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Whitepaper

PLEASE NOTE, THAT THIS WHITEPAPER REPRESENTS A "WORK IN PROGRESS" AND IS SUBJECT TO FURTHER AMENDMENTS, CLARIFICATIONS, ASSUMPTIONS AND DISCLAIMERS PRIOR TO THE LAUNCH OF THE SALE OF THE CABS TOKENS, AS ANNOUNCED AT WWW.CYBERTRUST.IO. ACCORDINGLY, PLEASE ENSURE THAT YOU READ THE FINAL VERSION OF THE WHITEPAPER AT WWW.CYBERTRUST.IO PRIOR TO PARTICIPATE IN THE CABS TOKEN SALE.
ON A SEPARATE NOTE, WE RESERVE OUR RIGHT TO REFUSE TO SELL CABS TOKENS TO PERSONS THAT FAIL TO COMPLY WITH OUR KYC PROCEDURE AND/OR ARE PERSONS RESTRICTED TO ACQUIRE THE CABS TOKENS, IN EACH CASE AT OUR REASONABLE DISCRETION.

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Whitepaper

CABS Token

Fueling Crypto Securitisation

Enabling Conversion of Selected Cryptocurrencies
into Global Notes via the CyberTrust Platform

« CyberTrust's tokens bring cryptocurrency into the institutional banking world, allowing institutional investors to buy, sell and short cryptocurrencies! »

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Terms & Abbreviations

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Terms & Abbreviations

The following Terms & Abbreviations are found in the document. As many of them are new, and potentially confusing, we have attempted to put them into this alphabetised list. Additionally, if they are specific terms created by CyberTrust S.A., we have added (CyberTrust) at the end of each defined word/term. NOTE: This is not a comprehensive list of Terms, nor is it necessarily a comprehensive list of Abbreviations.

AML — Anti-Money Laundering, refers to a set of procedures, laws or regulations designed to stop the practice of generating income through illegal actions.

BTC — Bitcoin, a cryptocurrency.

BCH — Bitcoin Cash, a cryptocurrency, (sometimes abbreviated as BCC, in this document we use BCH).

CABS Tokens — Crypto-Asset Backed Securitised Tokens created by CyberTrust.

Cryptocurrency — a digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank.

ETH — Ethereum, a cryptocurrency.

GCN — Global Crypto Notes, a S.V. issued ISIN security created by CyberTrust which gives claim rights to an underlying crypto asset.

ITO — Initial Token Offering, an unregulated means of crowdfunding via use of cryptocurrency.

ISIN — International Securities Identification Number, a number which uniquely identifies a security - defined in ISO 6166. It's a 12-character alpha-numerical code that serves for uniform identification of a security through normalization of the assigned National Number, where one exists, at trading and settlement.

KYC — Know Your Customer, is the process of a business identifying and verifying the identity of its clients. The term is also used to refer to the bank and anti-money laundering regulations which governs these activities.

S.A. — Designates a type of corporation in countries that mostly employ civil law. Depending on language, it means anonymous company, anonymous partnership, or share company, roughly equivalent to public limited company in common law jurisdictions.

S.V. or SPV — Special Vehicle or Special Purpose Vehicles, a type of corporate entity or limited partnership created for a specific transaction or business, especially one unrelated to a company's main business. Their losses and risks generally are not recorded on a company's balance sheet. The SPV (or Special Purpose Entity) is usually a subsidiary company with an asset/liability structure and legal status that makes its obligations secure even if the parent company goes bankrupt.

Project & Solution

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Project

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 the Ethereum ecosystem. Three quarters later, after a 40x explosion in the value of Ethereum tokens, the deal remained unfinished. Simply put, legal requirements, accounting restrictions, tax regulations, due diligence and the like made the investment deal unrealistic for any large institutional investor.

The key problems were the following:

- **Cryptocurrency DOES NOT have titled/auditable ownership;**
- **Clearing and settlement risks are abnormal;**
- **There is no process of judicial recovery in case something goes wrong;**
- **The risk of theft via cyber security breach.**

CyberTrust was created to address these issues.

Solution

CyberTrust has invested resources, time, and energy into creating a solution for the challenges described above. Specifically, CyberTrust has taken the following measures:

1. Turn cryptocurrency into a security claim.

- Create Global Crypto Notes (GCN), so that each owner of a GCN will have legal claim to its underlying crypto assets (e.g. BTC, ETH, BCH).
- Create three Special Purpose Vehicles (SPV)[1]: one each for BTC, ETH and BCH.[2]
- Off-chain storage is provided by Xapo to secure the private keys of the underlying crypto assets in a specialized Cold Vault secure facility(ies), including insurance on all Hot Wallet Transactions.
- All Global Crypto Notes will each have a registered International Securities Identification Number (ISIN).
- All Clearing & Settlement for GCNs will be done by Clearstream[3], known as the "bank of banks", to permit safe and regulatory compliant trade clearing.
- SPV financials will be audited by Ernst & Young S.A., starting Q1 2018. The SPV administrator is a licensed Luxembourg entity Creatrust S.A.[4]

[1] A special purpose vehicle/entity (SPV/SPE) is a subsidiary company with an asset/liability structure and legal status that makes its obligations secure even if the parent company goes bankrupt. www.investopedia.com/terms/s/spv.asp

[2] Sometimes also referred to as BCC.

[3] https://en.wikipedia.org/wiki/Clearstream

[4] Address : 89E, Parc d'Activités – L-8308 Capellen - G.D. Luxembourg

Solution

2. Create a token to fuel the securitisation process.

Here CyberTrust offers a key innovation: a token usable to increase the securitisation volume as needed to "essentially securitise crypto on the fly": the CABS ('crypto asset-backed securitisation') token.

What Do I Need Crypto Notes For?

BUY & HOLD CRYPTO DERIVATIVES

- Hassle-free, hyper-secure solution
- Risk free clearing & settlement
- Regulatory & Judicial oversight
- Clarity on tax impact
- Titled ownership, ability to audit
- Inheritable

[5]

SELL & ARBITRAGE

- Arbitrage opportunity of price difference between crypto notes and raw crypto
- Ability to settle in fiat inside traditional banking system
- Inside KYC/AML regulatory framework
- Clarity on tax impact

CREATE FINANCIAL PRODUCTS

- Earn profit on the sale or asset management of new financial products
- Provide asset managers with hedge against risk of financial meltdown (tail-end risk hedging)

[5] https://en.wikipedia.org/wiki/Closed-end_fund

Opportunity & CABS Token

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Opportunity

With 1.87 million shares, the Grayscale BIT currently has a total value of approximately US$1.3 billion. Currently (as of early October 2017), GBTC shares trade with a premium[6] of 85-95% over the value of the underlying Bitcoins, i.e. at 185-195% of the current price of Bitcoin.

