



# FAQ

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# General



## What is CyberTrust?

In 2016, Vitalik Buterin, the creator of the Ethereum blockchain, met with the Chairman & CEO of the largest banking group in Central Europe. This meeting led to the CEO showing an interest in blockchain technology, particularly in Ethereum. He was contemplating a substantial institutional investment into Ethereum but legal requirements hindered the deal from going through. CyberTrust will remove these legal barriers and bring institutions to crypto markets.



## What is an token sale and pre-sale?

A token sale is a way for start up companies to raise capital through crowdfunding. Participants are given tokens (digital coins) for their contributions that can later be sold and usually have some utility within the emitting company's mission. A pre-sale is the same as a token sale and digital coins are allocated to participants, but it is used as a test before the main token generating event. Participants in pre-sales are usually offered bonuses or discounts for their early faith in the project.



## What is cryptocurrency?

Cryptocurrencies are a revolutionary new store of value, medium of exchange and/or unit of account. The first cryptocurrency was Bitcoin and it rose to prominence and was accepted as a virtual currency due to its creator solving the double spend problem.

Cryptocurrencies work via distributed computing, whereby computers solve mathematical problems and are rewarded for this (known as mining). Processing of transactions leads to miners receiving rewards in Bitcoin. The digital coins created by mining can then be sold for fiat currency or used for the purchase of goods and services. The creation and transfer of digital coins is all logged on a digital ledger, known as the blockchain.

Since the creation of Bitcoin by the elusive Satoshi Nakamoto, over a thousand new cryptocurrencies have emerged, the most notable of which being Ethereum. Ethereum allowed for the creation of smart contracts on its distributed computing platform. This platform has pioneered the way for the simple creation of new cryptocurrencies.

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## What is blockchain?

Put simply, blockchain is a distributed ledger which relies on computers that are located in a multitude of places (nodes) accepting information which is secured by cryptography and inputted onto the ledger. The accepted information forms blocks which then link up to previous data to form a chain. Data inputted is timestamped and immutable (unmodifiable) by design: only being altered retroactively with the alteration of all of the blocks which follow it, thereby needing a majority consensus. Blockchain has achieved “decentralised consensus” and this makes it suitable for the recording events, transactions and much more.

## What is a smart contract?

A smart contract is a computer protocol which facilitates, verifies or enforces the negotiation/performance of a contract. These types of contracts contain clauses that are self-executing and/or self-enforcing. In simple terms, this means that conditions are inputted into a code which forms a contract. The contract will then be fulfilled and executed subject to the conditions being fulfilled, whilst no third party or central authority is needed to enforce its execution. Successful transactions are placed on the blockchain, making them immutable.

## What is a token?

A token is a type of virtual assets that is distributed to participants in initial token offerings. The tokens usually have a utility relevant to the company’s product in development and also can be freely disposed on crypto exchanges at market rates.

## What is securitisation?

Securitisation is the process of converting an asset or group of assets into a marketable security, where the security’s value is backed by the value of the asset in question. Securitisation creates liquidity since the derivative security is sold whilst the the asset which backs it retains its original value.

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## What are derivatives?

A derivative is a financial product whose value is based and dependent on the value of the underlying asset, such as a commodity, currency, or security. Derivatives differ from securities in that securities represent a claim on the issuer for the value of the security (debt or equity), whereas derivatives represent a claim against the parties to the derivative that depends on some external economic reference (currency rates, commodity prices, etc.).



## Why purchase crypto derivatives instead of raw crypto?

More often than not, purchasing raw crypto takes place via unregulated exchanges, meaning funds are shifted across the globe to jurisdictions where they may be vulnerable. Moreover, safe storage of raw crypto involves keeping private keys to crypto wallets secure, meaning additional measures - both technological and physical - must be taken to protect them. Since the keys are just a string of letters and numbers, this makes them easily susceptible to theft.

However, with CyberTrust, you can be sure of the safety of the private keys that back the crypto assets since they are stored offline via industry-leading crypto vault supplier Xapo in a hyper-secure, ex-military bunker in the Swiss Alps. CyberTrust's secure solutions implement multi-factor cryptographic and procedural features of the highest level to mitigate risks and keep assets safe.

This secure aspect makes crypto derivatives much safer product than raw crypto and makes it much better fit for institutional investors.

Moreover, the fact that the assets are stored offline and titled means judicial recourse can take place where necessary, which serves an additional safeguard for participants. The fact that assets are titled means that they are inheritable and can be transferred to beneficiaries within the existing legal framework, just as they offer tax impact clarity that raw crypto does not.

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## » Who are institutional investors?

