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(54) Title: SYSTEM AND METHOD FOR ADMINISTERING A BROKERAGE REBATE CARD PROGRAM

(57) Abstract: A technique for administering a rebate program includes logic for generating rebate information based the purchase of goods and/or services using a card instrument. The technique further includes logic for applying a rebate, based on the rebate information, to fund at least part of a transaction performed by an brokerage service. In one embodiment, the brokerage service charges a fee to perform the transaction. In this case, the rebate is used to fund at least part of the transaction fee. The rebate therefore entitles the cardholder to perform a transaction free of charge. The rebate thus is converted to one or more "free transactions", and in a more specific application, one or more "free trades".



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## SYSTEM AND METHOD FOR ADMINISTERING A BROKERAGE REBATE CARD PROGRAM

### BACKGROUND OF THE INVENTION

The present invention relates generally to a system and method for administering a rebate program. More particularly, the present invention is directed to a system and method for administering a reward-based marketing program by determining rebate  
5 information based on purchases made using a card payment instrument, and for applying the rebate information to fund at least part of a brokerage transaction.

Some businesses offer rebates to loyal customers based on their respective net purchases over a span of time. For instance, some airlines offer customers “free” mileage  
10 based on respective total mileage amounts that customers have accrued over a span of time (thus providing a type of “frequency-based” reward program). Other businesses have adopted similar models. For instance, some stores (such as supermarkets) monitor the purchases of customers and then provide various rewards to the customers based on the volume and/or composition of the customers’ purchases. Store-based reward  
15 programs typically identify the customers at the checkout stand and then post the customers’ purchases to respective customer accounts.

Financial card systems may also offer rebates. For instance, the known DISCOVER® card provides a relatively small annual cash rebate to cardholders based on the aggregate value of the cardholders’ purchases in the course of the year. The card  
20 provider distributes the rebate via a check or like means of payment (such as discount coupons). Upon receipt, the cardholders are free to spend the rebates in any manner that they deem appropriate.

The above type of card-based rebate program may appear attractive to some cardholders. However, this credit card rebate program may not be effective in  
25 establishing a lasting association in the minds of the cardholders between the rebates and the card provider. Further, the distribution of rebates directly to the cardholders (without any conditions placed on the use of the rebates) may be an ineffective technique in “steering” the cardholders’ behavior toward desired ends. Thus, for instance, the above-described rebate program cannot be used to entice cardholders to utilize the services of  
30 third party providers (such as other financial institutions associated with the card provider). In this sense, the above-described program may be regarded as “one-dimensional.”

The patent literature describes more complex rebate programs. For instance, U.S. Patent No. 6,105,865 discloses the transfer of card-based rebates to a participant's trust fund account. U.S. Patent No. 6,070,153 discloses the transfer of card-based rebates to various types of retirement accounts, college saving accounts, 401(K) profit sharing plans, etc. U.S. Patent No. 5,787,404 discloses transferring card-based rebates to a long term investment account with a financial institution (such as a bank, savings and loan association, credit union, broker-dealer, insurance company, etc.). U.S. Patent No. 5,970,480 discloses converting card-based rebates into ownership interests in investment instruments, such as mutual funds, bonds, insurance investments, or an annuities.

The above-described programs may have a number of drawbacks. For instance, the programs may fail to encourage cardholders to actively interact with the third party investment provider. For example, a cardholder may lose interest in the investment program because the rebates are typically small, and therefore may be perceived as having only a negligible impact on the investment as a whole. A cardholder may also become disinterested in the program because the investments are perceived to offer no immediate benefits (e.g., the pay out of a long-term investment may be perceived as too "remote"). Further, a cardholder may lose interest in the program because the interface for interacting with the investment provider is perceived as cumbersome or otherwise ineffective. Such lack of interest in the program may reduce revenue generated by the program for both the card provider and the investment provider. This lack of interest may also prevent cardholders from taking appropriate action to make their investments more effective (e.g., by eliminating unproductive assets).

Known rebate programs may also suffer from additional unspecified shortcomings.

There is accordingly a need to provide a more effective card-based rebate program.

## SUMMARY OF THE INVENTION

The present invention solves the above-identified problems in the art, as well as other unidentified problems.

One exemplary aspect of the invention pertains to a system and method for administering a rebate program. The system includes logic for generating rebate information based on at least one purchase of goods or services using a card payment vehicle (such as a credit card, debit card, stored-value card, pre-paid card, or other type of

card instrument). The system further includes logic for applying a rebate, based on the rebate information, to fund at least part of a transaction performed using a brokerage system (such as a “face-to-face” brokerage system, an “electronic” brokerage system, or other type of system that facilitates the trading or management of financial assets). In one  
5 embodiment, the brokerage system charges a fee to perform the transaction (such as a securities purchase or sale). In this case, the rebate is used to fund at least part of the transaction fee. The rebate therefore provides the cardholder with a “free” or discounted transaction, and in a more specific application, a “free trade.”

Another exemplary aspect of the system includes a card provider system and a  
10 brokerage system. The card provider system includes: a card instrument account assigned to a cardholder that identifies purchases made by the cardholder using a card instrument; logic for processing a purchase made by the cardholder based on use of the card instrument; and logic for determining rebate information based on the purchase made using the card. The brokerage system includes: a transaction account assigned to the  
15 cardholder that identifies transactions made by the cardholder using the brokerage system; logic for receiving instructions from the cardholder (or on behalf of the cardholder) that directs the brokerage system to perform a transaction and to properly account for the transaction; logic for processing the transaction; and logic for applying a rebate to fund at least part of the transaction, wherein the rebate is based on the rebate  
20 information. The brokerage system may facilitate the transfer and/or management of financial assets, or may perform other financial-related services on behalf of its clients.

According to one exemplary advantage, the system and method may encourage subscribers associated with the card provider and/or brokerage service to remain loyal to these entities (e.g., by maintaining their accounts with these entities). The system and  
25 method may also encourage increased usage of the card for making payments, and/or increased usage of the brokerage service.

According to another exemplary advantage, the system and method may allow a card provider to more effectively “steer” a cardholder’s behavior toward the use of third party services, such as a brokerage service.

30 According to another advantage, the availability of a “free trade” may serve as a powerful incentive to motivate cardholders to actively engage and interact with the brokerage service, even though the amount of the rebate may be relatively small. The “free trades” may also encourage cardholders to make more purchases using the card.

These factors may result in increased revenue for both the card provider and the brokerage service.

According to another advantage, the “free trades” may allow the cardholders to become more attentive to their respective brokerage accounts (e.g., by selling unproductive investments, visiting the brokerage system’s website, performing research to keep abreast of relevant information concerning their assets, etc.). At the same time, the rebates preferably remain relatively small. Hence, the availability of the rebates should not encourage reckless investment by the cardholders (e.g., with respect to purchases or sales of securities).

According to another advantage, the cardholders may directly interact with the brokerage service via a wide-area network, such as the Internet. Access to the network may be through hard-wired lines or wireless communication routes, or some other communication means. The immediacy and directness of this access mechanism may further encourage cardholders to actively participate in the rebate program.

According to another advantage, the rebates may be funded by both the card provider and the brokerage service. This allows the program designers to tailor the rebate program to suit different business environments and contractual arrangements.

Additional features and advantages of the invention will be set forth in the description that follows.

## BRIEF DESCRIPTION OF THE DRAWINGS

The present invention can be understood more completely by reading the following Detailed Description of exemplary embodiments, in conjunction with the accompanying drawings, in which:

FIG. 1 shows an exemplary system for implementing the invention;  
FIG. 2 shows an exemplary card provider system for use in the system of FIG. 1;  
FIG. 3 shows an exemplary brokerage system for use in the system of FIG. 1;  
FIG. 4 shows an exemplary terminal for use in interacting with the brokerage system in the system of FIG. 1

FIG. 5 shows one exemplary interface screen that may be displayed at the terminal shown in FIG. 4;

FIG. 6 shows one exemplary process for forming new accounts according to the present invention;

FIG. 7 shows an exemplary process for administering rebates at the card provider system of FIG. 1;

FIG. 8 shows an exemplary process for administering rebates at the brokerage system of FIG. 1;

5        FIG. 9 shows an exemplary statement provided by the card provider system of FIG. 1, which communicates information concerning the rebates that a cardholder is entitled to; and

FIG. 10 shows an exemplary statement provided by the brokerage system of FIG. 1, which communicates information concerning the rebates that a cardholder is entitled to.