While Grayscale offers the kind of the titled, auditable ownership which institutional markets demand, it only does so for BTC,[7] which, despite its 49% share of the total cryptocurrency market, is consistently the lowest yielding asset amongst the top 10 cryptocurrencies. For example, while Bitcoin has risen over 300% in value in 2017 year-to-date, its nimbler nephew Ethereum racked up gains of over 3000%.

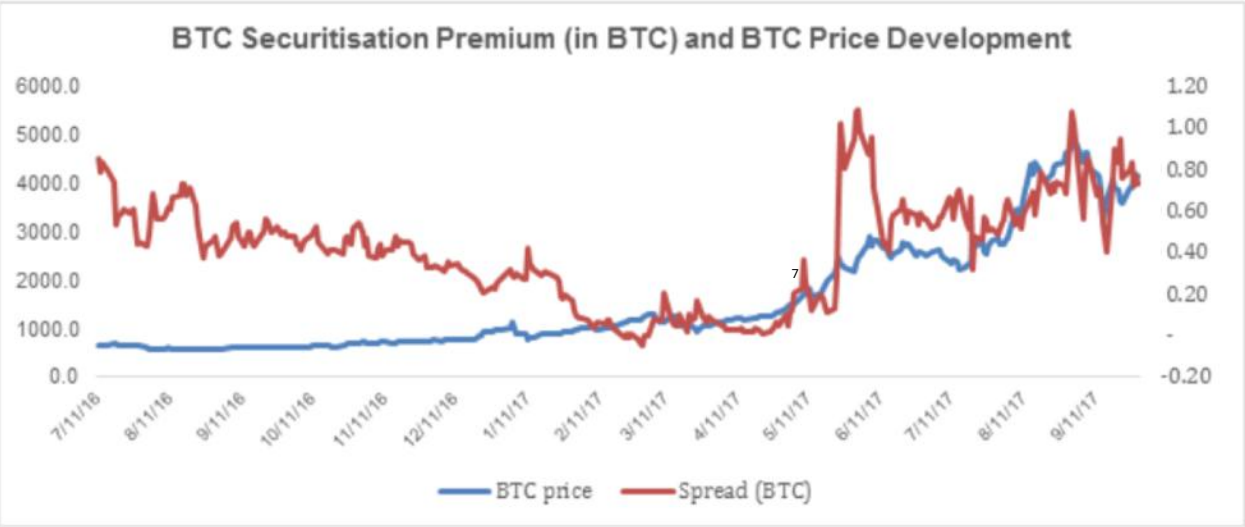
These limitations offer CABS token investors two opportunities:

- **Profit from the securitisation premium;**
- **Profit from the unmet demand for securitised ETH and BCH.**

[6] https://grayscale.co/bitcoin-investment-trust/

[7] Grayscale also has an ETC fund; however, at this point that fund is not yet publicly traded.

CABS Token



The CyberTrust CABS Token provides a tool to monetize the above premium. It will be issued as a standard ERC20 token on the Ethereum blockchain, supported by all ERC20-compliant wallets.[8]

The token serves three roles:

- It permits accredited investors purchasing Tokens to securitise major cryptocurrencies up to 35%+ bonus to the current BIT premium. Effectively, ITO participants can pay as little as a 6.3% premium to securitise 1 BTC, as opposed to paying a 84% premium to Grayscale;
- It provides the broader investing public with a tool to speculate on the size of this premium;
- It provides the broader investing public with a tool to speculate on the size of this premium

[8] As a point of clarity, note that the use of an Ethereum-based token should not be misunderstood to imply that the Token will be sold for ETH or that the Token can only be used to securitise ETH.

Team, Timeline & Technology

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Team

CyberTrust's Founders:

Evgeny XATA
Founder & CEO

Nick Lustiger
Co-Founder &
Asset Management

Scott Freeman
Co-Founder, Trading & IT

Parker Fairfield
COO, Head of Asia &
Co-Founder

CyberTrust's Partners:

Hogan Lovells
Legal Counsel, Crypto
Securitisation (Marc
Elvinger)

Arendt & Medernach
Crypto Regulation
Advisory
(Max Kramer)

Creatrust SARL
SPV. Administrator
(Philippe Corbesier, CEO)

Ernst & Young S.A.
SPV Audit
(Oliver Cloess, Executive
Director)

XAPO GmbH
Cold Vault Storage
Technology

Banque SYZ SA
Escrow Agent

BitFury Capital
Technology Advisor
(Marat Kichikov)

The Delahunt Group
USA Government
Relations

Service Providers

Administrator

- Licensed Luxembourg Administrator
- Manages bank accounts for all SPVs
- Provides NAV calculations on quarterly basis

Lawyers

- Legal structure set up, notarisation and registration
- Drafting of terms & conditions, Securities claim

- Provides global clearing and settlement services for issued crypto derivatives

Auditor

- Provides annual audit of financial statements for all SPVs

Paying Agent

- Provides banking services to all SPVs
- Facilitates issuance of securities, ISIN registration and redemption

Timeline

September 2014

Luxembourg jurisdiction becomes the base for the project

July 2016

Ethereum Fund starts project development

April 2017

Project framework was reworked. Service providers approved new framework

May 2017

The claim standards of GCN secutisation were developed

June 2017

Building pass-through tax structure

July 2017

The appointment of the licensed Luxembourg third party administrator for S.V.

September 2017

Ernst & Young becomes the auditor. Dutch Foundation is created

November 2017

Start of Token Sale

Q1 2018

Licensing applications made for Luxembourg Custody license, CFTS license in US, Banking license in Puerto Rico, brokerage license in UK

Q2 2018

Securitisation vehicles are established for Ripple, Litecoin, Monero, DASH, NEM, Stratis, IOTA and Stellar Lumens

Q3 2018

Listing of selected cryptocurrencies via the Irish Stock Exchange. Marketing to index funds for alternative and independent market

Technology

CyberTrust will act as a traditional custodial bank for crypto assets. In this respect CyberTrust's approach is based on technologies and methods which have been in use by large financial institutes for decades.

