

CyberTrust Announces CABS Token Launch: A tool to securitize major cryptocurrencies and arbitrage the securitization premium.

Luxembourg, November 6, 2017: CyberTrust, a Luxembourg-based financial services group, today announced key dates and sales terms for its new Crypto-Asset Backed Securitization (CABS) token. The new Open Securitization Platform, scheduled to launch in Q2 2018, will securitize crypto assets and offer crypto securitization as a service for the first time in history.

The new CABS token will permit the securitization of one Bitcoin or the equivalent quantity of 2 other cryptocurrencies at a cost of approximately 2-2.5%. This contrasts with a current cost of approximately 30-40% in the market.

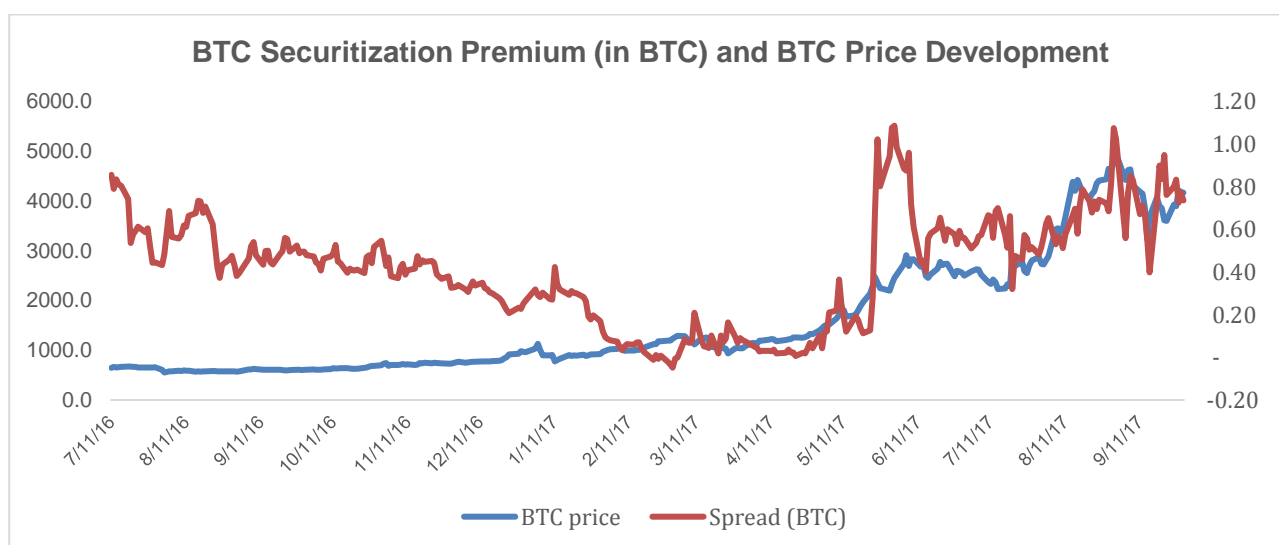
Background

Cryptocurrencies as an asset class are almost nine years old. Collectively they have a market capitalization hovering at 150 billion-dollar mark. In the past four years, they have exploded both in value and in variety. Numerous new cryptocurrencies have been launched reflecting a wide range of value propositions and uses, and cryptocurrency-based financing models are increasingly competing with more traditional models.

And yet, not a single crypto-derivative product has completed the ISO 6166 certification process resulting in an International Securities Identification Number (ISIN). Cryptocurrency price quotes cannot be found in the financial sections of most major newspapers. These are important facts, because they are reminders that despite impressive growth in cryptocurrency asset value thus far, the level of awareness and participation on the part of institutional financial investors is still quite limited. This hints that while it may be fair to talk about a 'crypto bubble', if so, we are arguably still at an early stage in that bubble.

For institutional investors thus far there is only one publicly traded product which offers exposure to this asset class: the Grayscale BIT or Bitcoin Investment Trust (ISIN US09173T1088). The Grayscale BIT is quoted under the symbol GBTC on the US-based OTCQX exchange and invests exclusively in bitcoins. With 1.87m shares, the fund currently has a total value of approximately US\$1.3 billion. On August 31, 2017 the premium to buy GBTC shares rose as high as 110% over the value of the underlying bitcoins. In other words, at the time one securitized bitcoin cost 210% of the price of one 'raw' bitcoin. As of November 6, 2017, the GBTC premium was 39%.