#### DETAILED DESCRIPTION OF THE INVENTION

10        The present invention is directed to a system and method for generating rebates through the use of a card instrument to purchase goods and services, and then using the rebates to fund transactions made using a brokerage system. The term “card instrument” encompasses any type of token used to purchase any type of goods or services. Exemplary kinds of cards may include credit cards, multi-featured credit cards, debit  
15        cards, bank cards, stored value cards, smart cards, various types of co-branded cards, or other types of payment instruments. For instance, the card instrument may comprise a conventional plastic credit card including a magnetic stripe. The stripe contains cardholder ID information, account information, etc. Alternatively, the card may merely  
20        comprise information retained in any memory (including the human memory) that a holder may use to reference a value-bearing account. Still alternatively, the card may comprise account-related information that can be reproduced at the time of a transaction (or, otherwise, on demand). For brevity, the ensuing discussion refers to the card instruments as simply “cards.”

25        The term “card provider” is likewise intended to encompass various types of providers. In a typical arrangement, known companies (such as VISA<sup>®</sup>, MASTERCARD<sup>®</sup>, AMERICAN EXPRESS<sup>®</sup>, etc.) act alone or in association with financial institutions (such as banks and/or other business entities) to supply cards to credit-worthy cardholders, and to subsequently administer credit and payment services for the benefit of the cardholders. In this case, the term “card provider” may represent any  
30        entity or combination of entities having a role in furnishing cards to the cardholders and in subsequently administering the services associated with the cards.

The term “brokerage system” encompasses any type of system that administers any type of brokerage service on behalf of its customers. Some exemplary brokerage systems may make financial investments on behalf of their customers. Other exemplary brokerage systems may empower their customers to directly trade and manage their own financial assets. Other categories of brokerage services include traditional “face-to-face” brokerage services, full-service type brokerage services, discount brokerage services, brokerage systems that primarily rely on telephonically communicated instructions from customers, “electronic” brokerage services (such a client-accessible Internet-based brokerage services), as well as other types of brokerage services.

While many brokerage applications are envisioned, to simplify and facilitate explanation, “electronic” brokerage systems are emphasized in the following discussion. In one embodiment, such systems empower cardholders to electronically access the brokerage system via a wide-area network (such as the Internet) and perform investment-related transactions. More specifically, a typical electronic brokerage system may enable subscribing cardholders to buy and sell shares of stock, mutual funds, bonds, etc. The brokerage system may also enable subscribing cardholders to perform a wide variety of tracking, planning, and analysis tasks pertaining to investments. In a typical application, the brokerage system requires potential subscribers to first establish and fund an account with the brokerage system. The system then debits the account by an appropriate amount when the subscriber purchases investment assets (or performs other cost-incurring transactions). The brokerage system may also assess a transaction fee when a subscriber makes a transaction using its services. For instance, the brokerage system may assess a fee when the subscriber trades an asset or receives advice from the service (where different levels of access to information may incur different charges). One known brokerage service is E\*TRADE. The E\*TRADE service may be accessed over the Internet at <<http: //etrade.com>>.

Other electronic-based brokerage systems are used by brokerage agents to trade and manage assets on behalf of the agents’ customers (e.g., based on instructions or authorization provided by the customers).

FIG. 1 provides an overview of one exemplary system 100 that can be used to implement the present invention. The system includes a card provider system 128 that provides a number of card instruments (e.g., cards 112, 114, 116, 118, and 120) to qualifying cardholders, and subsequently administers the card-based rebate program of

the present invention. From a logical standpoint, card provider system 128 may include any system for carrying out the card-related processing functions of the rebate program, such as receiving and processing applications from potential subscribers, maintaining account data, processing transactions, and interfacing with the various entities (such as cardholders, merchants, service providers, and brokerage systems, etc.). From a physical standpoint, equipment associated with the card provider system 128 may be distributed over plural sites which may be administered by separate business entities. Alternatively, the technology associated with the card provider system 128 may be located at a single physical site and/or be administered by a single business entity.

The card provider system 128 interacts with plural merchants or service providers, represented generically as "merchant/service providers" 130, 132, and 134. The merchant/service providers supply a broad range of goods and/or services that may be purchased by cardholders using their cards. For instance, FIG. 1 shows an exemplary cardholder interacting with merchant/service provider 130 using his or her card 112. The cardholder may physically present the card at a merchant site where it is physically read in a conventional fashion (e.g., by swiping the card through a carding reading apparatus). Alternatively, a cardholder may purchase goods or services by simply providing identifying information from his or her card to the merchant (e.g., by orally providing the information to a merchant over the telephone or like device, or by directly inputting this information to a merchant's computer system over a network or other communication means).

The system further includes plural exemplary terminals 102, 104, 106, 108 and 110 which are connected to a wide-area network 122. The wide-area network 122 may comprise any type of network, but preferably comprises a network that can be accessed using a variety of different types of devices from a variety of different locations. For instance, the wide-area network 122 may comprise the Internet, or like network. The terminals may comprise any type of general or special purpose computers, or other types of electronic devices (such as cellular telephones, Personal Digital Assistants, etc.). The terminals can access the brokerage system 124 via the network 122 by, for instance, inputting an address (e.g., web site address) associated with the brokerage system 124.

The brokerage system 124 may comprise any type of brokerage service that provides investment-related opportunities to customers. The system 124 may be implemented as any head-end system for interacting with terminals (such as a server type



of head-end computer system operating on the World Wide Web or other wide-area network, a mainframe type of head-end computer, or other type of head-end architecture). Further, the brokerage provider system 124 can be implemented as a plurality of processing facilities distributed over plural physical sites, or may be implemented at a single site. In an alternative embodiment (not shown), cardholders may convey instructions to the brokerage system 124 through alternative means, such as via telephone, cellular phone, or other communication device. Brokerage personnel at the brokerage system 124 may then carry out the instructions in conventional fashion. In another embodiment, cardholders may convey their instructions directly to appropriate brokerage personnel by actually meeting with the brokerage personnel in a conventional “face-to-face” manner.

The card provider and the brokerage service may be related to each other according to various types of arrangements, such as a partnership arrangement, a joint-venture-type arrangement, a co-ownership-based arrangement, an affiliation-based arrangement, or some other type of arrangement.

In an alternative embodiment (not illustrated), a single system may be used to perform the functions associated with the card provider system 128 and the brokerage system 124. This single system may be implemented at a single general site. This single system may be operated by plural associated business entities or a single business entity.

The brokerage system 124 also interacts with one or more trading systems 126. The trading systems may comprise any type of system in which investment assets may be bought and sold in a particular jurisdiction. For instance, the trading system may broadly represent any type of stock exchange system (or any combination of stock exchange systems) used to publicly trade assets on the open market.

Although not specifically illustrated, selected merchants and service providers may be connected to the wide-area network 122 (such as the Internet). This would allow cardholders to access the merchants and service providers over the network and make purchases over the network in a conventional fashion. The card provider system 128 may also provide connection to the network 122. This would allow cardholders to interact with the card provider system 128 over the network, e.g., to check on the status of accounts, transfer funds, initiate bill payments, or perform other types of transactions.

FIG. 2 illustrates further details of the card provider system 128. From a functional perspective, the card provider system 128 includes plural principal modules for

administering the card-based services. Namely, the card provider system 128 includes a transaction module 202, an application module 204, and a rebate module 206.

5 The transaction module 202 includes a transaction processing system 208, bill processing system 210, and report processing system 212. The transaction processing system 210 interacts with the merchant/service providers when a cardholder makes a purchase using his or her card, and also handles all associated transaction logging and processing tasks. The bill processing system 210 generates periodic (e.g., monthly) statements for distribution to the cardholders. The statements may list the transactions made by respective cardholders in a given reporting interval. The report processing  
10 system 212 generates various internal reports used by personnel affiliated with the card provider system 128. The report processing system 212 may also generate other reports for the cardholders. More specifically, the report processing system 212 may generate customer reports on an annual basis (or upon special request) that summarize the customers' year-long transaction history.

15 The application module 204 includes application processing system 214 and credit processing system 216. The application processing system 214 handles various tasks associated with establishing a new account with a potential subscriber. The credit processing system 216 performs credit verification to determine the credit worthiness of the potential consumer/subscriber (which may involve access to information maintained  
20 by a credit bureau).