This includes various technologies and solutions such as:

- in-memory data grids (IMDG)[9] for scalability and performance;
- network isolation for safety of private keys and sensitive data;
- neural networks & machine learning for fraud and breach detection;
- high client account security with features like multi-factor authorization by SMS/ voice/video and trusted addresses;
- convenient integration with existing financial market infrastructure like gateways to clearing & settlements (e.g. Clearstream Banking S.A.), and gateways for market making at Over-The-Counter (OTC) [10]market places like (i.e. NASD Bulletin Board, OTC Markets, and others).

As fully automated securitisation of cryptocurrencies will go live in Q2 2018, additional services are expected to come online, such as forwards/futures, derivatives and other structured products. These will be made available for corporate and private customers via various channels, including online and mobile services and via APIs.

[9] http://whatis.techtarget.com/definition/in-memory-data-grid

[10] https://en.wikipedia.org/wiki/Over-the-counter_(finance)

Competition & Market Demand

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Competition

As touched upon in the project overview, Grayscale offers a competing product in the marketplace, while others such as the Winklevoss brothers have proposed ETF funds targeting retail investors:

1. Bitcoin Investment Trust, owned by Grayscale (which is in turn owned by Digital Currency Group[11] and managed by Barry Silbert), runs two closed-end crypto funds for BTC and ETC. BIT shares are listed and traded on OTC Markets under the ticker OTCQX® and are targeted at accredited investors. CyberTrust's GCNs will compete directly with Bitcoin Investment Trust (BIT) notes.

2. The Winklevoss Bitcoin Trust owned by the Winklevoss twins made an attempt to register BTC as an ETF structure. It was rejected by the US Securities and Exchange Commission (SEC). The SEC stated that:

> *First, the exchange must have surveillance-sharing agreements with significant markets for trading the underlying commodity [Bitcoin] or derivatives on that commodity. And second, those markets [Bitcoin markets] must be regulated.*[12]

In plain terms, the exchange where the underlying asset is traded needs to be linked with law enforcement, and the underlying assets within the securitisation structure needs to be exchanged within the existing regulatory, settlement and judicial framework.

[11] https://en.wikipedia.org/wiki/Digital_Currency_Group

[12] https://news.bitcoin.com/bitcoin-investment-trust-1-billion-credit-suisse-wedbush/

Competition

Some of the the principal similarities and differences between the above-mentioned approaches are analysed below:

Project Name	Barry Silbert, Grayscale, Bitcoin Investment Trust	Winklevoss Bitcoin Trust, Bats BZX Exchange (never launched)	**CyberTrust Open Luxembourg Securitisation Platform**
Description	OTC traded, closed-end fund	ETF targeted at wider public	**Open securitisation platform, allowing community participation**
Titled / Auditable Ownership	Yes	Yes	**Yes**
Clearing & Settlement	Yes	Yes	**Yes**
Jurisdiction	United States	United States	**Luxembourg**
Cold Vault Technology	Xapo	n/a	**Xapo**
Tax Impact	United States Tax Laws / IRS	United States Tax Laws / IRS	**CyberTrust Luxembourg SPV's are pass-through tax structures**[13]
Investors	BIT is raising US$1 billion, co-run by Credit Suisse.[14] Mcap US$1.4 billion as of 28/09/2017	Not Approved by the SEC	**Funds crowdsourced via open securitisation platform and available to all token holders**
Pricing	BIT shares are traded at a substantial premium to NAV. NAV is composed of BTC only, minus Greyscale fees. At close on 08/31/2017, the market price was US$1,005. With deducted fees — US$432. Implying a price per BTC of US$10,005, and a premium per Bitcoin of US$5,500	n/a (was not approved)	**BTC GCNs will be priced at the level of BIT minus volume discount.**

[13] Depending on the local tax regulations, this structure can avoid dividend tax and double taxation because only owners or investors are taxed on the revenue. https://en.wikipedia.org/wiki/Flow-through_entity

[14] https://news.bitcoin.com/bitcoin-investment-trust-1-billion-credit-suisse-wedbush/

Market Demand

CyberTrust's principal focus is on institutional investors. These clients are in the process of diversifying into the newly emerging crypto asset class. Typical examples include family offices, hedge funds, mutual funds and sovereign wealth funds.

Problem	How is it currently done?	What solution is offered by CyberTrust?
No titled/auditable ownership rights or security claim on crypto	◆ Crypto assets are not identifiable within fiat systems. ◆ Crypto does not have titled rights usable by institutional investors. ◆ Crypto assets cannot be audited (by PWC, E&Y, KPMG or Deloitte, etc.). ◆ Crypto assets can not be used as collateral within standard commercial bank frameworks.	◆ GCNs have an ISIN. ◆ GCNs have a titled security claim to the underlying crypto asset. ◆ GCNs can be audited by (Big Four) accounting firms. ◆ GCNs can be used as a collateral within a regulated financial framework.
Risks related to clearing & settlement	◆ All crypto trading is done via OTC or crypto exchanges like Bitfinex, Kraken, etc. ◆ Both OTC and/or crypto exchange channels carry significant settlement and clearing risks.	◆ GCNs will be cleared & settled via Clearstream Banking S.A., not through crypto exchanges. This means that any bank around the world, within t+3 can get all titled rights transferred to the custody of their clients.
Judicial enforcement & recovery	◆ Blockchain transactions are final and irreversible regardless of what your legal contract states. ◆ Crypto is not governed by any sovereign. While this may be desirable for some investors, it is fatal for ALL financial institutions.	◆ The underlying assets for GCN are OFF-CHAIN. Within the custody period, GCN ownership can be frozen by Luxembourg courts. ◆ GCNs are subject to Luxembourg sovereign governance.

Market Demand

Problem	How is it currently done?	What solution is offered by CyberTrust?
Theft Risk	Substantial risks exist while holding crypto assets. Investors can hold via: 1. Various PC/smartphone/online-web browser crypto wallets without independent hardware. Even though some may hold multi-million dollar accounts, this is something that does not work for institutional investors. 2. Held in the custody of exchanges. Loss due to hacking is an ever-present risk. 3. Specialized Hardware Devices. However, your data can be destroyed by degaussing,[15] reducing your investment to zero. And if the device has a recovery passphrase, that can also be stolen or compromised. 4. Paper Wallet. Pieces of paper which document the keys/process for re-creating access to your cryptocurrency can be damaged, destroyed, lost or stolen.	◆ Licensed depository has legal obligation and financial responsibility for safekeeping clients' assets. ◆ All underlying GCNs are safely stored via specialized third party Cold Vault storage. Our provider uses state of the art, best in the class sophisticated technical solution. They rent specially equipped facilities in multiple locations around the world for storage and cyber security protection. ◆ Insurance on Hot Wallet transactions when moving crypto in and out of GCN custody.