While Grayscale offers the kind of the titled, auditable ownership which institutional markets demand, it only does so for BTC¹, 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%.



Opportunity

CyberTrust S.A. has created a structure to fill this market niche. Via Global Crypto Notes (GCNs), CyberTrust will offer

¹ Grayscale also has an ETC fund; however, at this point that fund is not yet publicly traded.

accredited investors crypto-backed securities, not only linked to bitcoin, but also to other leading cryptocurrencies such as Ethereum and Bitcoin Cash. Unlike the closed Grayscale fund, CyberTrust's GCNs will be emitted once per month in quantities that match market demand.

At the same time, CyberTrust has created a vehicle which allows investors to profit from the premium between securitized and unsecuritized cryptocurrency: the CABS ('crypto asset-backed securitization') token.

This token serves three roles:

- (1) It permits accredited investors purchasing tokens to securitize major cryptocurrencies at a 94%+ discount to the current BIT premium. Effectively token holders can pay as little as a 2% premium to securitize 1 BTC, as opposed to paying 15-30x more to Grayscale.
- (2) It provides the broader investing public with a tool to arbitrage the 30-40% premium now being paid by institutional investors to buy securitized bitcoins. As an example, if a token holder buys a token for USD 180 and sells a securitized bitcoin for 1 BTC + USD 2800, then he makes a profit of USD 2620.
- (3) It facilitates the creation and promotion of new synthetic products. This will in turn fuel demand for CABS tokens.

CABS Initial Token Offering (ITO)

Up to 600,000 CABS tokens will be offered in several rounds, starting with a closed round and finishing with the ITO itself. CABS will be an ERC-20 token supporting 8 decimal places. With a price set at 0.6 ETH per token (approx. 0.024 BTC), CyberTrust plans to raise a total of approximately USD 100m. Some volume discounts will be available, as well as preferential pricing to early participants. For details see the terms sheet.

All funds raised exceeding CHF 35 million net will go into a reserve designed to minimize risk to investors.

CyberTrust's open securitization platform will allow CABS token holders to convert BTC, ETH and BCH into BTC / ETH / BCH Global Notes, and take them into their possession via Clearstream Banking S.A.

Demand for CABS will be driven by the expanding market for crypto derivatives, and via arbitrage between the 'raw crypto' and the 'derivative crypto'. Within the foreseeable future, we anticipate that substantial additional demand will come from derivatives such as 3X long ETH, 3X short BTC or even T-bills denominated in BTC. If the crypto derivatives market captures only 1% of the existing \$500 trillion derivative market, this would imply \$5 trillion of additional liquidity in the crypto asset class.

Team

Scott Freeman, CEO. Lic. oec. Hochschule St. Gallen (Switzerland). Prior experience: Deutsche Bank, UBS, HP, Mercedes-Benz. Co-founded technology start-up in China and built it into one of China's leading IT service providers. CEO of crypto exchange C2CX.com, ranked in the top 30 exchanges worldwide in volume by coinmarketcap.com.

Evgeny Xata, COO & Co-Founder. Oxford University (UK). 20-year track record in the United States & Europe. Prior experience: The Boston Consulting Group, KPMG, Salomon Brothers. Helped create and sell three ventures in digital publishing, investment banking and the energy sector.

Nick Lustiger, Chairman & Co-Founder. University of California (USA), Meiji University (Japan). Prior experience: Ernst & Young (USA), KPN International, T8 Publishing. Major ventures included restructuring and refinancing a large enterprise in the Turkish energy sector, real estate development and securitization in UK, as well as the creation, expansion and ultimate sale of KNP International, a vertically integrated oil trading company in the Russian Far East with 300 staff and €400m in annual sales.

CyberTrust's Board of Advisors includes **William D. Delahunt**, a former U.S. Representative for Massachusetts's 10th congressional district, **Marat Kichikov**, Managing Director of BitFury Capital, and **David Gorodyansky**, the CEO of AnchorFree Inc.

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