The rebate processing module 206 includes rebate processing system 218. This system performs all tasks associated with the administration of the rebate program, to be described in further detail below.

The card provider system 128 further includes data storage module 220 containing  
25 various databases. More specifically, the module 220 includes account database 222 which stores a number of accounts associated with respective cardholders. The account database 222 may store transaction details (regarding transactions made by the cardholders using their cards), credit limit information, outstanding balance information, etc. Database 222 may further include a storage area or storage field 228 that stores  
30 information pertaining to the rebates earned by the cardholders. This area or field is referred to generally as a "rebate account," or "free trades account."

The data storage module 220 further includes a database 224 for storing credit-related information pertaining to the subscribers. More specifically, database 224 stores

information pertaining to the credit worthiness of cardholders (as well as potential cardholders). Such information enables the card provider system 128 to make an informed decision whether to accept or deny an applicant's request for membership in the card-based rebate program of the present invention.

5           Finally, the card provider system 128 may employ one or more additional storage databases 226 to suit the needs of specific applications. Generally, databases 222, 224, 226, etc. may be co-located at one site, or may be distributed, in whole or in part, over multiple sites.

FIG. 3 shows further details regarding the brokerage system 124. Generally, the  
10       brokerage system may include similar functional (e.g., logical) organization to the card provider system 128. More specifically, the brokerage system 124 includes a transaction module 302, application processing module 304, and rebate processing module 306.

Transaction module 302 includes a brokerage transaction processing system 308 for performing various trading and analysis functions. Module 302 further includes a bill  
15       processing system 310 for performing various billing functions, and report processing system 312 for performing various reporting functions related to investment account management.

Application module 304 includes an application processing system 314 for performing various functions involved when a potential subscriber applies to the  
20       brokerage service. The account fund management system 316 performs various functions associated with establishing and maintaining funds necessary to operate the cardholders' accounts.

The rebate processing module 306 includes rebate processing system 318. System 318 performs various functions associated with the administration of rebates. For  
25       instance, system 318 receives rebate information from the card provider system 128, and then coordinates the application of rebates to individual brokerage accounts based on the rebate information. System 318 also coordinates the debiting of the rebates when cardholders make transactions using the brokerage system 124.

The brokerage system 124 further includes a memory module 320 for storing  
30       various databases used in carrying out its functions. Notably, the brokerage system 124 includes an account database 322. The account database 322 stores various information concerning subscribers of the brokerage system 124, such as information which identifies the transactions made by the subscribers, funds allocated to the subscribers, billing

information associated with the subscribers, etc. The account database 322 also includes a storage area or storage field 328 that contains information which identifies the rebates available to cardholders.

The brokerage system 124 may assess fees when its subscribers make transactions (e.g., stock purchases or sales). In one exemplary embodiment, the brokerage system 124 applies the rebates identified in the account 328 to cover the transaction fees assessed by the brokerage system 124. The transactions covered by the funds indicated in account 328 may therefore be regarded as “free,” and hence the account itself may be denoted, as indicated, as a “free trade account.” Alternatively, application of the rebates to the transaction fees may serve to discount one or more trades, but not entirely absorb the costs of such trades.

In alternative embodiments, the brokerage service may apply the rebates indicated in account 328 to help fund the actual purchase price of investments, e.g., to contribute toward payment of the purchased investment assets. In still another alternative embodiment, the brokerage system 124 enables the cardholder to specify the manner in which the rebates are to be applied. For instance, the cardholder may select whether he or she wants the rebates applied to cover only transaction fees, only investment purchase price costs, or a combination of transaction fees and purchase price costs. Still alternatively, the cardholder may specify that the rebates are only to be applied to specific kinds of transactions (that is, if the card provider and brokerage service agree to provide such an option).

Finally, the database module 320 may include one or more other databases 326 suitable to particular applications.

FIG. 4 illustrates an exemplary trading terminal 102 that can be used to interact with the brokerage system 124. The terminal 102 shown in this figure represents a general purpose computer (e.g., a “personal computer”). It includes a bus 410 which connects conventional components, such as a logic processing unit 414 (e.g., a microprocessor), Random Access Memory (RAM) 404, Read Only Memory (ROM) 406, one or more storage devices (408), and an input/output interface 402. The input/output interface 402, in turn, includes one or more input devices (such as a keyboard, touch screen, graphical mouse device, etc.). The input/output device 402 further includes one or more rendering devices (such as a display, printer, etc.). Further, the terminal 102

includes a communication interface 412 (e.g., a modem or like device) for interacting with external network equipment.

The RAM memory 404, ROM memory 406, and/or storage device 408 may store computer code that enables the terminal 102 to interact with the brokerage system 124.

5 Such programs may be downloaded from the brokerage system 124, or distributed to the terminal 102 by some other means. Depending on the selected implementation, brokerage processing functionality may be located mainly at the terminal 102, shared between the terminal 102 and the brokerage system 124, or located mainly at the brokerage system 124.

10 FIG. 5 presents an exemplary interface screen 500 that can be displayed at the rendering device 416 of any trading terminal. More specifically, interface screen 500 represents one exemplary screen within a series of interface screens (not shown). Screen 500 particularly allows a cardholder (or other user) to trade investment assets (e.g., stock).

15 The screen 500 includes conventional pull-down menu entries 502. The screen further includes navigation icons 504 for performing conventional navigation operations. The screen 500 further identifies the cardholder in field 506 by displaying a brokerage service account number associated with cardholder.

The screen 500 includes a transaction field 508 where a user specifies a  
20 transaction type. The transaction types include "Buy" (an order to buy a specific stock), "Sell" (an order to sell specific stock that the cardholder owns), "Sell Short" (an order to sell a specific stock that the cardholder does not own), or "Buy to Cover" (an order to buy back a stock that a cardholder previously sold short, thus closing out a short sale). The screen further includes a field 510 where a user enters the number of shares involved in  
25 the transaction. The screen further includes a field 512 where a user enters the symbol of the stock involved in the transaction.

A price field 514 prompts a user to select between "Market," "Limit," "Stop," and "Stop Limit." These entries pertain to well known options regarding price conditions placed on a transaction. For instance, a "Market" entry identifies an order to buy or sell  
30 the stock at the best price available when the order reaches a "market maker." The "Limit" entry refers to an order to buy or sell the stock at or above a cardholder specified price (which the cardholder enters in the box next to the "Limit" entry). The "Stop" entry pertains to an order to buy or sell the stock once it has traded at the price a cardholder

specifies (which the cardholder enters in the box next to the “Stop” entry). A stop order becomes a market order when it reaches or exceeds the specified price, called the stop price. More specifically, a cardholder may place a “buy stop order” at a price above the current offering price, and a “sell stop order” at a price below the current bid price.

- 5 Finally, the “Stop Limit” entry is like a stop order, but such an order becomes a limit order rather than a market order when the stock reaches the stop price.

The term field 518 enables a user to enter the terms of the transaction, such as “Good for Day,” or “Good Until Canceled.” The “Good for Day” condition requires that an order expire if it has not been executed either by the close of trading on the day it was  
10 entered. Alternatively, as the name suggests, a “Good Until Canceled” field designates an order that remains valid until canceled.

Field 518 prompts a cardholder to enter his or her trading password. Button 520 enables the cardholder to preview an order. Button 522 enables the cardholder to clear an order.

- 15 Screen 500 (or other account management screens, not shown) may also display information regarding the availability of rebates to cover the costs of making one or more transactions. Namely, the interface may apprise a user of the total amount of rebate funds available, the total number of free trades earned, the amount of funds spent in a particular session, or other rebate-related information.

- 20 FIG. 6 illustrates exemplary processing involved in the formation of new accounts according to one exemplary embodiment. The process begins in step 602, where the card provider and brokerage service enter into an arrangement to implement a card-based rebate program (such as a “free trades” rebate program). The arrangement may comprise any type contractual agreement between the two entities, or may merely represent an  
25 informal business practice established between the two entities.

- In an alternative embodiment (not shown), an arrangement between the card provider and brokerage service takes place later in the process. For example, a card provider may distribute rebate funds to a particular brokerage service at the request of an existing cardholder, even though there was no preexisting arrangement between the  
30 cardholder and that particular brokerage service. Allowing the cardholders to select third party providers after their rebates have been earned may provide an effective means for dynamically forming partnerships with third party providers.

