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HIGHFIELDS CAPITAL MANAGEMENT LP
Form SC 13G
April 11, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. _____) *

RATEXCHANGE CORPORATION

(Name of Issuer)

COMMON STOCK, PAR VALUE \$0.0001 PER SHARE

(Title of Class of Securities)

7540911060

(CUSIP Number)

APRIL 3, 2003

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

(Continued on the following pages)
(Page 1 of 12 Pages)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 754091106

13G

Page 2 of 12 Pages

1. Names of Reporting Persons
I.R.S. Identification Nos. of Above Persons (entities only)

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Highfields Capital Management LP

2. Check the Appropriate Box If a Member of a Group (See Instructions)
(a)
(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5. Sole Voting Power	2,837,682
	6. Shared Voting Power	--0--
	7. Sole Dispositive Power	2,837,682
	8. Shared Dispositive Power	--0--

9. Aggregate Amount Beneficially Owned by Each Reporting Person

2,837,682

10. Check Box If the Aggregate Amount in Row (9) Excludes Certain Shares
(See Instructions)

11. Percent of Class Represented by Amount in Row (9)

9.9%

12. Type of Reporting Person (See Instructions)

PN

CUSIP No. 754091106

13G

Page 3 of 12 Pages

1. Names of Reporting Persons
I.R.S. Identification Nos. of Above Persons (entities only)

Highfields GP LLC

2. Check the Appropriate Box If a Member of a Group (See Instructions)
(a)
(b)

3. SEC Use Only

4. Citizenship or Place of Organization

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Delaware

5. Sole Voting Power 2,837,682

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

6. Shared Voting Power --0--

7. Sole Dispositive Power 2,837,682

8. Shared Dispositive Power --0--

9. Aggregate Amount Beneficially Owned by Each Reporting Person
2,837,682

10. Check Box If the Aggregate Amount in Row (9) Excludes Certain Shares
(See Instructions)

11. Percent of Class Represented by Amount in Row (9)
9.9%

12. Type of Reporting Person (See Instructions)
00

CUSIP No. 754091106

13G

Page 4 of 12 Pages

1. Names of Reporting Persons
I.R.S. Identification Nos. of Above Persons (entities only)
Jonathon S. Jacobson

2. Check the Appropriate Box If a Member of a Group (See Instructions)
(a)
(b)

3. SEC Use Only

4. Citizenship or Place of Organization
United States of America

5. Sole Voting Power 2,837,682

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

6. Shared Voting Power --0--

7. Sole Dispositive Power 2,837,682

8. Shared Dispositive Power --0--

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9. Aggregate Amount Beneficially Owned by Each Reporting Person

2,837,682

10. Check Box If the Aggregate Amount in Row (9) Excludes Certain Shares
(See Instructions)

11. Percent of Class Represented by Amount in Row (9)

9.9%

12. Type of Reporting Person (See Instructions)

IN

CUSIP No. 754091106

13G

Page 5 of 12 Pages

1. Names of Reporting Persons

I.R.S. Identification Nos. of Above Persons (entities only)

Richard L. Grubman

2. Check the Appropriate Box If a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

United States of America

5. Sole Voting Power 2,837,682

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

6. Shared Voting Power --0--

7. Sole Dispositive Power 2,837,682

8. Shared Dispositive Power --0--

9. Aggregate Amount Beneficially Owned by Each Reporting Person

2,837,682

10. Check Box If the Aggregate Amount in Row (9) Excludes Certain Shares
(See Instructions)

11. Percent of Class Represented by Amount in Row (9)

9.9%

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12. Type of Reporting Person (See Instructions)

IN

CUSIP No. 754091106

13G

Page 6 of 12 Pages

1. Names of Reporting Persons

I.R.S. Identification Nos. of Above Persons (entities only)

Highfields Capital Ltd.