[15] **Degaussing** is the process of decreasing or eliminating a remnant magnetic field. Degaussing works on hard drives as the data is stored by changing the magnetic alignment of areas of the disc platters, known as magnetic domains. Degaussing makes these domains face in random directions, rendering the data stored upon them unreadable and unrecoverable, as there will be insufficient magnetic remanence to reconstruct it in the forensic lab. Degaussing machines are expensive and often found in the hands of specialist professional data erasure services, although they can be rented for a few hundred euros per day.

Sample Use Cases & Token Sale Terms

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Sample Use Cases

While the initial use case is clear, it should be noted that the CABS Token and GCNs are only one of many conceivable structures. CyberTrust's open structure allows community involvement in the development of secondary derivative products. Here are a few additional sample use cases that the CyberTrust team is working on. These should provide an idea of the different possibilities:

Size	Product	Client	Benefits	Structuring
US $50 million	◆ US Treasury bills, synthetically denominated in BTC	◆ Undisclosed Middle Eastern sovereign wealth fund	◆ Fixed income portfolio diversification, for tail-end risk and reduction in volatility ◆ USD risk out. Central bank's policy risk out, through trust in mathematical framework ◆ Ability to audit, clear & settle via Clearstream Banking S.A. ◆ Ability to move to designated third party custody ◆ Tax pass-through	◆ Long BTC GCN futures, (50% margin reserves) ◆ Long 10 year T-bills 2x leveraged ◆ Holding via synthetic derivative structure
US $20 million	◆ Amazon stock synthetically structured in ETH terms	◆ Paris based hedge fund	Same as above, plus: ◆ Long term view on Amazon, but not on USD (in the same time horizon) ◆ Exposure to ETH	◆ Long ETH GCN Futures contract, 50% margin reserve ◆ Long Amazon equity with 2x leverage ◆ Holding via synthetic derivative structure

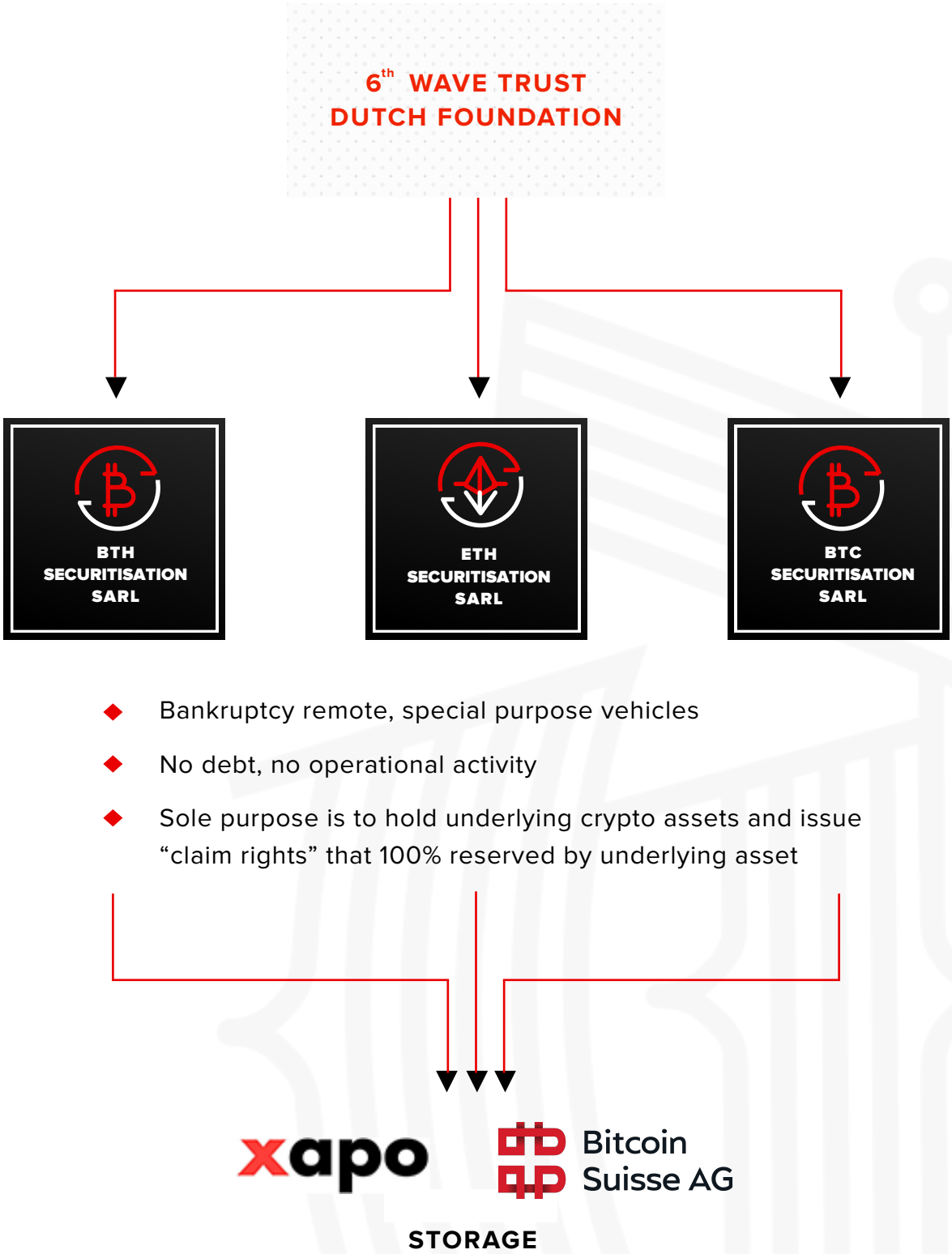
Sample Use Cases

Size	Product	Client	Benefits	Structuring
US $10 million	◆ Google stock in BCH terms	◆ Undisclosed family office	Same as above, plus: ◆ Long term view on Google, but not on USD (in the same time horizon) ◆ Exposure to BCH	◆ Long BCH GCN contract, 50% margin reserve ◆ Long Google stock with 2x leverage ◆ Holding via synthetic derivative structure

The investment strategy of the structured products above seeks to neutralize US dollar and other fiat currency risks, whilst simultaneously buying futures contracts in Global Crypto Notes. The strategy provides static exposure and does not try to time the strengthening or weakening of either investment. This product offers investors a managed approach by which institutional investors are able to purchase traditional assets in cryptocurrency terms. This approach differs from other investment vehicles that use the US dollar or other fiat currencies for making asset purchases.