In step 604, the card provider and/or the brokerage service solicit consumers to apply for the rebate program. The solicitation may be directed at consumers that have no prior business relationship with either the card provider or brokerage service.

Alternatively, the solicitation may be directed at consumers who are currently subscribers of either the card provider system 128 or the brokerage system 124, but are not currently enrolled in the rebate program. For instance, the card provider may send the cardholder monthly statements that list “free trade” rebates earned by the cardholder that may be channeled to an brokerage service, upon the cardholder setting up an account with the brokerage service.

When a potential subscriber applies to the rebate program (in step 606), both systems perform various application-related processing (in step 608). In one embodiment, the card provider first approves the applicant based on criteria relevant to the card provider (e.g., by verifying the credit-worthiness of the potential subscriber). Upon approving the application, the card provider sets up a card payment account for the applicant. The card provider further communicates information pertaining to the new cardholder to the brokerage service. The brokerage service may then separately approve the applicant based on criteria relevant to the brokerage service. Further, the brokerage service may set up a brokerage account in a conventional fashion by, for instance, requesting the new cardholder to deposit sufficient funds to cover costs associated with transactions. These funds can be deposited via check, electronic funds transfer, or other means. In step 610, the card provider and brokerage service perform all necessary communication to establish a cross reference which ties the card payment account assigned by the card provider system 128 to the transaction account assigned by the brokerage service system 124.

Other applicants may have a prior affiliation with the card provider. That is, some applicants may already own one or more cards furnished by the card provider system 128, but have no previous affiliation with the brokerage service. The opposite may apply to other applicants. Namely, other applicants may have a prior affiliation with the brokerage service, but have no previous affiliation with the card provider. The formation of new rebate accounts in these two circumstances may omit elements of the above-described processing that are not required. For instance, a user having prior affiliation with the card provider system 128 may or may not require credit approval to join the rebate program, depending on the provider’s policies. Similarly, a user that has a prior affiliation with the

brokerage system 124 will already have an established transaction account with the brokerage system 124.

The rebate program may provide that the card provider and/or brokerage service receive a new account incentive when a new user joins the rebate program. For instance, the brokerage service may receive \$15.00 for new accounts established through the efforts of the card provider, and may receive \$25.00 for new account established through the efforts of the brokerage service (e.g., for new accounts established via the brokerage service's on-line services, or established via an agent of the brokerage service).

FIG. 7 outlines a procedure for administering the rebate program at the card provider system 128 once the applicant has been approved. Namely, after initializing an account in the above-described manner (in step 702), the card provider system 128 monitors purchase volumes at one of the affiliated merchant/service providers (in step 704). Then, the card provider system 128 records details of the transaction (in step 706) in a conventional manner. Thereafter, the card provider system 128 performs rebate processing (in step 708) to determine rebate information. Rebate processing may entail computing the net value of purchases in a selected time span and then determining a percentage of the net value. Providing that the cardholder just subscribed to this service, the cardholder's prior net balance will be zero (or, alternatively, may be some non-zero value if an initial amount is allocated to the cardholder upon subscribing to the rebate program).

Following rebate processing, the card provider system 128 determines whether it is time to report rebate information to the brokerage service. Typically, it is envisioned that the card provider system 128 will report rebate information to the brokerage service on a periodic basis, such monthly, bi-annually, or annually. In an alternative embodiment, the card provider system 128 may report the rebate information to the brokerage service after every purchase made by the cardholder. (However, this option may impose a heavy load on the system 100). Still other embodiments may allow other intervals designed to serve specific program needs.

The rebate information sent from the card provider to the brokerage system may comprise various information pertaining to the rebates. For instance, this information may identify various accounting data, such as the net value or percentage of purchases in a current reporting interval, the rebate allocated to the cardholder in the current reporting interval, the total rebate accrued over multiple reporting intervals, and a date on which an



unvested rebate will vest (i.e., the date on which the rebate will be made available to the cardholder to apply toward brokerage fees). In one embodiment, the rebate information also includes an actual transfer of funds to the brokerage system. In an alternative embodiment, the card provider transfers funds to the brokerage system at different times than it transmits the above-described accounting data. More particularly, in one embodiment, the card provider transfers funds to the brokerage service each time it forwards rebate information to the brokerage service. Those skilled in the art will appreciate that there are many other ways to transfer data and funds between the card provider and brokerage service. In any case, funds may be transferred electronically or through some other means (e.g., by paper check, etc.).

In another embodiment, the brokerage service may completely fund the free trades. In this case, the card provider system does not transfer any funds to the brokerage service. Alternatively, the card provider system may transfer funds to the brokerage service to reimburse the brokerage service for its prior covering of costs associated with free trades.

The card provider system 128 also independently sends reports to its cardholders. These reports may be sent as written records via the mail, or may alternatively be downloaded to the cardholder in electronic form. FIG. 9 illustrates an exemplary credit card statement provided by the card provider system 128. It includes two portions, namely, a transaction details portion 902 and a rebate information portion 904. The transaction details portion 902 includes conventional information concerning transactions that have taken place in a reporting interval (typically a month). For instance, portion 902 may identify the transactions by listing their dates, transaction codes, vendor/service providers, and monetary amounts. Portion 902 may further identify the previous balance (i.e., at the end of the previous reporting interval), the new balance (i.e., at the end of the current reporting interval), minimum amount due, date on which the minimum amount is due, and net purchase amount for the current reporting interval.

The rebate information portion 904 identifies refund and free trade information. More specifically, this portion identifies the brokerage account number that will receive the benefits of the rebate, the net amount of purchases for the current reporting interval, the incremental rebate value assessed by the card provider for the current reporting interval, the net rebate value assessed by the card provider within a predetermined time-

frame (e.g., within a year), and a rebate payout date (that identifies a date on which the card provider will forward the rebate information to the brokerage service).

FIG. 8 shows rebate processing performed at the brokerage system 124. The process starts when the system initializes the rebate program for a subscriber (e.g., by  
5 setting up the card account and the transaction account in the card provider system 128 and the brokerage service system 124, respectively, in the manner described with reference to FIG. 6) (in step 802). In step 804, the brokerage service determines whether the card provider has downloaded rebate information. As mentioned above, the card  
10 provider typically will download rebate information on a periodic basis, such as on an annual or bi-annual basis. If new rebate information has been received, the brokerage service proceeds by posting this information to its free trade account (in step 806). Then, in step 808, the brokerage service determines whether the cardholder (or other user) has directed the brokerage service to make a transaction. If so, the brokerage service  
15 performs the transaction (in step 810). This may entail, for instance, performing any type of asset purchase, sale, transfer, etc. Then, in step 812, the brokerage service applies the funds in the free trade account to cover a portion of the transaction (where appropriate). In one exemplary embodiment, the brokerage service specifically applies the funds in the free trade account to pay for the transaction fees assessed by the brokerage service. Hence, if the rebate fees are sufficient to pay for multiple transactions, these transactions  
20 may be regarded as “free.”

Different business entities may choose to apply different algorithms to determine the amount of rebate to be applied based on the cardholder's net purchase amount. In one exemplary embodiment, the rebate is funded by both the card provider and the brokerage service. That is, the brokerage service (or the card provider) may multiply the net  
25 purchase value by a first rate to arrive at the amount of rebate that will be funded by the card provider. The brokerage service (or card provider) may further multiply the net purchase value by a second rate to arrive at the amount of rebate that will be funded by the brokerage service. The total rebate value is assessed by adding the two above-identified rebates together. For example, assume that a cardholder has made purchases  
30 totaling \$3,400 in one reporting interval (e.g., in one month). A rebate funded by the card provider may comprise 0.4 % of the net purchase value, or \$13.60. A rebate funded by the brokerage service may comprise 0.6 % of the net purchase value, or \$20.40. The total rebate applied to the free trades account would be 1.0 % of the net purchase amount, or

\$13.60 + \$20.40 = \$34.00. In an alternative embodiment, the card provider may fund the entire rebate amount. In still another alternative embodiment, the brokerage service may fund the entire amount. Of course, different rebate rates can be selected to suit particular business environments, business objectives, and reward structures. Typically, rates are smaller than 2.0%, but greater rates are possible.

In still another embodiment, the “free trades” are earned based on the number of times (e.g., frequency) that a cardholder uses his or her card. For instance, a cardholder may earn one free trade upon making fifteen purchases with his or her card. In this case, the number of free trades earned may be independent of the accrued cash value of the cardholder’s purchases. In still another embodiment, free trades may be earned based on a combination of the frequency of card usage and the aggregate cash value of card purchases.

