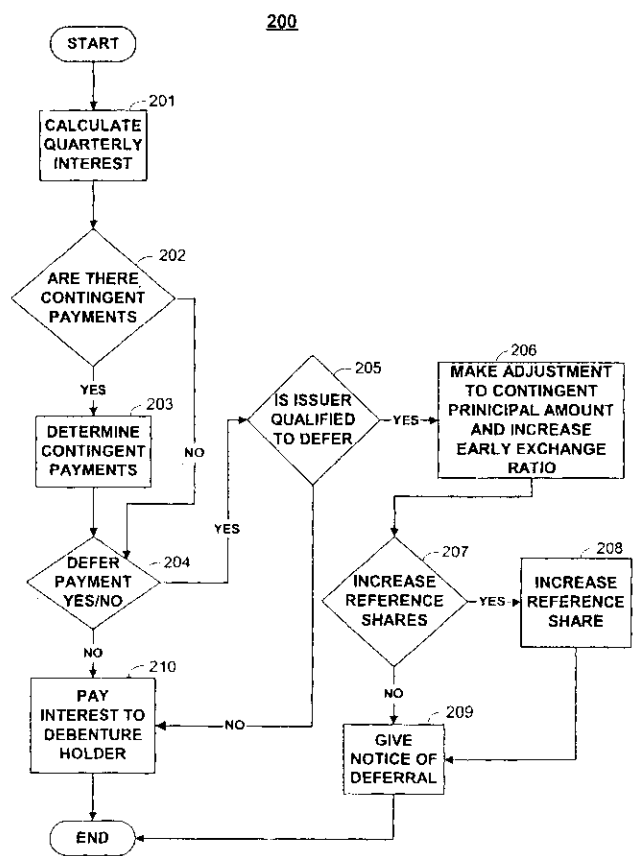
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(54) Title: METHODS AND SYSTEMS FOR OFFERING AND SERVICING FINANCIAL INSTRUMENTS



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(57) Abstract: Methods and systems for offering and servicing financial instruments create a way for issuers to offer financial instruments with incentives to holders to not voluntarily convert or redeem such instruments so that issuers maintain greater flexibility and control over the maturity date of the instrument and the manner in which it is settled. Additionally, some embodiments of this invention provide issuers of convertible and exchangeable financial instruments with the ability to deduct an amount for tax purposes that approximates the true economic cost of the financial instrument.



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(81) **Designated State (national):** US.

Published:

- upon request of the applicant under Article 64(3)(c)(i)
- without international search report and to be republished upon receipt of that report

For two-letter codes and other abbreviations, refer to the "Guidance Notes on Codes and Abbreviations" appearing at the beginning of each regular issue of the PCT Gazette.

METHODS AND SYSTEMS FOR OFFERING AND
SERVICING FINANCIAL INSTRUMENTS

Cross Reference to Related Application

This claims the benefit of United States
5 Provisional Patent Application No. 60/311,574, filed
August 10, 2001, which is hereby incorporated by
reference in its entirety.

Background of the Invention

This invention relates to convertible and
10 exchangeable financial instruments (e.g., debt
instruments, preferred instruments, trust preferred
instruments, warrants, certain insurance contracts, and
suitable derivatives thereof, or any security backed by
any of the above) and methods and systems for offering
15 and servicing the same.

A convertible instrument, which may be
converted into something of value (e.g., common stock),
may be referenced throughout this application. The
scope of this invention may also include exchangeable

What is Claimed is:

1. A financial services method associated with a financial instrument said method comprising:
identifying an underlying reference for said financial instrument, said underlying reference having a value;

attributing a number of said underlying references to said financial instrument;

defining a contingency, a payment becoming due on occurrence of said contingency after a predetermined period of delay.

2. The method of claim 1, further comprising:

establishing a value for said financial instrument.

3. The method of claim 2 further comprising:

selling said financial instrument.

4. The method of claim 3, wherein said selling said financial instrument comprises selling said financial instrument at a value based on at least one of:

- a. said contingency;
- b. said value of said underlying reference;
- c. value of said payment;
- d. length of said predetermined period of delay;
- e. volatility in trading value of said underlying reference;

3083. The machine-readable data storage medium of any one of claims 3066, 3067, 3068, 3069, 3070, 3071, 3072, 3073, 3074, 3075, 3076, 3077, 3078 and 3079, said data storage medium being optically readable.