2. Check the Appropriate Box If a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Cayman Islands, B.W.I.

5. Sole Voting Power 1,986,377

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

6. Shared Voting Power --0--

7. Sole Dispositive Power 1,986,377

8. Shared Dispositive Power --0--

9. Aggregate Amount Beneficially Owned by Each Reporting Person

1,986,377

10. Check Box If the Aggregate Amount in Row (9) Excludes Certain Shares
(See Instructions)

11. Percent of Class Represented by Amount in Row (9)

7.2%

12. Type of Reporting Person (See Instructions)

PN

CUSIP No. 754091106

13G

Page 7 of 12 Pages

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On April 3, 2003, Ratexchange Corporation (the "Issuer") completed a private placement financing (the "Financing") in which the Funds (as defined below) participated. In connection with the Financing, the Issuer issued shares of Series B convertible preferred stock, convertible promissory notes and warrants to purchase shares of Common Stock, par value \$0.0001 per share, of the Issuer (the "Common Stock" and, together with the Series B convertible preferred stock and the convertible promissory notes, the "Securities"). The Series B convertible preferred stock and convertible promissory notes are convertible under certain circumstances into shares of Common Stock. As of April 11, 2003, the maximum number of shares of Common Stock that the Funds would be able to acquire, in the aggregate, upon conversion or exercise of the Securities within sixty (60) days is 2,837,682 shares. The information set forth herein regarding percentages of beneficial ownership is based upon information obtained from the Issuer regarding the number of shares of Common Stock outstanding as of April 3, 2003.

Item 1(a). Name of Issuer:

Ratexchange Corporation

Item 1(b). Address of Issuer's Principal Executive Offices:

100 Pine Street, Suite 500, San Francisco, California 94111

Item 2(a). Name of Person Filing:

This statement is being filed by the following persons with respect to the shares of Common Stock of the Issuer directly owned by Highfields Capital I LP, Highfields Capital II LP and Highfields Capital Ltd. (collectively, the "Funds"):

- (i) Highfields Capital Management LP, a Delaware limited partnership ("Highfields Capital Management") and investment manager to each of the Funds,
- (ii) Highfields GP LLC, a Delaware limited liability company ("Highfields GP") and the General Partner of Highfields Capital Management,
- (iii) Jonathon S. Jacobson, a Managing Member of Highfields GP, and
- (iv) Richard L. Grubman, a Managing Member of Highfields GP.

This statement is also being filed by Highfields Capital Ltd., an exempted limited company organized under the laws of the laws of the Cayman Islands, B.W.I., with respect to the shares of Common Stock of the Issuer beneficially owned by Highfields Capital Ltd. (which shares of Common Stock are also included in the filings for Highfields Capital Management, Highfields GP, Mr. Jacobson and Mr. Grubman).

Highfields Capital Management, Highfields GP, Mr. Jacobson, Mr. Grubman and Highfields Capital Ltd. are sometimes individually referred to herein as a "Reporting Person" and collectively as the "Reporting Persons."

Item 2(b). Address of Principal Business Office or, if None, Residence:

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Address for Highfields Capital Management, Highfields GP,
Mr. Jacobson and Mr. Grubman:

CUSIP No. 754091106

13G

Page 8 of 12 Pages

c/o Highfields Capital Management
200 Clarendon Street, 51st Floor
Boston, Massachusetts 02116

Address for Highfields Capital Ltd.:

c/o Goldman Sachs (Cayman) Trust, Limited
Harbour Centre, Second Floor
George Town, Grand Cayman
Cayman Islands, B.W.I.

Item 2(c). Citizenship:

Highfields Capital Management - Delaware
Highfields GP - Delaware
Jonathon S. Jacobson - United States
Richard L. Grubman - United States
Highfields Capital Ltd. - Cayman Islands, B.W.I.

Item 2(d). Title of Class of Securities:

Common Stock, par value \$0.0001 per share

Item 2(e). CUSIP Number:

754091106

Item 3. If this Statement is Filed Pursuant to Rule 13d-1(b), or
13d-2(b) or (c), Check Whether the Person Filing is a:

(a)

Broker or dealer registered under Section 15 of the Act (15
U.S.C. 78o).

(b) Bank as defined in Section 3(a)(6) of
the Act (15 U.S.C. 78c).

(c) Insurance company as defined in Section
3(a)(19) of the Act (15 U.S.C. 78c).

