

EPC VENTURES · LITDAQ CAPITAL MARKETS

LITDAQ Reserve Markets Brochure 2026

Contingency Capital Facility — Reserve Series

COMPREHENSIVE INVESTOR PACK

A senior secured, non-recourse facility for Tier 1 and Tier 2 regulated deposit-taking institutions and for qualifying supranational, sovereign and insurance general-account counterparties. Structured under the Basel III capital framework; designed to produce Available Stable Funding treatment for 95% of committed capital and secured-debt treatment for the deployed tranche.

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ONLY

FOR QUALIFYING CREDIT INSTITUTIONS & INVESTMENT PROFESSIONALS (FPO 2005 ART 19)

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This document consolidates the Information Memorandum summary, Basel III / NSFR treatment note, draft LBS SPV term sheet, Investment Committee proposal and Due Diligence analysis in a single reference pack. A live interactive stress-test environment

is available at efficiencyprofessorconsultancy.com/reserve-dd. Full data-room access and counterparty documentation are provided on executed NDA.

Executive summary

The **Contingency Capital Facility — Reserve Series (“CCF Reserve”)** is a senior secured, non-recourse funding facility structured for Tier 1 and Tier 2 regulated deposit-taking institutions under the Basel III capital framework, and for qualifying supranational, sovereign and insurance general-account counterparties with equivalent regulatory fit.

Issuer	Contingency Capital Facility — Reserve Series SPV (English-law bankruptcy-remote, orphan structure; Option B) <i>or</i> subscriber-controlled SPV / deposit account (Option A).
Originator / sponsor	EPC Ventures (operating division of Efficiency Professor Consultancy Limited) · Litdaq Capital Markets (trading name of Trance Limited).
Minimum commitment	GBP 100m
Facility size per tranche	GBP 100m – GBP 1bn
Term	36 – 60 months (subscriber-selected)
95% tranche custody	Subscriber’s own deposit account under prevailing custodian policy (Option A) <i>or</i> subscriber-controlled SPV with drafting, custodial controls and any ancillary insurance specified by the subscriber to meet mandate (Option B).
5% PAD tranche	Available as Phase 1 drawdown to initiate the claims-processing flywheel. Deployed against ATE-insured claim receivables (A-rated provider; indicative Fitch A–, 247% solvency coverage at last reported period).
Return floor	Default 30% per cycle; subscriber-adjustable. Mechanical kill-switch; principal returned in full from the 95% tranche on trigger.
Offering format	Private placement; English-law; circulated strictly on executed NDA to Investment Professionals (FPO 2005 Art 19) and equivalent counterparties.

95% SUBSCRIBER CUSTODY	5% PHASE 1 DRAWDOWN	30% RETURN FLOOR · DEFAULT	0.005 MARKET CORRELATION
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Structural headline

95% of committed capital remains under the subscriber’s own custody throughout the facility term. In either configuration the deposit qualifies as **Available Stable Funding (ASF)** at the most favourable treatment under the Net Stable Funding Ratio. The remaining 5% is available as Phase 1 drawdown to

fund the claims-processing flywheel; underlying receivables are individually wrapped by ATE litigation insurance. A mechanical kill-switch returns principal if blended cycle settlement falls below the subscriber-set return floor.

CAPITAL STRUCTURE

95% · Subscriber-custody tranche (ASF-eligible)	5%
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Option A deposit account · Option B subscriber-controlled SPV

PAD · ATE-insured receivables

Principal-protected by structure: 95% never leaves subscriber governance.

Claim trading, not claim financing. CCF Reserve does not finance speculative litigation. It trades in pre-qualified claims that have passed a defined **win-criteria screen** (barrister-defined per genre — see §6). Claims that do not meet the trade criteria are rejected at origination; no capital is committed to them. This is the structural basis on which claim-trade revenue is predictable rather than speculative.

Three independent return streams

STREAM	SOURCE	MARKET-RISK EXPOSURE
1 · Deposit income	95% ASF tranche earned at subscriber’s prevailing funding rate.	None
2 · Fractional reserve lending capacity	ASF activates incremental lending book at subscriber’s leverage ratio (5:1–20:1); revenue scales with prevailing NIM.	None (existing framework)
3 · Claim trade revenue	5% PAD tranche, bounded by subscriber-set return floor at the mechanical kill-switch gate.	None — structural, not market

Indicative annualised yield at default parameters (10:1 leverage, 2.5% NIM, 4.5% deposit rate, 75% settlement, 48m term): approximately **25–35% p.a.** on committed capital, the precise figure dependent on the subscriber’s prevailing balance-sheet mix. The live stress test at efficiencyprofessorconsultancy.com/reserve-dd permits modelling across the full range of subscriber-specific inputs; sensitivity spans ~29% p.a. (conservative 1% efficiency) to 200%+ p.a. (aggressive 15%+ efficiency).