3084. The optically readable storage medium of claim 3083, said data storage medium being one of (a) a CD-ROM, (b) a CD-R, and (c) a CD-RW.

3085. The optically readable data storage medium of claim 3083, said data storage medium being a magneto-optical disk.

3086. A machine-readable data storage medium encoded with a set of machine-executable instructions for using a data processing system to perform a financial services method associated with a financial instrument, said method comprising:

identifying an underlying reference for said financial instrument, said underlying reference having a value;

attributing a number of said underlying references to said financial instrument;

defining multiple contingencies, a payment becoming due on occurrence of at least one of:

a) satisfaction of one of said multiple contingencies,

b) satisfaction of more than one of said multiple contingencies, and

c) satisfaction of all of said multiple contingencies.

3087. The machine-readable data storage medium of claim 3086, wherein said method further comprises:

establishing a value for said financial instrument.

3088. The machine-readable data storage medium of claim 3087, wherein said method further comprises:

selling said financial instrument.

3089. The machine-readable data storage medium of claim 3088, wherein said method further comprises:

monitoring for said satisfaction of said multiple contingencies.

3090. The machine-readable data storage medium of claim 3088, wherein said method further comprises:

disbursing said payment.

3091. The machine-readable data storage medium of claim 3088, wherein said method further comprises:

calculating said payment.

3092. The machine-readable data storage medium of claim 3087, wherein said method further comprises:

monitoring for said satisfaction of said multiple contingencies.

3093. The machine-readable data storage medium of claim 3092, wherein said method further comprises:

disbursing said payment.

3094. The machine-readable data storage medium of claim 3092, wherein said method further comprises:

calculating said payment.

3095. The machine-readable data storage medium of claim 3087, wherein said method further comprises:

disbursing said payment.

3096. The machine-readable data storage medium of claim 3087, wherein said method further comprises:

calculating said payment.

3097. The machine-readable data storage medium of claim 3086, wherein said method further comprises:

selling said financial instrument.

3098. The machine-readable data storage medium of claim 3097, wherein said method further comprises:

monitoring for said satisfaction of said multiple contingencies.

3099. The machine-readable data storage medium of claim 3097, wherein said method further comprises:

disbursing said payment.

3100. The machine-readable data storage medium of claim 3097, wherein said method further comprises:

calculating said payment.

3101. The machine-readable data storage medium of claim 3086, wherein said method further comprises:

monitoring for said satisfaction of said multiple contingencies.

3102. The machine-readable data storage medium of claim 3101, wherein said method further comprises:

disbursing said payment.

3103. The machine-readable data storage medium of claim 3101, wherein said method further comprises:

calculating said payment.

3104. The machine-readable data storage medium of claim 3086, wherein said method further comprises:

disbursing said payment.

3105. The machine-readable data storage medium of claim 3086, wherein said method further comprises:

calculating said payment.

3106. The machine-readable data storage medium of any one of claims 3086, 3087, 3088, 3089, 3090, 3091, 3092, 3093, 3094, 3095, 3096, 3097, 3098,

3099, 3100, 3101, 3102, 3103, 3104 and 3105, said data storage medium being magnetic.

3107. The magnetic machine-readable data storage medium of claim 3106, said data storage medium being a floppy diskette.

3108. The magnetic machine-readable data storage medium of claim 3106, said data storage medium being a hard disk.

3109. The machine-readable data storage medium of any one of claims 3086, 3087, 3088, 3089, 3090, 3091, 3092, 3093, 3094, 3095, 3096, 3097, 3098, 3099, 3100, 3101, 3102, 3103, 3104 and 3105, said data storage medium being optically readable.

3110. The optically readable storage medium of claim 3109, said data storage medium being one of (a) a CD-ROM, (b) a CD-R, and (c) a CD-RW.

3111. The optically readable data storage medium of claim 3109, said data storage medium being a magneto-optical disk.