CyberTrust structured products are designed for investors seeking exposure to traditional assets, synthetically structured in cryptocurrency terms. Potentially, higher returns may be generated, but through increased levels of risk, rather than via diversification of traditional financial assets.

CyberTrust Securitisation Structure



- Bankruptcy remote, special purpose vehicles
- No debt, no operational activity
- Sole purpose is to hold underlying crypto assets and issue "claim rights" that 100% reserved by underlying asset

- Provides physical safety. All crypto assets are stored in a hyper-secure, underground, ex-military bunker in Switzerland
- Provides technological safety via COLD VAULT: offline storage via XAPO, Bitcoin Suisse

Token Sale Terms

{ 1 BTC + 1 CABS = 1 Securitised BTC 20
ETH + 1 CABS = 20 Securitised ETH }

ITO Dates	27 November to 21 December 2017
Pre-Sale Dates	14 November to 17 November 2017
Closed Round	30 October to 10 November 2017
Token Type	ERC-20 standard-based Ethereum token supporting up to 8 decimal places
Token Ticker	CABS ('Crypto Asset Backed Securitisation' Token)
Website Link	https://tokensale.cybertrust.io
Full Sales Terms	http://cybertrust.io (White Paper)
Total Sale Cap[16]	600.000 tokens
Initial Issuance Cap	Tokens sold x 150% (= maximum 900,000)
ITO Total Quantity	500,000 tokens (3-hour Soft Cap: 350,000)
Base Price	0.5 ETH (≈0.025 BTC, 150 USD), equivalent to a ~2.5% securitisation premium
Accepted Currencies	Bitcoin (BTC), Ethereum (ETH), Bitcoin Cash (BCC/BCH), Ethereum Classic (ETC) By arrangement: USD Tether (USDT), Swiss Francs (CHF) and Euros (EUR)
Reserve	All net funds[17] exceeding 35 million CHF equivalent
Token Buyback Price	50 USD (in ETH equivalent) or 0.2 ETH, whichever is less.[18]
Benchmark	Grayscale Bitcoin Investment Trust (BIT) shares, OTC securities quoted on the OTCQX exchange. Net asset value of 1 GBTC share = 0.0923 BTC.
Benchmark Ref. Price	Securitiation Premium for 1 BTC Aug - Oct 2017 1,474 - 5,950 USD (0.26-1.1 BTC)
Token Use	1 CABS entitles the holder to securitise 1 BTC or equivalent quantities of selected other cryptocurrencies such as Ethereum or Bitcoin Cash, e.g.:

[16] Starting in January 2018 each month an additional 8000 tokens will be minted.

[17] Net funds raised are defined as gross funds raised minus 5%, to be published within 2 weeks of sale completion. Reserve value will be published regularly.

[18] The reserve will be used to repurchase tokens on the market at this price level. Tokens will not be repurchased directly.

Token Sale Terms

Process description and details

In order to avoid problems encountered in previous oversubscribed token sales, CyberTrust will employ the following procedure for the pre-sale, ITO ('initial token offering') and reserve rounds (if applicable):

- To participate, go to https://tokensale.cybertrust.io.
- In order to register, participants need to provide a valid email address and username. After confirming their email address, participants can obtain user-specific deposit addresses. Deposited funds may also be withdrawn again in whole or in part. For security purposes, users wishing to withdraw more than 10 ETH equivalent will need to set up two-factor authentication.
- Each round will start and close (if not sold out prior to close) at 1pm UTC on the dates specified. During the first three hours of each token sale round participants may use their deposited funds to place bids for tokens; however, token distribution will not begin until the end of the 3-hour period. If the round is not oversubscribed, then all remaining tokens will be available on a first come first serve basis.
- Should the round be oversubscribed, bidders will receive tokens proportional to the size of their bid. The exact timing of the bid placement within the first three hours is irrelevant.
- The minimum bid size during the ITO is 1 CABS token, however fractional bids (e.g. 1.54 CABS) are permitted. For earlier rounds higher minimums apply.
- If the number of subscribed tokens in the first 3 hours of the ITO exceeds the soft cap of 350,000 tokens, then the sale of the remaining 150,000 tokens will be postponed to the reserve rounds.
- Bidders who do not receive all the tokens they bid for will be credited back that portion of their bid which was unsuccessful.
- If participants bid for over 75,000 tokens in the initial 3 hours of the first reserve round, the remaining 75,000 tokens will be reserved for the second reserve round one week later.
- Depending on the round and the number of tokens bid for, volume bonuses will be applicable.
- Participants who provide an invitation code will be credited with an additional bonus of 0.5%.
- If the total sale cap is not yet reached, further rounds may be added. Quantity caps and base price indicated in the table below for each round may also be adjusted prior to the start of each relevant round subject to the results of the previous round(s). However, quantities sold in any particular round will not be changed during the round itself.[16] Please note that prior to the actual sale, CyberTrust reserves the right to amend any terms and conditions described herein.

[16] Tokens remaining unsold after all rounds will be burnt.

Token Sale Terms

#	Dates (2017)	Minimum Bid (CABS)	Base Price (ETH)	Effective Secularization Premium[20]	Volume Bonuses[21]
Closed Round: 50,000 tokens + bonuses					
1	30 Oct — 10 Nov	5,000	0.5	2.0 %	25% (If frozen: 45%)
		2,000	0.5	2.1 %	20% (If frozen: 40%)
		500	0.5	2.1 %	20% (If frozen: 35%)
Pre-Sale: 50,000 tokens + bonuses					
2	14 Nov — 17 Nov	10	0.5	2.1 — 2.3 %	10/15/20% for 10+/200+/500+
ITO: 500,000 tokens + bonuses					
3	27 Nov — 21 Dec	1	0.5	2.2 — 2.5 %	5/10/15% for 200+/500+/2000+
Reserve Rounds (if applicable) Up to 150,000 tokens + bonuses					
4	4 Dec — 21 Dec	1	0.6	2.6 — 3.0 %	5/10/15% for 200+/500+/2000+
5	11 Dec — 21 Dec	1	0.7	3.0 — 3.5 %	5/10/15% for 200+/500+/2000+

[20] Implied approximate securitisation premium cost, which will vary slightly depending on the bonus tier obtained. Frozen token bonus tiers are not considered.