Collateral headline

UK consumer claim receivables with binding Supreme Court or Court of Appeal authority across four genres — Motor Finance DCA (Hopcraft), PPI Residuals (Plevin), Energy Broker UDC (Expert Tooling) and Irresponsible Lending (CCA 1974 / Kerrigan). Institutional-grade addressable pool: **GBP 38bn+**. Genre-level success rates 67–98%; settlement rates 70–95%.

Distribution

CCF Reserve is addressed exclusively at qualifying credit institutions and Investment Professionals within the meaning of FPO 2005 Article 19, and equivalent counterparties under applicable regulation in the reader's jurisdiction. This document is not a financial promotion to retail clients. It is circulated strictly on executed NDA.

Investment Committee case — four independent arguments

For IC submission the facility can be defended on any one of the four arguments below, and stands on all four together. The case does not rely on a view of markets, rates, or credit spread. It rests on regulatory capital treatment, structural security, genuine uncorrelated income, and a consistent stewardship footprint.

01 · REGULATORY CAPITAL EFFICIENCY

Basel III treatment engineered from first principles.

95% of commitment stays under subscriber custody throughout term, ASF-eligible at the most favourable NSFR treatment. 5% PAD deployed against A-rated ATE-insured short-dated receivables: indicative SCR 5–8%, secured-debt classification under CRR II / CRD V. Low RWA impact relative to blended yield. Full Basel III / NSFR treatment memo at §4; each subscriber confirms treatment under its own IRB or SA methodology.

02 · STRUCTURAL SECURITY

Principal protection is mechanical, not thematic.

No capital is advanced against court-outcome risk. The 95% tranche never leaves subscriber governance. The 5% deployed tranche is ATE-wrapped against FTSE-regulated defendants with quantifiable liabilities. A mechanical kill-switch returns principal where blended cycle settlement falls below the subscriber-set floor (default 30%). Revenue is a function of a generated, defined claim pool, not manager skill and not market direction.

03 · UNCORRELATED INCOME

Cashflow insulated from market cycle.

Returns are driven by statutory and case-law-established consumer redress (Plevin, Hopcraft, Expert Tooling, CCA 1974 s.140A–B) against defendants with audited capacity to pay. Observed correlation to broad market indices approximates 0.005. The facility generates income insensitive to equity beta, rates path or credit-cycle conditions: a defensible diversifier for LDI, insurance general-account and bank balance-sheet mandates where orthogonal income is scarce.

04 · STEWARDSHIP FOOTPRINT

Aligned with institutional stewardship frameworks.

Every deployed pound releases consumer redress already owed under UK statute, narrowing the long tail of undelivered compensation in retail finance (aligned with UN SDG 10 and SDG 16). Claim assessment and processing run digitally through regulated platforms, displacing paper-heavy correspondence and travel-intensive court workflows: a material reduction in the carbon intensity of dispute resolution versus the traditional litigation route. Claimant-protective, regulator-aligned, auditable.

Committee summary view. Subscribers obtain an asset that behaves as secured debt for regulatory purposes, generates income uncorrelated with the bank's existing earnings drivers, and sits comfortably within the institution's conduct, consumer-duty and stewardship commitments. The facility is designed

so that a single IC can approve on any one pillar; the four are independent arguments rather than compounding dependencies.

Transaction structure

Flow of funds

1. Subscriber commits facility capital under a master subscription agreement.
2. 95% of the commitment remains under subscriber custody throughout the facility — either in the subscriber's own deposit account (subject to its custodian policy, Option A) or in a bankruptcy-remote SPV whose legal drafting, custodial controls and any ancillary insurance are specified by the subscriber to meet mandate (Option B).
3. 5% is **available as Phase 1 drawdown to initiate the claims-processing flywheel** — drawn as required to fund the process, rather than deployed against receivables in advance. Underlying claim receivables are ATE-insured from an A-rated provider.
4. PAD receivables self-liquidate on a 4–6 month cycle. Proceeds are returned to the waterfall and either recycled (subject to the subscriber-set return floor gate, default 30%) or paid out to subscriber.
5. Facility capital is returned to the subscriber at facility end. Redeployment is available by mutual agreement.

Key counterparties

ROLE	PARTY	FUNCTION
95% custody — Option A	Subscriber's own account	Under subscriber's prevailing custodian policy; never leaves subscriber's regulatory perimeter.
95% custody — Option B	Subscriber-controlled SPV (English law, bankruptcy-remote)	Drafting, custodial controls and ancillary insurance specified by subscriber to match mandate.
Originator	EPC Ventures / Litdaq Capital Markets	Claim-pool sourcing and structuring.
ATE Insurer	A-rated (Fitch A-)	After-The-Event litigation insurance on underlying claim receivables.
Lead counsel	Top-tier City firm (name on NDA)	Legal opinion; reliance letter.
Subscribing institution	Tier 1/2 regulated deposit-taking bank; qualifying supranational, sovereign or insurance general account	Commitment; 95% deposit or SPV custody; fractional reserve activator where applicable.

Waterfall (pre-default)

1. Senior operating expenses of the SPV (administrator, auditor, custodian, paying agent) — capped at an agreed annual fee schedule.

2. ATE premium financing where invoked (<18% of claims progress to Phase 3).
3. Return floor test — kill-switch if blended cycle settlement below subscriber-set threshold; principal flow to subscriber.
4. Subscriber return share on realised proceeds (default 30%; subscriber-adjustable).
5. Originator performance share on proceeds net of subscriber share.

Call features and triggers

- **Subscriber soft-call.** Subscriber may suspend or terminate further drawdown at any cycle boundary on standard notice, with principal returned in full from the 95% custody tranche.
- **Mechanical kill-switch.** Non-discretionary: on trigger, no further capital advances and principal is returned.
- **Originator event.** Originator default triggers substitute-servicer invocation; subscriber retains custody and facility may be wound down without loss of principal.
- **ATE insurer downgrade below A-.** Triggers substitute insurer invocation at the next cycle; existing wraps remain valid to their stated terms.

Regulatory capital treatment — Basel III / NSFR

The structure is designed to produce favourable treatment across the material Basel III metrics for the subscribing bank. Treatment indicated below is based on EPC structural analysis; each subscriber's own capital team must confirm treatment under their prevailing IRB or SA methodology.

REGULATORY METRIC	TREATMENT	IMPACT ON BANK
5% Phase 1 PAD drawdown	Short-term, self-liquidating claim receivables (4–6 months) wrapped by A-rated ATE litigation insurance, enabling secured-debt classification. Indicative SCR 5–8%.	Low capital charge relative to revenue generated.
95% subscriber-custody tranche	Held in subscriber's own deposit account (Option A) or in a subscriber-controlled SPV (Option B). Available Stable Funding (ASF) under NSFR — most favourable treatment. HQLA-adjacent.	Zero incremental capital consumption. Activates fractional reserve lending capacity.
NSFR stable funding	95% ASF satisfies NSFR requirements with headroom. No material RSF obligation from the PAD tranche.	NSFR ratio maintained or improved.
LCR — liquidity coverage	Short effective duration and self-liquidating PAD receivables contribute positively to LCR at the tranche level.	LCR position improved.
Leverage ratio (CRR II Art 92)	Deposit base activates fractional reserve lending capacity within the subscriber's existing leverage framework.	Additional lending book capacity; reserve-banking revenues.
Regulated SPV (Option B)	Full LBS SPV. Independent administrator. Solvency II / Basel III reporting for pension / insurance counterparties.	Secondary-market access; full regulatory trail.

Counterparty suitability by tier

COUNTERPARTY TIER	FIT
Bank treasury (Tier 1 / Tier 2)	Primary design target. ASF treatment for 95%; secured-debt treatment for deployed 5%. NSFR and LCR positive. Repo-eligibility of the custody tranche retained where subscriber uses own account.
Insurance general account / pension LDI	Structural duration 3–5y maps to LDI cashflow matching. Under Solvency II / IORP II, the Option B SPV produces spread-risk-module inputs consistent with secured debt; independent administrator reporting supports reserving.
Sovereign wealth / supranational / DFI	Mandate fit on two vectors: (i) uncorrelated income diversifier, and (ii) stewardship footprint (consumer redress release; digital claim processing). ESG overlay at §2 pillar 4.
Family office / HNW	CCF Reserve is not structured for this tier. Comparable exposure at HNW scale is offered via CCF Capital (sister facility); see efficiencyprofessorconsultancy.com/capital .

RWA treatment is indicative for scoping only. Each subscriber must model against its own internal ratings-based (IRB) or standardised approach (SA) methodology. A detailed regulatory-treatment memo is provided on executed NDA. Retrospective changes to Basel III / CRR / NSFR methodology are addressed in §9 (Risk factors).

Return architecture — three independent streams

Subscriber return is the aggregate of three independent streams. Stream 3 (claim trade) is built bottom-up from a weighted mix of the four collateral genres identified in §6. An interactive Basel III stress test is available at efficiencyprofessorconsultancy.com/reserve-dd, permitting variable input of every parameter (commitment, leverage, NIM, deposit rate, return floor, term, per-genre mix / average claim value / settlement rate) against the subscriber's own balance-sheet ratios.

Streams 1 and 2 — top-down reserve banking

STREAM	FORMULA	DEFAULT VALUE
1 • Deposit income (95% × rate × term)	GBP 285m × 4.5% × 4y	GBP 51.3m
2 • Fractional reserve (ASF × leverage × NIM × term)	GBP 2,850m × 2.5% × 4y	GBP 285.0m

Stream 3 — bottom-up compound flywheel

Stream 3 models the capital-velocity flywheel: the subscriber's agreed share of each cycle's gross recovery is retained in the PAD and redeploys into the next cycle. Per-cycle growth factor = 1 + (efficiency × settlement × claim value / cost per claim × return share). Genre cycles complete on different timelines (Revolving Credit 3m · PPI / Motor 5–6m · Energy 8m · Lending 4m) — shorter cycles compound faster over the facility term.

At default parameters (10% capital efficiency, 30% return share, 48-month facility):

GENRE	MIX	COST / CLAIM	CYCLE	CYCLES OVER TERM	COMPOUND MULT.	GAIN OVER 4Y
Motor Finance DCA	30%	GBP 200	6m	8.0	14.2×	GBP 59.6m
PPI Residuals	25%	GBP 120	5m	9.6	87.8×	GBP 325.3m
Energy Broker UDC	20%	GBP 2,000	8m	6.0	13.7×	GBP 38.0m
Irresponsible Lending	25%	GBP 120	4m	12.0	23.3×	GBP 83.6m
Stream 3 total	100%	—	—	—	—	GBP 506.5m

Aggregate

At default parameters, indicative aggregate gross revenue over the 48-month facility is **GBP 842.8m** — approximately **281% of commitment, 70.2% annualised**. This reflects the compound flywheel effect. Subscribers can model different efficiency / share / cycle inputs in the interactive stress test; sensitivity spans ~29% p.a. (conservative 1% efficiency) to 200%+ p.a. (aggressive 15%+ efficiency). The kill-switch engages if blended settlement drops below the subscriber-set return floor (default 30%).

RETURN COMPOSITION · DEFAULT PARAMETERS

Aggregate indicative gross revenue

GBP 842.8m



Stream 1 · Deposit income
GBP 51.3m

Stream 2 · Fractional reserve
GBP 285.0m

Stream 3 · Claim trade
GBP 506.5m

Per-stream contribution to indicative aggregate at default parameters (10:1 leverage, 2.5% NIM, 4.5% deposit rate, 30% return share, 48m term).

§ 6

Collateral — claim-pool analysis

The underlying collateral is a diversified pool of UK consumer claim receivables, each underpinned by binding Supreme Court or Court of Appeal authority. Every claim is processed on the LITDAQ AI V3 platform (87,000 claims / day capacity) against barrister-drafted, AiGLE BSB-regulated genre criteria, and passes a four-party assessment pipeline (AI screen, expert witness review, PML legal processing, E-Chambers Direct counsel opinion) before admission to the pool.

GENRE	INSTITUTIONAL POOL	SUCCESS RATE	SETTLEMENT RATE	BINDING AUTHORITY
Motor Finance DCA	GBP 15bn	80%+ on eligible	75%	<i>Hopcraft v Close Brothers</i> [2025] UKSC 33
PPI Residuals (Plevin)	GBP 3bn	98%	95%	<i>Plevin v Paragon</i> [2014] UKSC 61
Energy Broker UDC	GBP 3bn	81%	70%	<i>Expert Tooling v Engie</i> [2024] EWCA
Irresponsible Lending	GBP 17bn	67–98%	80%+	CCA 1974 · FCA CONC · <i>Kerrigan v UK Credit</i> [2020] EWHC
Institutional-grade pool	GBP 38bn+	82% wtd	Portfolio wtd	Multiple SC / CA authorities

CLAIM POOL GENRE MIX · TARGET WEIGHTS



- Motor Finance DCA · **30%** · *Hopcraft* [2025] UKSC 33
- PPI Residuals · **25%** · *Plevin* [2014] UKSC 61
- Energy Broker UDC · **20%** · *Expert Tooling* [2024] EWCA
- Irresponsible Lending · **25%** · CCA 1974 · *Kerrigan* [2020] EWHC

Target mix; subscriber-adjustable. Concentration limits at §6.

