

## **PATENT BY 3SD SOLUTIONS AND SERVICES PRIVATE LIMITED**

1. **PATENT NUMBER:** 05
2. **PROVISIONAL PATENT NO:** TEMP/E-1/88391/2025-KOL
3. **APPLICATION NUMBER:** 202531079191

4. **PATENT REMARKS:**

COMPLIANCE-AWARE KNOW-YOUR-BUSINESS (KYB) AND ANTI-MONEY LAUNDERING (AML) VERIFICATION FRAMEWORK FOR BLOCKCHAIN TRANSACTIONS

5. **FIELD OF INVENTION:**

This invention introduces a novel Compliance-Aware Smart Invoice Tokenization Engine that is absent in existing solutions, combining blockchain technology with specialized workflows including invoice tokenization, AI-powered financial risk scoring, compliance-aware KYB/AML validation, and modular escrow mechanisms. It enables secure, transparent, and automated invoice settlement while embedding jurisdiction-specific regulatory checks directly into smart contracts.

## **6. DESCRIPTION OF PATENT:**

- a)** The invention provides a system that converts traditional invoices into blockchain-based tokenized assets, such as non-fungible tokens (NFTs), enriched with compliance data and AI-derived risk assessment scores.
- b)** It addresses inefficiencies in invoice financing, settlement, and trading by integrating decentralized ledger technology, AI-powered validation, middleware-driven ERP integration, and programmable escrow workflows.
- c)** In operation, invoices are ingested via ERP connectors into a middleware broker, validated, transformed, and routed to a smart contract engine that mints a risk-scored NFT with metadata including invoice status, payment history, KYB verification, and financial risk scores.
- d)** The system uses hybrid on-chain/off-chain call backs for real-time updates from AI oracles, improving monitoring and decision-making for liquidity providers, buyers, and traders.
- e)** A milestone-based escrow mechanism locks and releases funds based on predefined conditions such as payment confirmation, delivery verification, or project completion, reducing default risks.
- f)** Automated liquidity governance enables tokenized invoices to be traded or pooled in DeFi marketplaces, with on-chain ROI pay outs handled by smart contracts for transparency and auditability.
- g)** The invention supports a DAO-powered marketplace for community-driven governance, policy changes, and dispute resolution without central intermediaries.
- h)** Key benefits include faster settlement, embedded compliance data in invoice tokens, improved security through escrow-backed transactions, optimized liquidity via fractional trading, and regulatory compliance through integrated AI-powered KYB/AML checks.

## 7. PATENT DIAGRAMS:

Diagram 1:

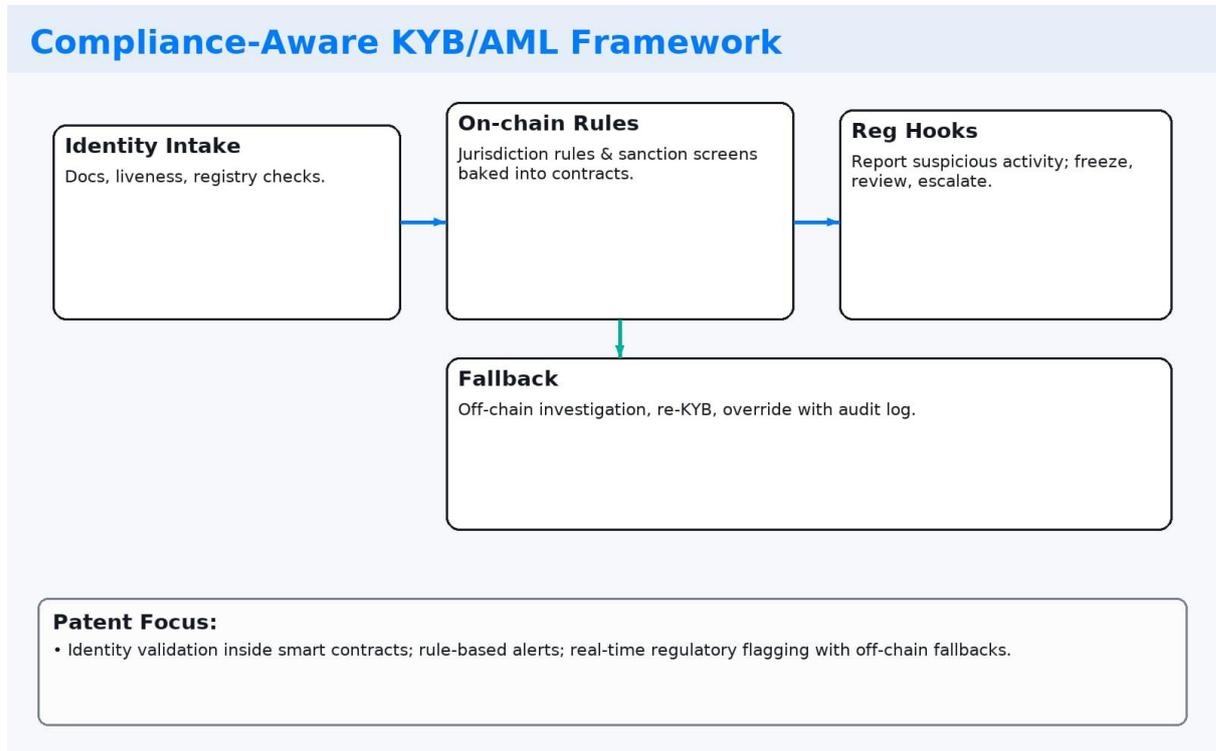


Diagram 2:

