GLOBAL NETWORK BASED PUBLIC SHARE PLACEMENT SYSTEM AND METHOD

Background of the Invention

The invention generally relates to a system and method for public share offering and placement subject to the regulations of the Stock Exchanges where share (stock) allocations are offered via a global computer network on a first come, first served basis or allocation on a highest bidder basis.

Description of the Prior Art

Securities markets are operated in different manners in different countries due to the financial regulations of each country. In Singapore, the placement and offering of new shares of listed companies and Initial Public Offers of share placements of newly listed companies have been traditionally underwritten by financial institutions. These offerings may be broken into a public offer tranche and a private placement tranche.

The public offer tranche has in the past been offered to the public by way of a paper application and submitted by members of the public to the underwriter in paper form for consolidation. More recently, the public offer tranche has been made available to the public via banking terminals such as ATMs in some instances. However, the prospectus is not available via the ATM machine and potential investor will have to physically obtain the prospectus from the lead manager or underwriters. Thus, public offering share on ATM is not a complete offering system as the prospectus is not made available on the ATM. The applicant would have to make a payment for the shares for which he applies and such payment would be refunded if

the application is not successful. If applications are received for more shares than the number of shares available, a balloting process is conducted and the underwriter would apportion the allotment of shares based on certain ratios. Typically, the allocation ratios are based on a formula designed to ensure an equitable distribution of share allocations.

Financial institutions such as securities brokers or banks who act as placement agents for the offering of the private (or placement) tranche, would normally contact their clients to seek their interest in such an offering and offer placement shares to clients who are keen. The brokers or bank will have to physically pass the prospectus to the potential investor or direct the potential investors to access the prospectus electronically hosted at the either exchange or authorities regulating the securities. These financial institutions or brokers usually accord priority to institutional investors such as fund managers and high net worth individuals who have the financial resources to take on large volume of shares. Very recently, some Placement Agents have also made such offerings available to their clients via public network via Internet but only to their clients who maintain trading accounts with them. Thus, these are not public share offering.

Accordingly, there is a need for another method for public share offering.

Summary of the Invention

Accordingly, the invention provides a global network based public share offering system, comprising:

(a) a server computer accessible via said global network, said server computer running share offering software configured to allow users to apply for a share offering in at least one predetermined share, said share

offering software being configured to allocate allocations of shares to users on a first come first served basis; and

(b) at least one user computer running access software which allows a user desiring to apply for an allocation of shares to access said server computer and apply for an allocation of shares.

In a typical embodiment said software is configured to allocate allocations of shares of a predetermined size, or less than or equal to a predetermined maximum size.

Typically, said share offering software is configured to automatically guide the investor through a process to ensure that a user is of legal age, meets the legal requirements, read the prospectus, and/or allow user to obtain prospectus electronically before the user can apply for the share offering.

Typically, said share offering software for offering shares on a first come first served basis, allocates an allocation of shares by receiving an application from a user, checking whether an allocation of shares is available, and automatically allocating an available allocation to a user.

Typically, said share offering software is configured to automatically send a notification to said user advising said user that said user has been allocated a share allocation.

Typically, said notification includes details of a payment required to secure said share allocation and a period within which said payment must be made, and said share placement software is configured to determine whether payment is made within the period and to withdraw the allocation if payment is not made.

Typically, said share placement software is configured to check whether said user has read the prospectus before proceeding with the allocation.

Typically, said global network is the Internet and said access software is browser software.

The invention also provides a global network-based public share placement method comprising:

(a) providing a server computer accessible via said global network, said server computer running share offering software configured to allow users to apply for a share offering in at least one predetermined share; and

(b) allocating allocations of shares to users on a first come first served basis in response to the receipt of user applications for an allocation of shares.

Herein, the term "public" is used to specify that the share offering is open to the general public: that is, a user need not have a pre-existing relationship with the entity managing the share placement.