Institutional investors control the majority of investment cash in the world. They include: investment and hedge funds, family offices, sovereign wealth funds and more. These institutions have to conform to strict regulations when investing funds in financial products, meaning investments should be legal and auditable.

## » What is titled ownership?

A title to property is a legal right (or claim) to property. In the case of cryptocurrencies titled ownership currently doesn't exist since crypto assets are linked to pseudonymous addresses.

## » How does CyberTrust differ from its competitors?

Bitcoin Investment Trust is the closest thing to what we are offering, but they are just a Bitcoin Fund. We, on the other hand, are an open platform providing derivatives and the opportunity to create new (synthetic) financial products in cryptocurrency terms.

We differ in that we are a Luxembourg entity with pass-through taxation, meaning that taxes are paid as capital gain (at investor level) and not as a withholding tax (tax at source). However, the biggest difference between us and this fund is that we are an open platform that uses the token to fuel the securitisation process. This will provide a huge inflow of institutional capital into crypto assets.

Moreover, whilst the Bitcoin Investment Trust offers the kind of the titled, auditable ownership which institutional markets demand, it only does so for BTC, which, despite its ~50% share of the total cryptocurrency market, is consistently the lowest yielding asset amongst the top 10 cryptocurrencies. For example, while Bitcoin has risen over 600% in value in 2017 year-to-date, Ethereum racked up gains of over 3000%.

# CyberTrust ICO (Initial CABS Offering)

## » How can I take part in CyberTrust's pre-ICO and ICO?

You will need to register on our website and you can participate via our website at <https://ico.cybertrust.io>. At the end of the ICO, CyberTrust tokens will be transferred to your wallet. In the meanwhile, funds will be held with an escrow agent. Enter your details on our website now to be updated on all the latest developments.

## » When will CyberTrust's pre-ICO and ICO start and end?

The pre-ICO will begin on 27 November and end on 1 December 2017. The ICO sale will begin on 5 December 2017 and finish on 5 January 2018.

## » How many CABS Tokens will be allocated?

A total of 600,000 CABS tokens will be sold from an initial allocation of 900,000.

## » How many CABS will be allocated at each stage?

50,000 CABS tokens are to be allocated in the closed round, with 50,000 tokens to be allocated in the pre-ICO and 500,000 tokens are to be allocated in the ICO.

## » What kind of wallet will I need to hold CABS?

You don't need any wallet to hold CABS. However, if you wish to withdraw them then you will need an ERC-20 compliant wallet. We recommend using a hardware wallet such as Trezor in combination with Myetherwallet (<https://www.myetherwallet.com>). In theory, Parity also supports ERC-20 tokens but has not proven reliable in the past.

# CyberTrust ICO (Initial CABS Offering)



## **Will any more CABS be allocated after the ICO?**

After the completion of the ICO any of the 600,000 offered tokens which remain unallocated will be burnt. People wishing to get hold of CABS tokens thereafter will need to acquire them via an exchange.



## **How will the received funds be used?**

All net funds from the allocation of CABS tokens will go towards providing the development of CyberTrust's CABS Tokens, derivatives and investment banking platform(s) for Zurich, Switzerland and London, UK. Our plan is to establish more branches, currently slated for Luxembourg, Tallinn & Shanghai.

The minimum amount of funds to be raised is 5 million CHF. This is required for the IT system development, Ethereum front-end, gateways into Clearstream Banking S.A. and OTC markets, front and back office automation. If sufficient funds are not raised, all will be returned to the investors.

# Token economy



## What are CABS?

CyberTrust Crypto Asset-Backed Securitised Tokens (CABS) are generated by smart contract after the ICO. They facilitate the securitisation process and without them investors cannot have access to CyberTrust's securitisation platform. CABS are the key to receiving Global Crypto Notes - the resulting derivative financial product that is freely traded on OTC markets. A single CABS Token gives the holder the right to securitise one BTC or equivalent in ETH or BTH at the current market rate.



## How can I use CABS?

CABS tokens give access to the securitisation process but can also be traded freely on crypto markets. Their value derives from the premium (price difference) between the crypto asset and the resulting derivative. CABS will be available for trading on major crypto market exchanges such as C2CX, Bitfinex, Kraaken, Poloniex, Bitrex and others.



## Where can CABS be stored?

Since it is a token based on ETH-20, CABS can be stored on any standard wallet that can hold ETH. Such wallets can be in software or hardware form.



## Where will purchased CABS be held after payment?

Allocated tokens will be held on the cybertrust.io site until withdrawn or transferred out.



## Can I get hold of CABS with fiat?

Swiss francs (CHF) and euros (EUR) can be exchanged for CABS. We do not accept USD.



## Where can I see the smart contract code?

You can see CyberTrust's smart contract code on Github (<https://github.com/cybertrustbank>).