In another embodiment, the rate at which “free trades” are earned may take into account various characteristics of the cardholder and/or various attributes the cardholder’s behavior. Relevant factors that can be used to accelerate or diminish the rate at which rebates are earned include: (a) length of time that the cardholder has subscribed to the services of the card provider and/or brokerage system; (b) membership in “special status” categories (e.g., gold or platinum card categories, or other categories); (c) interest-bearing balance on accounts; (d) credit rating, etc.

In step 819, the brokerage service determines whether it is time to send a report to the cardholder. In preferred embodiments, the brokerage service physically or electronically sends this report on periodic intervals, such as every month. FIG. 10 shows one exemplary report that the brokerage service may generate. It includes a transaction details portion 1002 and a rebate information portion 1004. The first portion 1002 includes conventional information concerning transactions that have taken place in a reporting interval (typically a month). For instance, this portion may identify the transaction by listing their dates, transaction types or codes, transaction details (such as the number of shares purchased, sold, transferred, etc.), and monetary amounts associated with the transactions. This portion may further identify the previous balance in the brokerage account (i.e., at the end of the previous reporting interval), the new balance (i.e., at the end of the current reporting interval), deposits made by the cardholder in the current billing interval, etc.

The second portion 1004 identifies refund information. More specifically, this portion identifies the card account that earned the rebates (e.g., by listing its account number), the date that the last rebate was received from the card provider and added to the free trades account, the value of the last rebate, the previous net value of the free trade  
5 account (i.e., at the end of a previous reporting interval), the amount that was debited from the free trades account in the current reporting interval, and the net value of the free trades account at the end of the current reporting interval.

Those skilled in the art will appreciate that FIGS. 9 and 10 show an exemplary arrangement and selection of accounting information. Different arrangements and  
10 selections of accounting information are possible to suit different business applications. For example, in alternative embodiments, the card provider and and/or brokerage service may decide to provide less complex statements compared to those shown in FIGS. 9 and 10. For instance, as to the rebate portion of the report, the card provider and/or brokerage service may opt to simply inform the cardholders of how many free trades they have  
15 earned (or will earn when their rewards vest).

The above discussion was principally framed in the exemplary context of a brokerage service having an interface which allows cardholders to directly trade and manage their financial assets. However, the principles disclosed herein apply to electronic systems where a brokerage agent (or other brokerage personnel) makes  
20 investment-related transactions on behalf of cardholders (e.g., at the direction of the cardholders). The principles disclosed herein also apply to other brokerage systems that use other means for making transactions (including various non-automated or semi-automated means for making transactions).

Generally, modifications to the embodiments described above can be made  
25 without departing from the spirit and scope of the invention, as is intended to be encompassed by the following claims and their legal equivalents.

**WHAT IS CLAIMED IS:**

1. A system for administering a rebate program, comprising:
  - logic for generating rebate information based on at least one purchase of goods or services; and
  - logic for applying a rebate, based on the rebate information, to fund at least part of
  - 5 a transaction performed by a brokerage service,
    - wherein the brokerage service charges a fee to perform the transaction, and
    - wherein the logic for applying comprises using the rebate to fund at least part of the transaction fee.
2. A system for administering a rebate program, comprising:
  - 10 a card provider system, including:
    - a card instrument account for a cardholder that identifies purchases made by the cardholder using a card instrument;
    - logic for processing a purchase made by the cardholder based on use of the card instrument;
    - 15 logic for determining rebate information based on the purchase made using the card;
  - a brokerage system, including:
    - a transaction account for the cardholder that identifies transactions made by the cardholder, or on behalf of the cardholder, using the
    - 20 brokerage system;
    - logic for receiving instructions from the cardholder, or on behalf of the cardholder, that directs the brokerage system to perform a transaction;
    - logic for processing the transaction; and
    - logic for applying a rebate to fund at least part of the transaction,
    - 25 wherein the rebate is based on the rebate information,
    - wherein the brokerage system charges a fee to perform the transaction, and
    - wherein the logic for applying uses the rebate to fund at least part of the transaction fee.
3. The system of claim 2, wherein the logic for determining rebate information comprises logic for determining rebate information on a periodic basis as a percentage of
- 30 net purchase information recorded in the card instrument account.

4. The system of claim 2, wherein the card provider system further includes logic for transferring the rebate information from the card provider system to the brokerage system.

5. The system of claim 4, wherein the transferring logic transfer the rebate information on a periodic basis.

6. The system of claim 2, wherein the card provider system further comprises: logic for generating a card instrument report that identifies purchases made by the cardholder, and which also identifies rebate information.

7. The system of claim 2, wherein the brokerage system further comprises: logic for generating a transaction report that identifies transactions made by the cardholder, on behalf of a cardholder, using the brokerage system, and which also identifies rebate information.

8. The system of claim 2, wherein part of the rebate is funded by the card provider system, and part of the rebate is funded by the brokerage system.

9. A card provider system for administering a rebate program, comprising: a card instrument account for a cardholder that identifies purchases made by the cardholder using a card instrument;

logic for processing a purchase made by the cardholder based on use of the card instrument, and for making a record of the purchase in the card instrument account;

logic for determining net purchase information based on a summation of purchase information stored in the card instrument account;

logic for determining rebate information based on the net purchase information;

logic for transferring the rebate information to an brokerage system,

wherein the brokerage system applies a rebate to fund at least part of a transaction made using the brokerage system, wherein the rebate is based on the rebate information, wherein the brokerage system charges a fee to perform the transaction, and the brokerage system applies the rebate to fund at least part of the transaction fee.

10. An brokerage system for administering a rebate program, comprising: a transaction account for the cardholder that identifies transactions made by the cardholder, or on behalf of the cardholder, using the brokerage system;

logic for receiving rebate information from a card provider, the rebate information based on net purchases made by a cardholder using a card instrument;

logic for receiving instructions from the cardholder, or on behalf of the cardholder, that directs the brokerage system to perform a transaction;

logic for processing the transaction; and

5 logic for applying a rebate to fund at least part of the transaction, wherein the rebate is based on the rebate information,

wherein brokerage system charges a fee to perform the transaction, and the brokerage system applies the rebate to fund at least part of the transaction fee.

11. A method for administering a rebate program, comprising:

generating rebate information based on at least one purchase of goods or services;

10 and

applying a rebate, based on the rebate information, to fund at least part of a transaction performed by a brokerage service,

wherein the brokerage service charges a fee to perform the transaction, and the step of applying comprises applying the rebate to fund at least part of the transaction fee.

15 12. A method of administering a rebate program, comprising:

establishing, by a card provider, a card instrument account for a cardholder;

establishing, by a brokerage service, a transaction account;

processing, by the card provider, a purchase made by the cardholder based on use of a card instrument and making a record of the purchase in the card instrument account;

20 determining, by the card provider, rebate information based on the purchase made using the card instrument;

receiving, by the brokerage service, instructions from the cardholder, or on behalf of the cardholder, that directs the brokerage service to perform a transaction;

25 processing, by the brokerage service, the transaction, and making a record of the transaction in the transaction account; and

applying, by the brokerage service, a rebate to fund at least part of the transaction, wherein the rebate is based on the rebate information,

wherein the brokerage service charges a fee to perform the transaction, and the step of applying comprises applying the rebate to fund at least part of the transaction fee.

30 13. The method of claim 12, wherein the card provider determines the rebate information on a periodic basis as a percentage of net purchase information recorded in the card instrument account.

14. The method of claim 12, further comprising the step of transferring the rebate information from the card provider to the brokerage service.

15. The method of claim 14, wherein the transferring step takes place on a periodic basis.

5        16. The method of claim 12, further comprising the steps of:  
generating, by the card provider, a card instrument report that identifies purchases made by the cardholder, and which also identifies rebate information; and  
forwarding the card instrument report to the cardholder.

10       17. The method of claim 12, further comprising the steps of:  
generating, by the brokerage service, a report that identifies transactions made by the cardholder, or on behalf of the cardholder, and which also identifies rebate information; and  
forwarding the transaction report to the cardholder.

15       18. The method of claim 12, wherein part of the rebate is funded by the card provider, and part of the rebate is funded by the brokerage service.