It will be appreciated, that while reference is made to share placement software running on a server computer, the software may be run on a plurality of computers and accordingly the term "server" will be understood to encompass to one or more computers running the share placement software. It will also be appreciated that the system and method may be used to offer shares in more than in share placement at the same time.

Thus, embodiments of the present invention allow the general public to participate in share offerings without the need for them to have pre-existing relationship with the entity managing the share placement and/or without physically obtaining the prospectus.

The invention also provides a global network based public

share offering system, comprising:

(a) a server computer accessible via said global network, said server computer running share offering software configured to allow users to apply for a share offering in at least one predetermined share, said share offering software being configured to allocate allocations of shares to users on a highest bidder basis; and

(b) at least one user computer running access software which allows a user desiring to apply for an allocation of shares to access said server computer and apply for an allocation of shares.

The invention also provides a global network-based public share offer method comprising:

(a) providing a server computer accessible via said global network, said server computer running share offer software configured to allow users to apply for a share placement in at least one predetermined share;

(b) allocating allocations of shares to users on a highest bidder basis in response to the receipt of user applications for an allocation of shares.

Typically, said share offering software for allocation on highest bidder basis, allocates an allocation of shares by receiving an application from a user, checking whether an allocation of shares is available, and automatically allocating an available allocation to based on the user bidding price. The system will typically automatically determine the bidding price to match the demand and supply. For example, the allocated share is 500, and there are many bidders, the system and select the successful cut off bidding price where the demand of 500 share is met. And the users pay for the price they bid.

Brief Description of the Drawings

Other features and other advantages of the present invention will become more apparent from the following description of a preferred embodiment in conjunction with

the accompanying drawings, in which:

FIG. 1 is a block diagram of a system of the preferred embodiment; and

FIG. 2 is a flowchart illustrating the operation of a placement transaction of the preferred embodiment.

Detailed Description of the Present Invention

One preferred embodiment of a method and system for public share offering will now be described in relation to the issue of new shares through an Initial Public Offer. Users of the system may apply for an allocation of shares via user computers 30. Access to the server system 20 is controlled by member Identification and passwords. The computers 30 can connect to the server computer 30 a global computer network in the form of the Internet 10 using access software in the form of a browser such as Internet Explorer (Microsoft Corporation).

The server 20 is configured to authenticate users before granting users access to the system. Any person meeting the age requirement and any other conditions of the stock exchange, can access server computer system 20 via the Internet. Typically, new users are required to become members online via user computer 30. The member application process requires a user to register their personal details. The server 20 allocates the new member a member identification and requires the member to enter a password.

Server 20 is programmed to accept new members upon activation by the administrator of the manager's system and is connected to a memberships and history database in which membership data, placement history of the member, and placement details are stored.

With reference to FIG. 2, a new user who meets the legal

requirements and terms can access the server and is presented a Login screen by accessing a site on the Internet. The system will display a hyperlink to the New Member screen on the Login screen. Once the new user clicks the hyperlink, the New Members screen will be displayed and the user can apply to be a member online by providing the information required. The new user must also accept the terms and conditions. Upon receiving the membership application, the system manager will email 109 the new user and instruct the user to furnish certain hardcopy documents for verification. Upon receiving the documents and after verification, the system administrator will activate the membership and a notification email will be sent to the users 110. The activated memberships detail will be stored in the database 103.

With reference to FIG. 2, a system administrator administering the system will be given access to the system via the same Login screen by keying in his/her user id and password. The system will authenticate the administrator 101 and grant the access once authenticated. The system is programmed to allow the system administrator to perform over all maintenance and administration of the system. Once in the Admin screen 102, the administrator can upload details of a new share placement, such as start and stop date, price, prospectus, method of offering (first come first served or highest bidder) and number of shares available to public.

The system is also programmed to allow administrators to have access to the membership database, to approve application of new memberships, check the payment status of each placement application, and the history of the placement of shares. Once the administrator confirmed the full settlement of payment for each placement share application, the Underwriter(s) of the shares will then work with an exchange depositor 107 to credit the shares to the relevant member.