Eligibility criteria

- UK consumer claim receivable with binding Supreme Court or Court of Appeal authority in the relevant genre.
- Passed the LITDAQ 3V filter (Validate / Verify / Value) under AiGLE BSB-regulated criteria.
- Completed expert-witness review (PML / The Rivermead Partnership Ltd).

- Defendant of audited capacity to pay — FTSE-regulated or equivalent.
- ATE wrap available from an A-rated provider for Phase 3 progression.

Portfolio concentration limits

- No single defendant counterparty exceeds 15% of pool exposure.
- Minimum 3 active genres per tranche; target weighting 30 / 25 / 25 / 20 across Motor / PPI / Energy / Lending.
- Vintage diversification across at least 6 settlement cohorts per tranche.
- No single counsel firm handles over 40% of pool litigation.

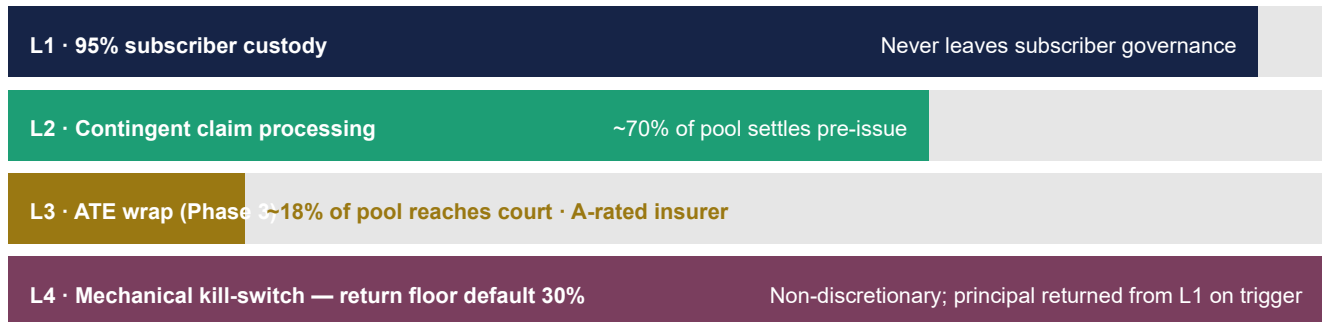
Servicing and substitution

Primary servicing is conducted by PML (The Rivermead Partnership Ltd). A back-up servicing arrangement with a second SRA-registered firm is held in reserve and may be invoked on primary-servicer event under standard SRA transfer protocols without interruption to the settlement cycle. Representations and warranties on eligibility are given by the originator; repurchase mechanics apply where a receivable is subsequently shown to fail an eligibility criterion.

Capital protection architecture

Subscriber principal is protected by a layered architecture in which no capital is advanced against court-outcome risk. The only insurable-risk layer is the counterparty exposure on the ATE insurer.

FOUR-LAYER PROTECTION STACK



Bar width indicates the population of capital / claims sitting behind each layer. Only the L3 insurable-risk layer has external counterparty exposure.

Layer 1 — 95% under subscriber custody

95% of committed capital remains under the subscriber's own custody throughout the facility term — either in the subscriber's own deposit account (subject to its prevailing custodian policy) or in a bankruptcy-remote SPV whose drafting, custodial controls and any ancillary insurance are specified by the subscriber to meet mandate.

Layer 2 — Contingent claim processing

Letter-of-claim work and pre-issue litigation preparation are performed by the instructed law firm on a contingent basis — no capital outlay required from the PAD tranche. Where a claim settles through amicable disclosure (the primary settlement route; the commercially preferred outcome for defendants with confirmed liability), no capital is consumed and no ATE cover is called upon.

Layer 3 — ATE insurance on claims that proceed to court

For the residual ~18% of claims that proceed to Phase 3 (court), the underlying receivables are wrapped by After-The-Event (ATE) litigation insurance from an A-rated provider. ATE is the standard UK product that pays the claimant's own-side costs and any adverse costs order if a covered claim does not prevail.

Layer 4 — Subscriber-set return floor with mechanical kill-switch

The claim-trade cycle is gated by a subscriber-defined return floor (default 30%, adjustable in the stress test). If realised per-cycle revenue falls below the floor, the kill-switch executes automatically: no further capital is advanced, and principal is returned in full from the 95% tranche. The gate is mechanical, not discretionary.