[21] Closed round participants who opt to purchase frozen tokens will receive an additional 15-20% bonus as detailed above. In this case all purchased tokens will be frozen. Tokens will be unfrozen as soon as the securitisation service becomes available, or in March/April 2018, whichever occurs earlier. Half of these frozen tokens will be unfrozen sometime during the month of March 2018, and half in the month of April. The volume bonus tier is based on the total quantity bid for, not the number of tokens purchased. Example: An ITO participant bids for 2000 tokens but only receives 1200. In this case the applicable volume bonus would be 1200 x 15% = 180 CABS. If applicable, the 0.5% invitation bonus would be 6 additional CABS.

Token Sale Terms

Bonus/Reserve Tokens

For every CABS token sold, 0.2 additional tokens will be allocated to team members, early buyers, partners, advisors and bounty participants. At the same time, 0.3 additional tokens will be allocated to the token reserve. Bonuses will be paid out of this reserve. Some of these bonuses will be time locked.

Reserve & Token Buyback

The main purpose of the reserve is to protect CABS token holders from token value fluctuations following the ITO. The reserve will be used to protect the token price by repurchasing tokens. All net funds raised exceeding 35 million CHF equivalent will be used as a reserve until 31 December 2018 or until an ISIN for CABS-linked Global Crypto Notes or equivalent has been issued and the same are traded and settled via Clearstream Banking S.A., whichever is later. Funds may also be used as working capital for securitisation pools. After the above date CyberTrust may at its discretion expand the use of these funds to other areas. The precise percentages held in each currency may vary at CyberTrust's discretion.

Timeline

Platform launch planned for Q1 2018. By that time an ISIN for the BTC Global Crypto Note should be issued, traded and settled via Clearstream Banking S.A.

Purchase Process, Token Rights & Risk Factors

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Purchase Process

Purchases can be made at the website https://tokensale.cybertrust.io. Token buyers must first register by entering and confirming their email address. After registration, users gain access to their personal accounts at **https://tokensale.cybertrust.io** where they can choose the desired number of CABS Tokens and pay for them with one of the cryptocurrencies offered, or generate an invoice for a wire transfer.

Once the payment is made, the information about CABS Tokens credited to the CABS buyers will appear in their accounts (at https://tokensale.cybertrust.io). The cryptocurrency exchange rate is fixed at the time when the transfer is received, time stamped in UTC.

After the CABS token sale is over, a personal account will be automatically generated at https://tokensale.cybertrust.io for every CABS Token holder. CABS Tokens will be issued and transferred to these accounts. Once this step is complete, CABS Token holders may at any time transfer their CABS Tokens to any third-party ETH wallet supporting ERC-20 standard, including the downloadable standalone version of “MyEtherWallet”.

All proceeds from the CyberTrust CABS Token sale will be deposited in escrow. All escrow funds will be converted into BTC / ETH / BCH / EUR during the escrow reserve period.

The funds will then be released from escrow to CyberTrust S.A. in two steps with the fulfillment of CyberTrust obligations to CABS Token holders in the following order:

- 30% released at the end of Token Sale;
- 70% released after BTC GCN ISIN is registered AND Clearstream Banking S.A. starts to clear & settle new BTC GCN.

Once the CABS Token sale ends, no further CABS Tokens will be available for purchase. Decisions on how to handle the funds received after the end of the CABS Token sale will be made based on the transfer date and time (based on UTC time stamps, only transfers sent before the end of the CABS Token sale will be accepted. Other transfers will be returned to the senders).

Token Rights

One CABS Token gives the following rights:

1. **The right to exchange one BTC into one BTC Global Crypto Note**

   One CABS Token will be required in order to securitise 1 BTC.
   The exclusive period of conversion will last t+12 consecutive calendar months.
   t = announcement date for the first BTC securitisation pool.

2. **The right to convert ETH and BCH into Global Crypto Notes at prices linked to BTC**

   CABS Token holders will also have the right to convert ETH and BCH into the corresponding GCNs. The number of CABS Tokens required will be calculated pro-rata depending on the relevant exchange rate with BTC as quoted by Bitfinex. The precise reference exchange may be changed at a later time at the sole discretion of CyberTrust.[22]

[22] For example: if on the given date and time stamp, price of BTC = US$4000, while the price of ETH = US$400. This means that 0.1 CABS Tokens will be required to securitise one ETH.

Risk Factors

The purchase of CABS Tokens involves a high degree of risk, including but not limited to the risks described below. Before acquiring CABS Tokens, it is recommended that each participant carefully weigh all the information and risks detailed below.

Please note that the CyberTrust project may be subject to other risks not foreseen by the CyberTrust team.

1. **The value of Bitcoin or any other crypto asset may go to zero**

   Although currently BTC is the most widely known decentralized cryptocurrency and digital payment system,[26] it may disappear and its value could go to zero.

2. **Price difference between securitised BTC and BTC**

   As of the 30 August 2017, the market for securitised Bitcoin was trading at a significant premium to the price of underlying Bitcoin on the crypto markets. Although this premium may persist as demand from institutional investors grows, there can be no assurances or guarantees, explicit or implicit, that such a premium will continue to exist. The same will apply to Ethereum, Bitcoin Cash or any other assets that may be securitised by the CyberTrust platform in the future.

3. **Risk of hacker attacks & dependence on IT infrastructure**

   CyberTrust's dependence on functioning software applications, computer hardware and the Internet implies that CyberTrust can offer no assurances that a system failure would not adversely affect the use of CABS.

   Despite CyberTrust implementing all reasonable network security measures, its infrastructure is vulnerable to computer viruses, physical or electronic break-ins, attacks or other disruptions of a similar nature. Computer viruses, break-ins or other disruptions caused by third parties may result in interruption, delay or suspension, or outright termination of CyberTrust services, which would limit, or in some of the worst cases, may end the use for the CABS.