With reference to FIG. 2, a registered member or user can gain access to the system via Login screen by keying his/her user id and password. The system authenticates the member 101 and grants access once authenticated. Once the member is logged into the system, the user can select the Helpdesk screen 104 by clicking the relevant hyper link to access his/her own databases. He/She can gain access to his/her own placement history, current placement share application status, and personal particulars. The member can then modify his/her data such as address, contact number and email.

Logged on users can access and participate in the public share offering method on a first come first or allocation on the highest bidder served basis by accessing the new IPO or Placement screen 105. The screen will display the method of offering. Once the registered member accesses the share offering system, the screen will present the users a list of all new share offering available. The user will be presented with the Offer Price, Number of shares per application, Total Amount and Handling Fee. The number of shares in an allocation will typically have a predetermined size in the sense that it has a predetermined maximum but may also be a specific size - e.g. 500 shares. Once a member is interested in certain Issuer's offer share, the system will then lead him/her through a four step process to apply for an allocation of shares. Members will be guided by the system to complete the following steps:

1. read and accept Terms & Conditions;
2. confirm that he/she has read the Prospectus, download and read the prospectus from the system database if he/she has not done so;
3. confirm his/her application for the placement shares; and
4. arrange for payment to reach the manager within the stipulated deadline.

For first come first served basis offerings, once the member has gone through the first 3 steps and confirm his/her application, the systems will allocate a provisional allocation of the placement share on a first come first served basis subject to the availability of the total allocations of shares to be offered through the system. The system is programmed to maintain the records of number of applications, details of application and maintain the balance of shares available for the next logged in users. The systems will update the information in the database 103 and if all the share for a certain issuers has been all allotted on first come first served basis, the system will reflect in the users logged in screen 105 that the issue of shares has been fully placed when a next member logs in.

For highest bidder basis offerings, once the member has gone through the first 3 steps and confirmed his/her application, the system will prompt the user for his bidding price. The system will display all the bidding activities (bidding price, amount bidding etc) and will set a time when the bidding will be close. The user can monitor the activities and change his bidding price before the closure. Once the bidding is closed, the system will determine automatically the successful bidding price where the offer of the allocated price is fully filled. The system will reject those user bid lower than the successful bidding price and will allocate a provisional allocation of the offer share to those users who have bid higher than the successful price. The system is programmed to maintain the records of number of applications, details of application, bidding data and maintain the bidding detail for the next logged in users. The systems will update the information in the database 103.

GLOBAL NETWORK BASED PUBLIC SHARE PLACEMENT SYSTEM AND METHOD

CLAIMS

1. A global network based public share offering system, comprising:

(a) a server computer accessible via said global network, said server computer running share offering software configured to allow users to apply for a share offering in at least one predetermined share, said share offering software being configured to allocate allocations of shares to users on a first come first served basis; and

(b) at least one user computer running access software which allows a user desiring to apply for an allocation of shares to access said server computer and apply for an allocation of shares.

2. A global network based public share offering system as claimed in claim 1, wherein said software is configured to allocate allocations of shares of a predetermined size, or less than or equal to a predetermined maximum size.

3. A global network based public share offering system as claimed in claim 1, wherein said share offering software allocates an allocation of shares by receiving an application from a user, checking whether an allocation of shares is available, and automatically allocating an available allocation to a user.

4. A global network based public share offering system as claimed in claim 1, wherein said share offering software is configured to automatically send a notification to said user advising said user that said user has been allocated a share allocation.

5. A global network based public share offering system as claimed in claim 4, wherein said notification includes details of a payment required to secure said share allocation and a period within which said payment must be made, and said share placement software is configured to determine whether payment is made within the period and to withdraw the allocation if payment is not made.

6. A global network-based public share offering system in accordance with claim 1, wherein said share placement software is configured to check whether said user has read the prospectus before proceeding with the allocation.