Net result for the subscriber. Principal is structurally protected: the 95% tranche remains under subscriber custody and is returned in full at maturity or on kill-switch. The PAD tranche does not fund court-outcome exposure — it finances claims-process costs on a largely contingent basis, with ATE cover on the residual population that proceeds to court. **The single insurable-risk layer is the ATE insurer's counterparty exposure** — mitigated by A-rated credit quality (Fitch A-, 247% solvency) and the insurer's own reinsurance programme. Tail-risk backstop: unwound trades in the underlying claim pool produce an indicative ~8.5% IRR recovery if the insurer defaults.

Counterparty & service-provider matrix

The four principal operational counterparties are identified below. Full counterparty documentation (SPV administrator, auditor, custodian, paying agent, reinsurance panel, reliance letters) is circulated on executed NDA.

ROLE	COUNTERPARTY	CREDENTIALS
ATE Insurer (Phase 3 claims wrap)	Sunshine Property and Casualty Insurance Co., Ltd. (subsidiary of Sunshine Insurance Group, China)	Fitch IFS A– (Strong), Stable — affirmed 13 January 2025. Solvency ratio 247% (Q2 2025 per Fitch). Reinsured.
Claims processing law firm	PML — The Rivermead Partnership Ltd	SRA-registered. SRA-required professional indemnity insurance. End-to-end claim processing, quantum, defendant-side negotiation.
Barristers’ chambers (Phase 3 representation)	E-Chambers Direct	Barristers Policies professional liability insurance. Specialist experience in consumer finance, regulatory redress, financial mis-selling.
AI platform & portfolio management	LITDAQ (trading name of Trance Limited)	AI V3 platform — 87,000 claims / day. Claims screened against AiGLE BSB-regulated, barrister-drafted criteria via 3V filter. Operates LITDAQ secondary-market exchange. Quarterly NAV reporting.
Issuing SPV administrator	Independent regulated corporate services provider	On NDA.
Auditor	Big Four or equivalent	On NDA.
Custodian / paying agent	Regulated UK credit institution (subscriber-nominated under Option A)	On NDA.
KYC / AML provider	Tier-1 sanctions and PEP screening	On NDA.

KC / legal review status

Transaction documentation is in draft. KC review is **in progress** — Sandip Patel, Bedford Chambers, engaged on structural and UK regulatory aspects. Reliance letter from lead counsel to be issued at facility close. Independent legal opinion on true-sale and bankruptcy-remoteness (Option B SPV) to be delivered

as a standard condition precedent. Tax treatment confirmed with advisory counsel; SPV jurisdiction rationale provided under §4 and expanded in the Offering Memorandum.

Risk factors & mitigants

Subscribers should read the following in conjunction with independent legal, regulatory and tax advice. This summary is not exhaustive; full risk disclosure is in the Information Memorandum.

RISK	DESCRIPTION	MITIGANT
Asset performance	Realised claim-pool settlement falls below modelled assumptions.	Subscriber-set return floor with mechanical kill-switch; principal returned from 95% tranche on trigger. Pool diversified across four genres with SC / CA authority.
Originator credit	EPC Ventures / Litdaq operational failure.	Originator off-balance-sheet relative to SPV (Option B). Substitute-servicer arrangement pre-agreed with second SRA firm. Subscriber retains custody of 95% tranche.
ATE insurer counterparty	Downgrade or default of ATE provider.	A-rating requirement (Fitch A- or equivalent); 150%+ solvency floor; insurer own reinsurance. Tail-risk backstop: claim-pool unwinds produce ~8.5% IRR secondary recovery (indicative).
Servicer transition	PML failure event.	SRA transfer regime; SRA-required professional indemnity insurance; substitute-servicer pre-engaged.
Structural (trigger breach)	Kill-switch misfire or waterfall dispute.	Mechanical (non-discretionary) kill-switch; independent paying-agent operation; on-demand access to waterfall computation.
Legal (true sale / bankruptcy remote)	Challenge to receivable assignment or SPV isolation.	Independent legal opinions on true sale and bankruptcy remoteness delivered as CP to facility close. KC review via Sandip Patel, Bedford Chambers.
Regulatory	Change to Basel III / CRR / NSFR methodology or UK litigation-funding regulation (FCA consultation, ALF code).	Subscriber-adjustable return floor and termination right permit wind-down without principal loss. Subscriber required to model under its own prevailing methodology.
Operational	Platform failure, data integrity.	LITDAQ AI V3 platform (87,000 claims / day capacity). Independent SPV administrator. Quarterly NAV reporting to subscriber.
Interest rate	Rate moves affect Streams 1 and 2 yields.	Stream 3 (claim trade) structurally insulated from rate cycles; Streams 1 and 2 move with subscriber's existing rate book.
Reputational / ESG	Consumer-litigation-finance positioning.	Positively correlated with consumer-protection outcomes; redress delivered to end claimants. Stewardship memo at §2 pillar 4.