4. **Value of the CABS Token could go to zero**

   The value of CABS could go to zero. CABS may have significant and wild volatility. CyberTrust CANNOT guarantee any specific value of the CABS token over any specific period of time, and cannot be held responsible for any change in the value of CABS Token.

[26] https://en.wikipedia.org/wiki/Bitcoin

Risk Factors

5. **Risks related to Smart Contracts**

Smart Contract technology is still in its early stages of development, and its application is of experimental nature. This may carry significant operational, technological, regulatory, reputational and financial risks. Consequently, although the audit conducted by an independent third party increases the level of security, reliability and accuracy, this audit cannot serve as any form of warranty, including any expressed or implied warranty, that the CABS Smart Contract is fit for purpose or that it contains no flaws, vulnerabilities or issues which could cause technical problems or the complete loss of CABS tokens.

6. **Regulatory risks**

Blockchain technology, including, but not limited to the issue of tokens, may be a new concept in some jurisdictions, which may then apply existing laws or introduce new regulations regarding blockchain technology-based applications. Such regulations may conflict with the current CABS smart contract setup and CABS Token concept. This may result in the need to make substantial modifications to the CABS smart contract, including but not limited to its termination, the loss of CABS Tokens, and the suspension or termination of CyberTrust securitisation activities.

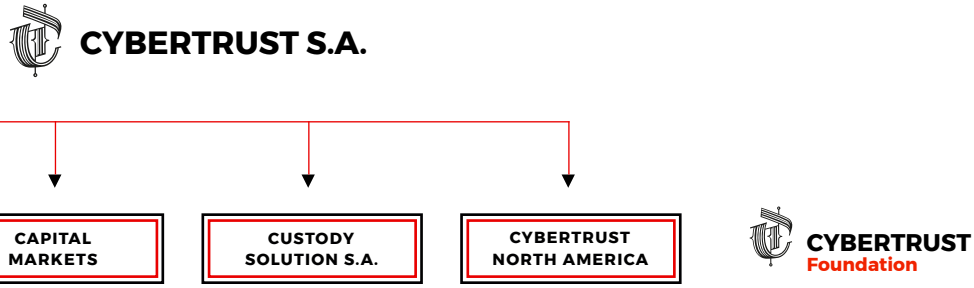
7. **Execution risks**

The CyberTrust team may not be able to reach set KPI's and milestones on expected dates. We have an ambitious task in front of us. Key Performance Indicators, like the registration of BTC ISIN, the contract with Clearstream, and start of clearing & settlement may take longer than expected.
Luxembourg may change its regulatory framework, which may adversely affect existing legal and tax structure. All of the above may result in value of CABS token going to zero or the project not being able to be implemented.

8. **Force Majeure Risks**

CyberTrust performance may be interrupted, suspended or delayed due to force majeure circumstances. For the purposes of this White Paper, force majeure shall mean extraordinary events and circumstances which could not be prevented by CyberTrust and shall include: acts of nature, wars, armed conflicts, mass civil disorders, industrial actions, epidemics, lockouts, slowdowns, prolonged shortage or other failures of energy supplies or communication service, acts of municipal, state or federal governmental agencies, other circumstances beyond CyberTrust control, which were not in existence at the time of White Paper release. If such circumstances occur prior to the issue of CABS Tokens and CyberTrust is unable to issue CABS Tokens within one month from the projected date, the escrow agent may issue a refund at the request of the CABS Token purchasers. The refund will be issued in the original form of payment to the same digital wallet or bank account from where the funds were transferred.

Legal Structure for Cybertrust



Jurisdiction	Switzerland	United Kingdom	Luxembourg	United States	Switzerland
Description	2/20 business	Sales & trading Trading book Investment banking	IT Rights to custody solution Distributor for tokens	Banking deposits Brokerage	Generator of tokens
Regulator	FINMA	FSA	CSSF	CFTC The Fed	FINMA

Legal Disclaimer

CyberTrust is acting as a selling agent of a homonymic Swiss foundation which is a non-profit entity and the actual issuer of the CABS tokens.

The purpose of this White Paper is to present CyberTrust and the CABS token to potential token holders in connection with the proposed Token Sale. The information set forth may not be exhaustive and does not imply any elements of a contractual relationship. Its sole purpose is to provide relevant and reasonable information to potential token holders in order for them to determine whether to undertake a thorough analysis of the company with the intent of acquiring CABS Tokens.

Nothing in this White Paper shall be deemed to constitute a prospectus of any sort or a solicitation for investment, nor does it in any way pertain to an offering or a solicitation of an offer to buy any securities in any jurisdiction. The product token is not a digital currency, security, commodity, or any other kind of financial instrument and has not been registered under the Securities Act, the securities laws of any state of the United States or the securities laws of any other country, including the securities laws of any jurisdiction in which a potential token holder is a resident.

CABS Tokens cannot be used for any purposes other than as provided in this White Paper. CABS Tokens confer no other rights in any form, including but not limited to any ownership, distribution (including, but not limited to, profit), redemption, liquidation, property (including all forms of intellectual property), or other financial or legal rights, other than those specifically set forth in the White Paper Section, Rights of CABS Token holders.

Certain statements, estimates and financial information contained herein constitute forward-looking statements or information. Such forward-looking statements or information involve known and unknown risks and uncertainties, which may cause actual events or results to differ materially from the estimates or the results implied or expressed in such forward-looking statements.

This White Paper is the primary official source of information about the CABS token. The information contained herein may from time to time be translated into other languages or used in the course of written or verbal communications with existing and prospective customers, partners etc.

In the course of such translation or communication, some of the information contained herein may be lost, corrupted, or misrepresented. The accuracy of such alternative communications cannot be guaranteed. In the event of any conflicts or inconsistencies between such translations and communications and this official English language White Paper, the provisions of this English language original document shall prevail.

Appendix A:
Business Model, Strategy & Operations

The CyberTrust Platform will operate as an open solution for crypto securitisation and derivative products market making. CyberTrust will provide gateway to ClearStream Banking, and OTC markets, together with institutional sales and research operation, similar to institutional investment banking. Besides the current Luxembourg office, CyberTrust plans to add the following offices: Zurich (institutional sales), London (trading & research), Tallinn (IT/Blockchain) and Shanghai (trading desk, sales).

CyberTrust intends to set legal and technical standards for crypto custodial services. This process of securitisation secures crypto assets and provides titled ownership of crypto asset-backed securities with all necessary legal, tax, KYC, AML and regulatory features. As a consequence, these securities then provide access to liquid traditional markets with a significant reduction in trading settlement and clearing risks.