(d) Investment company registered under
Section 8 of the Investment Company Act of
1940 (15 U.S.C. 80a-8).

(e) An investment adviser in accordance with
ss.240.13d-1(b)(1)(ii)(E);

(f) An employee benefit plan or endowment
fund in accordance with
ss.240.13d-1(b)(1)(ii)(F);

(g) A parent holding company or control

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person in accordance with
ss.240.13d-1(b)(1)(ii)(G);

- (h) A savings association as defined in
Section 3(b) of the Federal Deposit
Insurance Act (12 U.S.C. 1813);

CUSIP No. 754091106

13G

Page 9 of 12 Pages

- (i) A church plan that is excluded from the
definition of an investment company under
Section 3(c)(14) of the Investment Company
Act of 1940 (15 U.S.C. 80a-3);
- (j) Group, in accordance with
ss.240.13d-1(b)(1)(ii)(J).

Item 4.

Ownership.

Provide the following information regarding the aggregate
number and percentage of the class of securities of the issuer
identified in Item 1.

For Highfields Capital Management, Highfields GP,
Mr. Jacobson and Mr. Grubman:

- (a) Amount beneficially owned: 2,837,682 shares of Common
Stock
- (b) Percent of class: 9.9%
- (c) Number of shares as to which such person has:
- (i) Sole power to vote or to direct the vote 2,837,682
 - (ii) Shared power to vote or to direct the vote --0--
 - (iii) Sole power to dispose or to direct the disposition
of 2,837,682
 - (iv) Shared power to dispose or to direct the
disposition of --0--

For Highfields Capital Ltd.:

- (a) Amount beneficially owned: 1,986,377 shares of Common
Stock
- (b) Percent of class: 7.2%
- (c) Number of shares as to which such person has:
- (i) Sole power to vote or to direct the vote 1,986,377
 - (ii) Shared power to vote or to direct the vote --0--
 - (iii) Sole power to dispose or to direct the disposition
of 1,986,377

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(iv) Shared power to dispose or to direct the disposition of --0--

Item 5. Ownership of Five Percent or Less of a Class.

Not applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

The shares beneficially owned by Highfields Capital Management, Highfields GP, Mr. Jacobson and Mr. Grubman are beneficially owned by the Funds. Highfields Capital Ltd.

CUSIP No. 754091106

13G

Page 10 of 12 Pages

beneficially owns 7.2% of the shares; both Highfields Capital I LP and Highfields Capital II LP individually own less than 5% of the shares. Highfields Capital Management serves as the investment manager to each of the Funds. Each of Highfields Capital Management, Highfields GP, Mr. Jacobson and Mr. Grubman has the power to direct the dividends from or the proceeds of the sale of the shares owned by the Funds.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.

Not applicable.

Item 8. Identification and Classification of Members of the Group.

Not applicable.

Item 9. Notice of Dissolution of Group.

Not applicable.

Item 10. Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

CUSIP No. 754091106

13G

Page 11 of 12 Pages

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Edgar Filing: HIGHFIELDS CAPITAL MANAGEMENT LP - Form SC 13G

April 11, 2003

Date

HIGHFIELDS CAPITAL MANAGEMENT LP

By: Highfields GP LLC, its General Partner

/s/ Kenneth H. Colburn

Signature

Kenneth H. Colburn, Authorized Signatory

Name/Title

HIGHFIELDS GP LLC

/s/ Kenneth H. Colburn

Signature

Kenneth H. Colburn, Authorized Signatory

Name/Title

JONATHON S. JACOBSON

/s/ Kenneth H. Colburn

Signature

Kenneth H. Colburn, Authorized Signatory

Name/Title

RICHARD L. GRUBMAN

/s/ Kenneth H. Colburn

Signature

Kenneth H. Colburn, Authorized Signatory

Name/Title

CUSIP No. 754091106

13G

Page 12 of 12 Pages

HIGHFIELDS CAPITAL LTD.

By: Highfields Capital Management LP,
its Investment Manager

By: Highfields GP LLC, its General Partner

/s/ Kenneth H. Colburn

Signature

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Kenneth H. Colburn, Authorized Signatory

Name/Title