**Intra-group
origination**

Litdaq litigation receivables are
EPC-originated.

Independence of SPV administrator, auditor and
ATE insurer. Originator off-balance-sheet.
Disclosed in full at §3 (Transaction structure)
and §8 (Counterparty matrix).

Process, timeline & documentation

From first contact to facility closing, the standard timeline is 8–12 weeks, dependent on subscriber internal governance cycles. The facility is currently at the **structuring and KC review** stage; launch and pricing are targeted for Q3 2026 subject to subscriber interest and KC completion.

STEP	WEEK	DOCUMENTATION
Initial confidential discussion	0	Confirm eligibility, regulatory framework, structure preference (Option A / B / bespoke).
Reconfirm established NDA terms	0-1	Confidentiality undertaking accepted at sign-in; institutional counter-signature exchanged alongside IM, draft term sheet and Basel III / NSFR treatment note.
Internal credit & regulatory capital review	2-4	Subscriber's PRA / internal regulatory capital team receives supporting materials; data-room opened.
Diligence Q&A	2-5	Data-room access; management calls; legal-opinion reliance letter; stress-test walkthrough.
KYC / AML completion	4-7	Standard onboarding per subscribing institution.
Agree structural terms	5-8	Option A (deposit mandate), Option B (LBS SPV) or bespoke bank SPV.
Subscription agreement executed	6-10	Master subscription; deposit account mandate; SPV documentation.
Subscription & onboarding	8-12	Commitment agreement; 5% Phase 1 drawdown; balance retained on deposit; LITDAQ dashboard access activated.

Comparable transactions & precedent

Comparable UK and European litigation-backed ABS precedents and parallel regulatory capital structures are summarised below for benchmarking. Counterparty names and precise transaction terms where publicly disclosable are provided on NDA.

- Public litigation-funding note issuances from LSE / AIM-listed litigation funders (Burford Capital, Manolete Partners) — comparable return profile and recourse structure, without the Basel III bank-subscriber focus.
- Omni Bridgeway Ltd structured facilities for commercial-tort portfolios (Australian / European mandates).
- Harbour Litigation Funding private-placement notes to institutional allocators.
- Asertis Fund (EPC sister vehicle) private-placement facility for UK consumer claim pools — closest direct precedent; different investor tier (HNW / Sophisticated).

CCF Reserve is differentiated from these precedents by (i) Basel III subscriber design, (ii) 95 / 5 ASF / PAD structural split, (iii) contractual return floor with mechanical kill-switch, (iv) ATE-insured deployed fraction, (v) three-stream return architecture including fractional reserve activation. Precedent analysis does not imply that CCF Reserve terms or returns will match those of the comparables.

Draft LBS SPV term sheet

DRAFT FOR EVOLUTION · INDICATIVE ONLY

The following is an indicative, non-binding draft of the principal commercial terms for the Option B LBS SPV structure. Terms will evolve through subscriber dialogue, KC review, counterparty negotiation and final documentation. Nothing in this term sheet constitutes an offer, a firm commitment, or the final terms on which the facility will be issued.

ITEM	INDICATIVE TERMS
Issuer	CCF Reserve Series SPV, Limited (English law, orphan / non-orphan at subscriber option; bankruptcy-remote). Specific vehicle name to be confirmed at incorporation.
Originator / sponsor	EPC Ventures (operating division of Efficiency Professor Consultancy Limited) in association with Litdaq Capital Markets (Trance Limited). Originator off-balance-sheet relative to SPV.
Facility size per tranche	GBP 100m – GBP 1bn, subject to subscriber commitment.
Minimum commitment	GBP 100m per subscribing institution.
Term	36, 48 or 60 months (subscriber-selected).
Instrument class	Senior secured note, non-recourse, backed by ATE-insured claim receivables and 95% ASF-eligible custody tranche.
Ratings status	Unrated at launch. Rating engagement to be initiated at subscriber request; agency and mandate stage to be named at that point.
Tranche structure	Single-tranche at launch. Subordination and credit enhancement achieved through the structural split (95% ASF / 5% PAD) rather than multi-class subordination.
Coupon / return profile	Three-stream return: (1) deposit income at subscriber's prevailing funding rate, (2) fractional reserve lending revenue, (3) claim-trade share at subscriber-set return share (default 30%). No fixed coupon; return is proceeds-driven.
Return floor / kill-switch	Subscriber-adjustable return floor (default 30% per cycle). Mechanical kill-switch returns principal in full if breached.
Custody – Option A	Subscriber's own deposit account, under prevailing custodian policy; 95% tranche never leaves the subscriber's regulatory perimeter.
Custody – Option B	Subscriber-controlled SPV, bankruptcy-remote, English law. Subscriber specifies drafting, custodial controls and any ancillary insurance to meet mandate.
Credit enhancement	(i) ATE insurance wrap on claim receivables from A-rated provider; (ii) mechanical kill-switch at return floor; (iii) pool concentration limits (§6); (iv) originator contingent processing.
Call features	Subscriber soft-call at cycle boundaries on standard notice. Originator event triggers substitute servicing. ATE downgrade below A– triggers substitute insurer. No hard call.