Crypto tokens converted into securities are removed from the crypto world as long as the relevant security exists and can only be returned into their original form after cancellation of the security.

Such a solution offers institutional investors titled ownership, along with the ability to eliminate existing counterparty risks. In the event of unlawful events, it facilitates traditional judicial enforcement. As this process becomes more commonplace, CyberTrust foresees a new wave of crypto asset class development and maturation.

We expect significant demand for crypto derivatives to evolve over time. The crypto securitisation model, will be instrumental in the development and proliferation of structured products and crypto derivatives, such as Facebook equity denominated in BTC or Apple debt denominated in ETH. Likewise, futures and options on crypto assets based on GCNs will have a titled link to underlying assets, thus fueling demand from institutional investors.

The global market for derivatives is estimated at five hundred (500) trillion US dollars. We estimate that crypto derivatives can capture at least a 1% market share, which implies the equivalent of US$5 trillion of underlying crypto derivatives within five years.

Appendix B: Technology Overview

At the base of CyberTrust services there is a custodial solution for cryptocurrencies. To protect deposited crypto from being leaked or stolen, all incoming transfers come to one-time/short-time accounts. Private keys of these accounts are generated inside a secure network and are exposed to blockchain nodes briefly to transfer crypto out.

To limit exposure in case of a smart contract breach, the secure network will not immediately release private keys. Instead, most withdrawals are intentionally delayed, while urgent withdrawals (which will be a premium service) are handled from an insured “hot reserve”.

Additionally, clients will be provided with a “deep storage” feature where all related private keys are stored on detached hardware with strictly controlled data exchange and mechanically enforced isolation.

Every crypto type supported by CyberTrust will have one legally registered crypto S.V. All securities within the issued S.V. will have the same nominal value (type and amount of underlying crypto units). To reduce registration, overheads, and provide immediate availability of CABS, an issue must be registered in large pools and in advance.

Goals and principles, technical details on IT architecture, and the securitisation transfer process can be found in the CyberTrust github repository.

Appendix C: How Crypto Securitisation Works

Let's walk through an example of Bitcoin securitisation. Your steps will be:

1. Open Account @ CyberTrust
   - Comply successfully with KYC & AML requirements
   - Configure your safety settings
2. Deposit your cryptocurrency assets (BTC, ETH, etc)
   - You can use CyberTrust as the Depository for your cryptocurrency. Especially useful for people investing in, and not actively trading cryptocurrencies
3. In addition to only depositing your cryptocurrency asset
   - You can join an open securitisation pool (if available), or wait for an announcement of an upcoming securitisation pool
   - (Optional) Deposit your CABS Tokens (you own CABS Tokens, or you buy Token(s) on the market)
   - Indicate how many cryptocurrency you want to securitise
   - As the securitisation pool closes, for example, Bitcoin Global Notes (or BTC GCNs) are issued and credited to your account in exchange for BTC and CABS Tokens. (Bitcoin becomes the underlying claim for BTC GCN's)
4. With BTC GCN in your account:
   - You can hold BTC GCN as a store of value investment
     - You can always redeem your GCN and get underlying Bitcoin back
   - BTC GCN can be sold on the financial market for fiat currency
     - We can wire out Fiat[27]
     - We can buy BTC at the spot market and send you back BTC[28]
   - If you are a qualified investor then
     - You can use BTC GCN to construct financial products like T-bills in Bitcoin terms or,
     - Move BTC GCN out from CyberTrust to your broker account and trade as usual. (This is not currently scheduled to be possible within the first 12 months; we will provide the development roadmap after the ITO.)

[27] See Price Section for fees

[28] See Price Section for fees

How Emission of Global Crypto Notes Works

- BTC Securitisation SARL acquires one BTC
- BTC Securitisation SARL creates one Global Crypto Note
- ISIN is assigned to new BTC Global Crypto Note
- Paying agent incorporates new BTC Global Crypto Note inside Clearstream
- Clearstream approves the emmission of BTC Global Crypto Note, making them instantly cleared and settled via Clearstream

Appendix D: Use of Funds

- All net proceeds from the sale 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 US$5 million. This is required for the IT system development, Ethereum front-end, gateways into Clearstream and OTC markets, sales forces and back office automation. If sufficient funds are not raised, all will be returned to the investors.
- Base Case. If the funds raised in connection with the CyberTrust CABS Token Sale reach US$15 million, CyberTrust will be able to offer gateways into Clearstream Banking and OTC markets. To commence GCN OTC distribution, we need working capital. Funding of US$15 million will enable CyberTrust to finance the first securitisation tranche of BTC / ETH / BCH. Additional funding is required for the development of product distribution capabilities. This is important because a wide range of global institutional investors still have a low awareness of crypto assets or have imbedded misconceptions. Professionally explaining the benefits of CABS Tokens will require time, effort and capital. We plan to target family offices, hedge funds and sovereign wealth funds.
- Raising US$35 million in would allow applying for banking custody license(s), brokerage license(s) (jurisdiction under review) and Commodity Futures Trading Commission (CFTC) license in the United States. We plan to launch similar securitisation products for Litecoin, NEM, DASH, NEO, Monero, Stratis, and selected other tokens. Capital will be directed to both legal securitisation setups, and OTC market making, as well as research distribution to institutional account direct sales team worldwide. Activity at this level would require a Luxembourg bank custody license. This would allow CyberTrust to become a major hub and key financial institution, connecting crypto assets and the fiat world. A wide variety of institutional investors and existing crypto holders will benefit from CyberTrust as a bridge between traditional fiat and crypto capital markets.
- Funds collected above US$35 million will go into the Reserve. While constituting part of the capital of CyberTrust, the Reserve will be used to provide a soft floor on CABS token price fluctuations, as well as to provide working capital for crypto securitisation pools and new innovative products.
- The breakdown of financial expenses can be found in our balance sheet, cash flow and P&L model that can be downloaded from github. In general we separate the usage of funds into two major parts: operating expenditures (OPEX), which are those that are needed to sustain all business activities; and capital expenditures (CAPEX) which are those that are needed to set up the business. According to our financial model we suppose that the total OPEX for 2018 will consist of three major parts – third party providers, salaries and SG&A. CAPEX consists of IT expenses, regulatory and licensing costs and purchase of specialized software and systems.

CYBERTRUST

Thanks for your attention

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