MEMORANDUM

To: Crypto Task Force Meeting Log
From: Crypto Task Force Staff
Re: Meeting with Representatives of Arkonix Technologies Private Limited

On July 27, 2026, Crypto Task Force Staff met with representatives from Arkonix Technologies Private Limited.

The topic discussed was approaches to addressing issues related to regulation of crypto assets. Arkonix Technologies Private Limited representatives provided the attached document, which was discussed during the meeting.

Meeting Agenda: ARKØNIX / SEC Consultation

Objective: To discuss the regulatory framework, registration pathways, and compliance considerations for on-chain, algorithmically-managed vault technology.

Proposed Attendees:

- Ryan Turner: Founder & CEO, ARKØNIX
- Amy Allgood: General Counsel, ARKØNIX

Topic 1: Vault Token Classification and Securities Law Analysis

Goal: *To address the threshold question of whether vault tokens issued under the ERC-7540 standard constitute securities, and to clarify the interaction between token mechanics and existing securities law frameworks.*

1. Token Characterization: Evaluating whether vault tokens — which represent a depositor's pro-rata share of algorithmically-managed on-chain assets — constitute "investment contracts" under the Howey framework or "notes" under Reves v. Ernst & Young.

2. Async Deposit/Redemption Mechanics: Assessing whether the ERC-7540 asynchronous deposit and redemption mechanism (versus immediate ERC-4626 redemption) affects the liquidity analysis relevant to securities classification.

3. Exemptions and Registration: If vault tokens are securities, identifying applicable registration exemptions (Regulation D, Regulation S, Section 3(a)(2)) and the interaction with the Investment Company Act.

4. White-Label Distribution Model: Clarifying regulatory treatment when vault tokens are distributed through white-label partners operating under their own brand. Specifically, whether the infrastructure provider (ARKØNIX), the white-label partner, or both bear issuer or distributor obligations under the Securities Act.

Topic 2: TEE-Attested Algorithmic Execution and the Investment Adviser Analysis

Goal: *To clarify the regulatory treatment of fully automated, cryptographically-attested investment strategies and the applicability of the Investment Advisers Act.*

1. IA Analysis Calibration: Determining whether the investment adviser analysis changes when investment decisions are executed by cryptographically attested algorithms operating within a Trusted Execution Environment (TEE) with no human discretion in the execution loop.

2. Legal Distinction: Evaluating the distinction between a human manager selecting allocations based on a published methodology versus an algorithm implementing that methodology with cryptographic proof of fidelity.

3. The "Advice" Prong: Discussing the regulatory perspective on the "advice" prong of the IA definition when strategies are fully specified in code, execution is verifiably constrained, and the algorithm's behavior is attested on-chain.

4. Transparency & Disclosure: Defining disclosure obligations for on-chain algorithmic strategies and assessing whether on-chain attestation and verifiable execution logs satisfy or supplement current transparency requirements.

5. White-Label IA Allocation: Determining which entity in the white-label model — infrastructure provider or branded partner — is the "investment adviser" when the strategy is developed by one party and deployed under another's brand.

Topic 3: Registration Pathway for On-Chain Investment Management

Goal: *To seek practical guidance on registration under the Investment Advisers Act for non-custodial, on-chain entities.*

1. AUM Calculation: Clarifying AUM calculation methodology for non-custodial vault architectures where depositors retain vault tokens and underlying assets are held in smart contracts — not in accounts controlled by the adviser.

2. Custody Rule: Addressing whether the use of smart contracts as the asset-holding mechanism (in lieu of a qualified custodian) triggers the custody rule, and if so, what safeguards would satisfy the rule's requirements.

3. Fee Disclosures: Best practices for structuring performance fee disclosures for on-chain products with cross-border depositor bases, including non-U.S. persons, and any special considerations for on-chain fee accrual mechanisms.

4. International Distribution: Strategizing the intersection of SEC registration and distribution to non-U.S. persons — particularly institutional and qualified investor clients in MENA jurisdictions — and coordination with local regulatory frameworks (e.g., CMA, VARA, ADGM).

Topic 4: Shariah-Compliant On-Chain Investment Products

Goal: *To explore the intersection of Shariah certification, product classification, and cross-border regulatory guidance.*

1. Securities Law Classification: Evaluating whether a Shariah certification — which restricts permissible underlying assets and prohibits interest-bearing instruments — impacts the securities law classification of the vault product.

2. Exemptions and Safe Harbors: Assessing whether existing exemptions or safe harbors apply to Shariah-compliant investment structures, and whether the asset restrictions inherent in Shariah compliance affect the availability of those exemptions.

3. Cross-Border Guidance: Seeking guidance on SEC expectations for cross-border distribution of registered products into the Gulf market, particularly in conjunction with local regulatory relationships and dual-compliance requirements.