Payment priority	(i) SPV senior operating expenses, capped; (ii) ATE premium financing where invoked; (iii) return floor test; (iv) subscriber return share; (v) originator performance share.
Reporting	Quarterly NAV and settlement reporting; annual audited accounts; real-time dashboard access via LITDAQ platform.
Servicer	PML (The Rivermead Partnership Ltd), SRA-registered. Substitute servicer pre-engaged with a second SRA-registered firm.
Administrator / custodian / auditor	Independent regulated corporate services provider, regulated UK custodian, Big Four or equivalent auditor. Named on NDA.
Legal opinions	True-sale opinion; bankruptcy-remoteness opinion (Option B); regulatory-treatment opinion. KC review in progress (Sandip Patel, Bedford Chambers). Reliance letters to subscriber.
Offering format	Private placement; English law. Circulated exclusively to Investment Professionals under FPO 2005 Art 19 and equivalent counterparties on executed NDA.
Listing	Unlisted at launch. Secondary-market access via the LITDAQ exchange available to Option B subscribers.
Securitisation regulation	UK SECR treatment to be confirmed at final documentation. Risk-retention posture: originator retention to be addressed in structuring. Transparency reporting to be provided at subscriber request.
STS	Not pursued at launch. STS designation may be revisited in a subsequent series.
Prospectus regime	Exempt under UK PR (private placement to Investment Professionals). Not admitted to trading on a regulated market at launch.
AIFMD marketing	Not a fund-of-one at launch; AIFMD marketing posture to be addressed if structure migrates. Reverse-solicitation approach adopted for EEA counterparties where applicable.
Tax treatment	SPV tax-neutral under English-law securitisation company regime where structure qualifies. Withholding tax analysis provided at final documentation. Subscribers must obtain independent tax advice.
Governing law / jurisdiction	English law; exclusive jurisdiction of the courts of England and Wales.
Fees	Fee schedule (administrator, auditor, custodian, paying agent, counsel) capped at agreed annual level and satisfied from the

waterfall as senior operating expenses.

Conditions precedent to close

Executed NDA and subscription agreement; KYC / AML completion; KC review complete; true-sale and bankruptcy-remoteness opinions delivered; ATE insurer confirmation; subscriber regulatory capital team sign-off.

Draft status. This term sheet is indicative only and will evolve through KC review, subscriber negotiation and final documentation. All figures are indicative unless otherwise stated. Ratings status is “unrated at launch”; rating mandate stage will be named if and when initiated. KC review is in progress; final terms remain subject to KC completion and subscriber dialogue.

Next steps & contact

For subscribing institutions

1. **Access the live DD environment** at efficiencyprofessorconsultancy.com/reserve-dd. The stress-test permits modelling against your own balance-sheet mix.
2. **Request the Offering Memorandum and draft term sheet** via the engagement form at efficiencyprofessorconsultancy.com/reserve. Confidentiality terms accepted at sign-in will be reconfirmed before release.
3. **Initial confidential discussion** with EPC Ventures and Litdaq Capital Markets to confirm eligibility, regulatory framework and structure preference (Option A / B / bespoke).
4. **Open internal credit and regulatory capital review**. EPC provides supporting materials for the subscriber's PRA / regulatory capital team review in parallel.
5. **Proceed to subscription** on the timeline at §10.

CONTACT

EPC Ventures · Litdaq Capital Markets

Institutional enquiries: invest@efficiencyprofessorconsultancy.com

Reserve desk: B3@efficiencyprofessorconsultancy.com

Investor relations: ir@efficiencyprofessorconsultancy.com

Website: efficiencyprofessorconsultancy.com/reserve

Live DD environment: efficiencyprofessorconsultancy.com/reserve-dd

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