7. A global network-based public share offering system as claimed in claim 1, wherein said global network is the Internet and said access software is browser software.

8. A global network-based public share offering method comprising:

(a) providing a server computer accessible via said global network, said server computer running share offering software configured to allow users to apply for a share placement in at least one predetermined share;

(b) allocating allocations of shares to users on a first come first served basis in response to the receipt of user applications for an allocation of shares.

9. A global network-based public share offering method as claimed in claim 8, wherein said method involves setting said allocations of shares to a predetermined size.

10. A global network-based public share offering

method as claimed in claim 8, further comprising checking whether an allocation of shares is available upon receipt of an application and automatically allocating an available allocation to a user.

11. A global network-based public share offering method as claimed in claim 8, further comprising automatically sending a notification to said user advising said user that said user has been allocated a share allocation.

12. A global network-based public share offering method as claimed in claim 11, wherein said notification includes details of a payment required to secure said share allocation and a period within which said payment must be made, and said further comprises determining whether payment is made within the period and withdrawing the allocation if payment is not made.

13. A global network-based public share offering method as claimed in claim 8, further comprising checking whether said user has read the prospectus before proceeding with the allocation.

14. A global network based public share offering system, comprising:

(a) a server computer accessible via said global network, said server computer running share offering software configured to allow users to apply for a share offering in at least one predetermined share, said share offering software being configured to allocate allocations of shares to users on a highest bidder basis; and

(b) at least one user computer running access software which allows a user desiring to apply for an allocation of shares to access said server computer and apply for an allocation of shares.

15. A global network based public share offering system as claimed in claim 14, wherein said offering software is configured to allow users to bid for an allocation of shares of a predetermined size or a predetermined total available allocation.

16. A global network based public share offering system as claimed in claim 14, wherein said share offering software sets a closing time for users to bid for a predetermined size allocation of shares on the pool of predetermined total available allocation, and wherein users can observe the bidding price and the number of bidders, and the user can participate in the process by submitting and modifying his bid before the closing time.

17. A global network-based public share offering system as claimed in claim 1, wherein said share offering software is configured to automatically determine the successful bidding price where at such price the total available allocation is fully offered after bidding closure, wherein the system is configured to automatically allocate allocations of shares to those users who bid higher than the successful bidding price.

18. A global network-based public share offering system as claimed in claim 17, wherein said share offering software is configured to automatically send a notification to said user advising said user that said user has been allocated a share allocation.

19. A global network based public share offering system as claimed in claim 18, wherein said notification includes details of a payment required to secure said share allocation and a period within which said payment must be made, and said share placement software is configured to determine whether payment is made within the period and to withdraw the allocation if payment is not

made.

20. A global network-based public share offering system in accordance with claim 14, wherein said share placement software is configured to check whether said user has read the prospectus before proceeding with the allocation.

21. A global network-based public share offering system as claimed in claim 20, wherein said global network is the Internet and said access software is browser software.

22. A global network-based public share offer method comprising:

(a) providing a server computer accessible via said global network, said server computer running share offering software configured to allow users to apply for a share placement in at least one predetermined share;

(b) allocating allocations of shares to users on a highest bidder basis in response to the receipt of user applications for an allocation of shares.

23. A global network based public share offering method as claimed in claim 22, wherein said offering software is configured to allow users to bid for an allocation of shares of a predetermined size or a predetermined total available allocation.

24. A global network based public share offering method as claimed in claim 22, wherein said share offering software sets a closing time for users to bid for a predetermined size allocation of shares on the pool of predetermined total available allocation, and wherein users can observe the bidding price and the number of bidders, and the user can participate in the process by submitting and modifying his bid before the closing time.

25. A global network based public share offering method as claimed in claim 22, wherein said share offering software is configured to automatically determine the successful bidding price where at such price the total available allocation is fully offered after bidding closure, wherein the system is configured to automatically allocate allocations of shares to those users who bid higher than the successful bidding price.