19. A method of administering a rebate program, comprising:  
providing a card instrument to a cardholder and establishing a card instrument account;  
processing a purchase made by the cardholder based on use of the card instrument  
20    and making a record of the purchase in the card instrument account;  
determining net purchase information based a summation of purchase information stored in the card instrument account;  
determining rebate information based on the net purchase information; and  
transferring the rebate information to an brokerage service,  
25       wherein the brokerage service applies a rebate to fund at least part of a transaction made using the brokerage service, wherein the rebate is based on the rebate information,  
wherein the brokerage service charges a fee to perform the transaction, and the brokerage service applies the rebate to fund at least part of the transaction fee.

30       20. A method of administering a rebate program, comprising:  
establishing a transaction account with an brokerage service;  
receiving rebate information from a card provider, the rebate information based on net purchases made by a cardholder using a card instrument;



receiving instructions from the cardholder, or on behalf of the cardholder, that direct the brokerage service to perform a transaction;

processing the transaction using the brokerage service; and

5     applying a rebate to fund at least part of the transaction, wherein the rebate is based on the rebate information,

wherein brokerage service charges a fee to perform the transaction, and the brokerage service applies the rebate to fund at least part of the transaction fee.

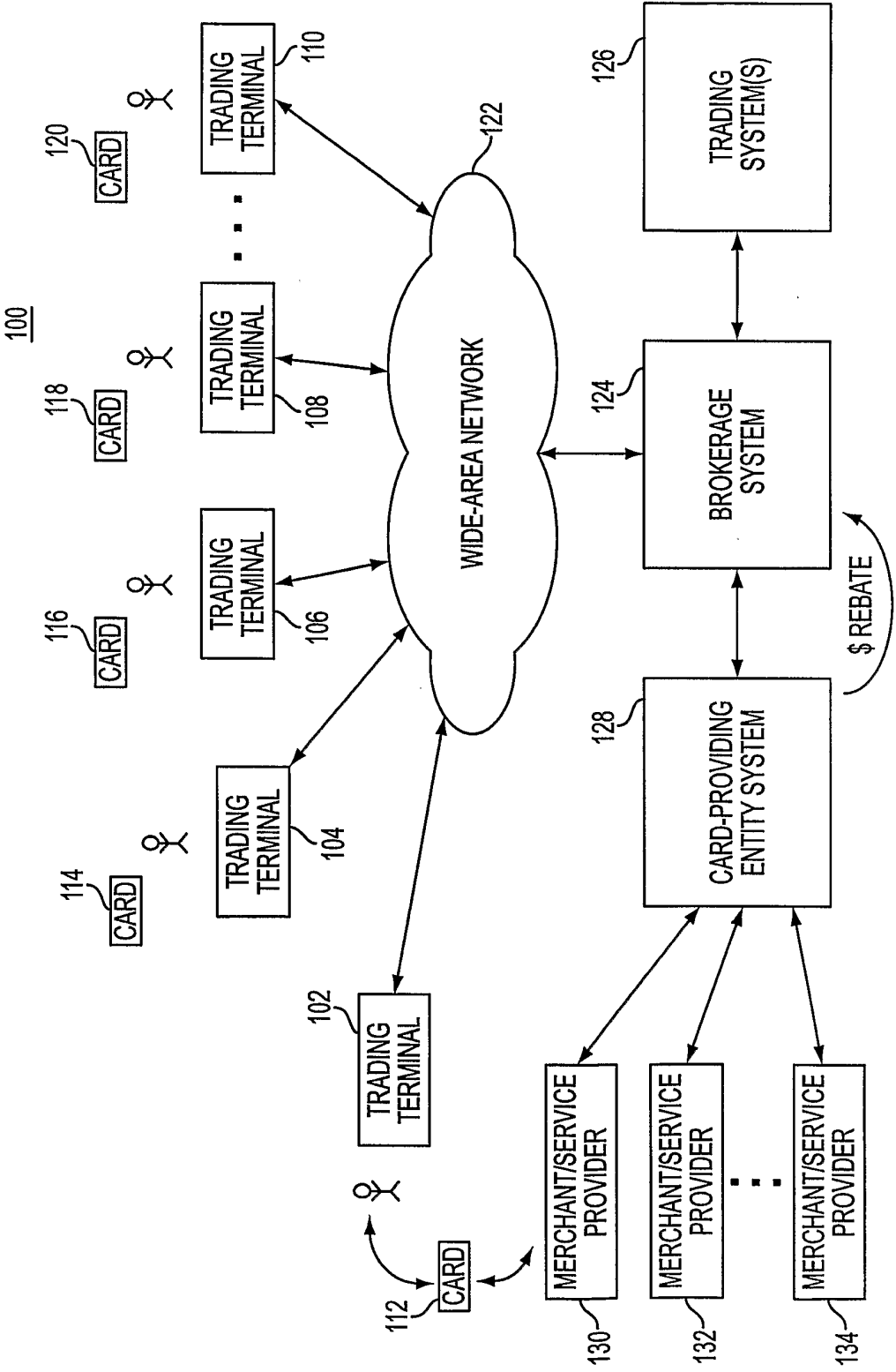


FIG. 1

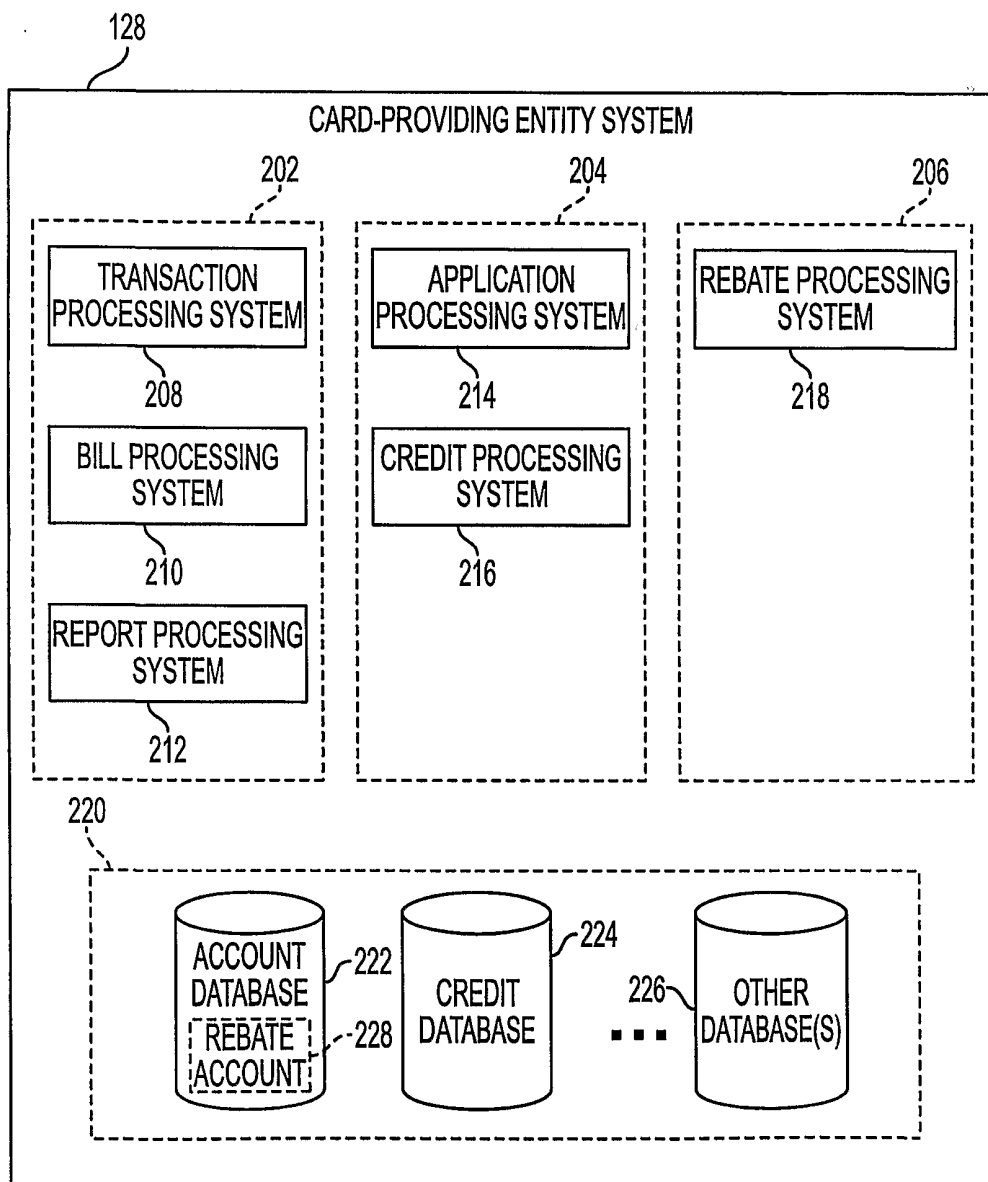


FIG. 2

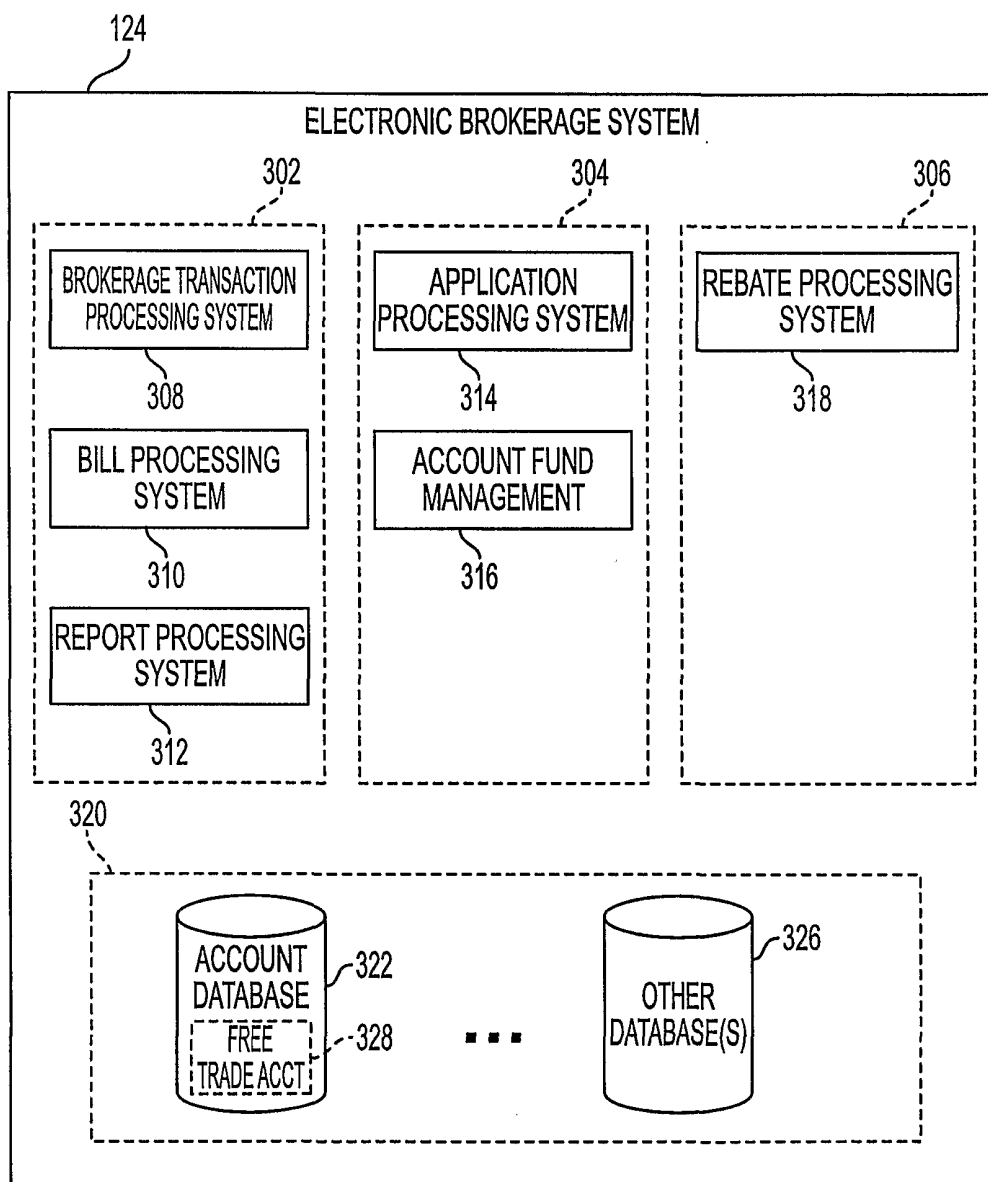


FIG. 3

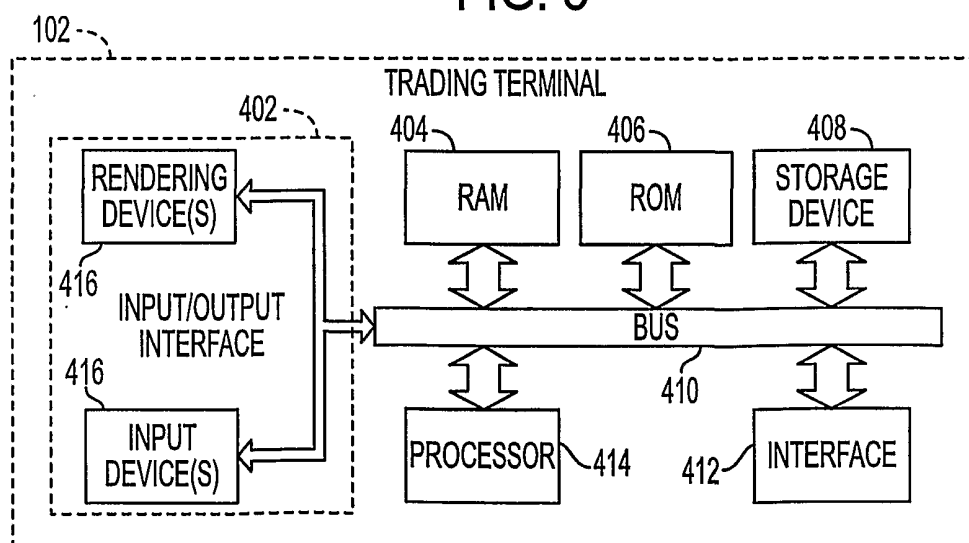


FIG. 4

500

502

504

File Edit View Insert Format

506

Account: XXXXX-XXX-XXXX

508 Transactions:

510 Number of Shares:

512 Stock Symbol:

514 Price:

☐ Buy

☐ Sell

☐ Sell Short

☐ Buy to Cover

516 Term:

518 Trading Password

☐ Market

☐ Limit:

☐ Stop:

☐ Stop Limit:

520 Preview Order

522 Clear

FIG. 5

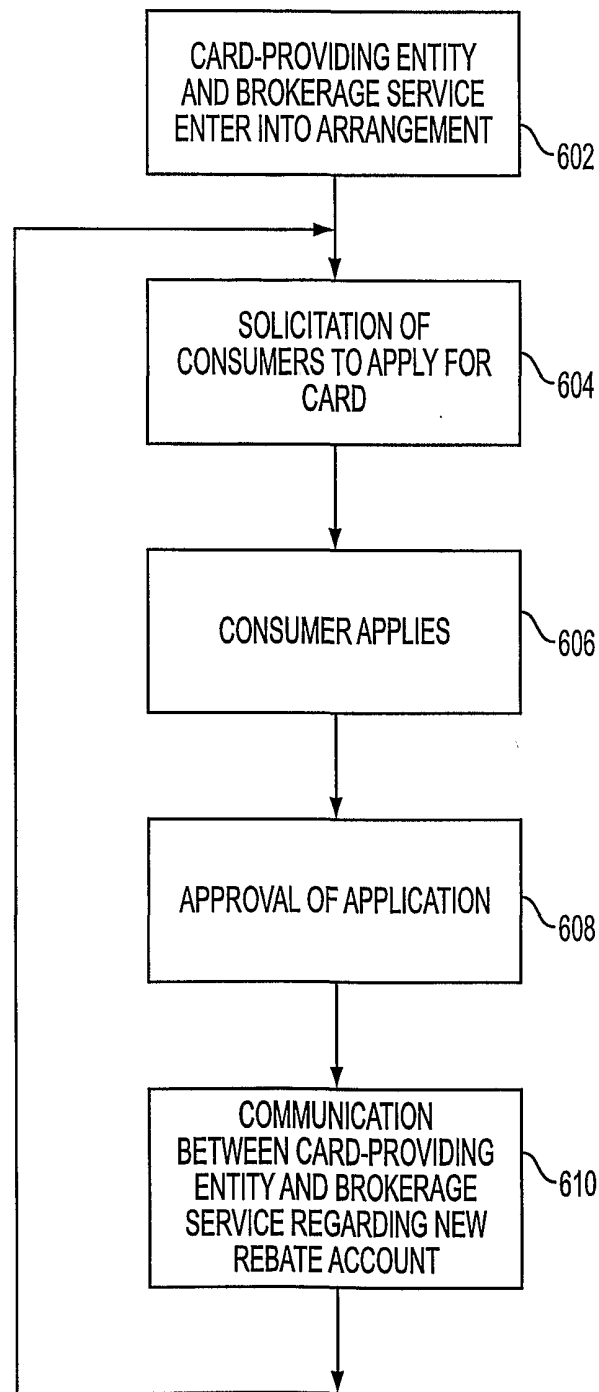


FIG. 6

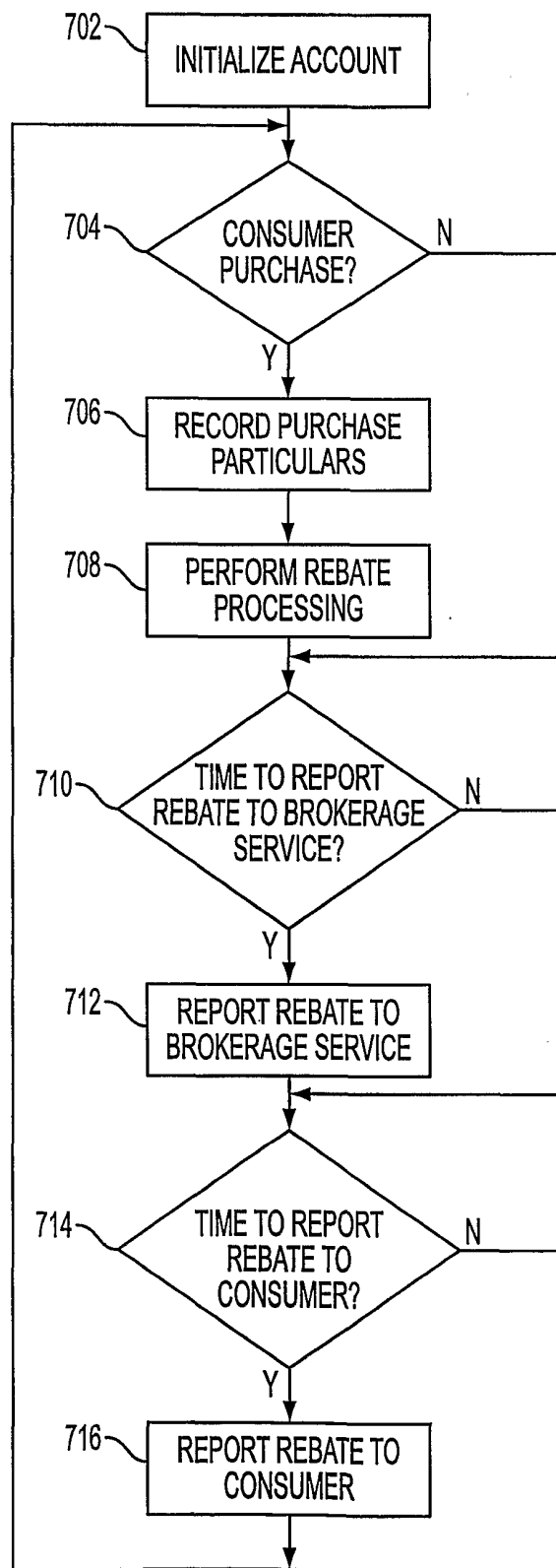


FIG. 7

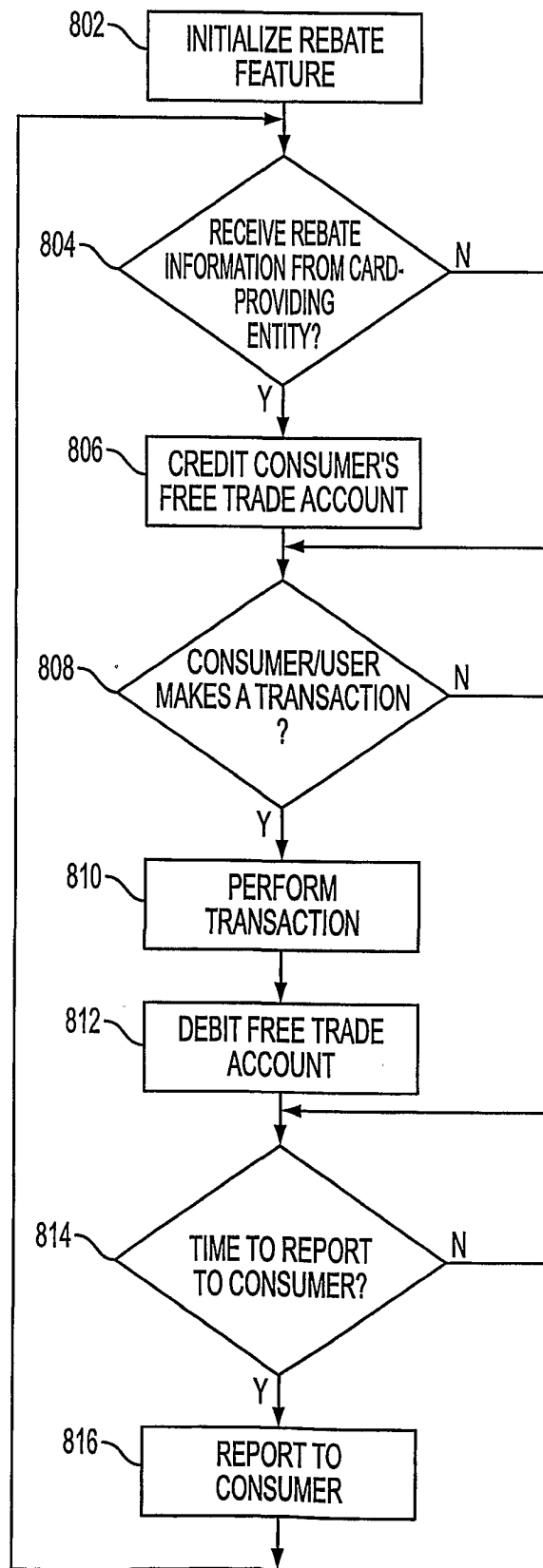


FIG. 8



<u>transaction details</u>				902
Card Account No. ZZZZ-ZZZZ-ZZ	Previous Balance \$XXXX.XX	New Balance \$XXXX.XX	Minimum Amount Due on xx/xx/xx \$XX.XX	
Date	Transaction Code	Vendor	Amount	
X	XXX	A	\$XXX.XX	
X	XXX	B	\$XX.XX	
.	.	.	.	
.	.	.	.	
X	XXX	C	\$XX.XX	
			Total this Month \$XXX.XX	
<u>rebate information</u>				
Brokerage Acct No. YYYY-YYYY-YY	Card Usage for Month: \$XXX.XX	Usage Rebate for Month \$X.XX	Total Rebate Value \$XX.XX	Rebate Payout Date xx/xx/xx

FIG. 9

<u>transaction details</u>					1002
Card Account No. YYYY-YYYY-YY	Previous Account Balance \$XXXX.XX	Deposits \$XXX.XX	New Account Balance \$XXXX.XX		
Date	Transaction Type/Code	Transaction Details (e.g. No. of Shares)	Amount	Transaction Fees	
X	XXX	XXX	\$XXX.XX	\$X.XX	
X	XXX	XXX	\$XX.XX	\$X.XX	
.	.	.	.	.	
.	.	.	.	.	
X	XXX	XXX	\$XX.XX	\$X.XX	
			Total this Month \$XXX.XX	Total this Month \$XX.XX	
<u>rebate information</u>					
Card Acct No. ZZZZ-ZZZZ-ZZ	Last Rebate Added to Free Trade Account xx/xx/xxxx	Value of Last Rebate \$XX.XX	Previous Free Trade Account Total \$XX.XX	Amount Used This Month \$X.XX	Current Free Trade Account Balance \$XX.XX

FIG. 10