

# C42S Security Token – Term Sheet v1.0

**Issuer:** CyTel42

**Token:** C42S (Security Token)

**Date:** September 2025

**Jurisdiction:** EU / MiFID II context

**Website:** <https://c42securities.com>

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## Term Sheet Overview

Item	Details
<b>Token Name</b>	C42S Security Token
<b>Instrument Type</b>	Fungible financial instrument with embedded contractual right to proportional distributions
<b>Classification</b>	Financial instrument (MiFID II Annex I Section C); security token
<b>Issuer</b>	CyTel42 (EU-based operator of ClaimBack42 & C42S ecosystem)
<b>Offer Type</b>	Private placement only – no public offering; restricted to eligible participants
<b>Investor Eligibility</b>	Qualified/professional investors (EU) or accredited entities (US/ROW), subject to KYC/AML
<b>Target Participants</b>	(a) Approved claimants who monetize claims via CMA (b) Professional investors seeking exposure to legal recovery asset class
<b>Underlying Asset</b>	Pool of monetized and legally assigned claims against online casinos, crypto fraud schemes, consumer abuse networks
<b>Token Rights</b>	Pro-rata share in distributions from net recoveries, as governed by the Program Terms and CMA
<b>Token Form</b>	ERC-20 compatible token (non-redeemable); rights defined off-chain in legal docs
<b>Chain</b>	EVM-compatible chain (permissioned or public); no direct on-chain revenue flows
<b>Transferability</b>	Subject to eligibility restrictions; secondary market transfer only to approved wallets
<b>Custody</b>	Self-custody or via regulated CASP (crypto asset service provider)

Item	Details
<b>Use of Proceeds</b>	Legal enforcement, asset tracing, recovery operations, compliance & reporting costs
<b>Distributions</b>	Quarterly target (not guaranteed); waterfall-based allocation to token holders from verified net collections
<b>Reporting &amp; Transparency</b>	Monthly updates + material event notices via <a href="https://c42securities.com/token-info">c42securities.com/token-info</a>
<b>Governance</b>	No corporate voting or shareholder rights; operational governance by CyTel42
<b>Exit Options</b>	No guaranteed redemption or liquidity; resale subject to compliance filters and secondary listing potential
<b>Legal Agreements</b>	Claim Monetization Agreement (CMA); Program Terms; Risk Disclosure Annex
<b>Risk Factors</b>	Legal risk, operational risk, liquidity risk, regulatory risk; see full Risk Annex
<b>Jurisdiction &amp; Law</b>	Governing law: To be defined in final Program Terms (EU venue preferred)

## Summary of Participant Flows

Claimants	Investors
Pass eligibility on ClaimBack42	Request access via Investor Pack
Sign CMA + assign claim	Undergo KYC / eligibility review
Receive C42S based on claim value	Receive C42S via allocation
Hold C42S and receive distributions	Hold C42S and receive distributions

## Reference Documents

- **Program Terms:** [cytel42.com/docs](https://cytel42.com/docs)
- **Claim Monetization Agreement (CMA):** [cytel42.com/cma](https://cytel42.com/cma)
- **Whitepaper:** [c42securities.com/whitepaper](https://c42securities.com/whitepaper)
- **Investor Pack Request:** [c42securities.com/token-info/request](https://c42securities.com/token-info/request)

## Legal Notice

This Term Sheet is non-binding and for informational purposes only. It does not constitute an offer or solicitation of securities to the public. Participation in the C42S program is subject to full legal review, execution of the applicable agreements (CMA and/or subscription agreements), and acceptance of all risks outlined in the Program Terms.