MEMORANDUM

To: Crypto Task Force Meeting Log
From: Crypto Task Force Staff
Re: Meeting with Representatives of Inherence, Inc.

On August 4, 2026, Crypto Task Force Staff met with representatives from Inherence, Inc.

The topic discussed was approaches to addressing issues related to regulation of crypto assets. Inherence, Inc. representatives provided the attached document, which was discussed during the meeting.

WRITTEN SUMMARY AND DETAILED AGENDA

Verifiable Conduct for Crypto Vaults and Onchain Lending Strategies

Submitted to the Crypto Task Force, U.S. Securities and Exchange Commission, in response to Commissioner Peirce's July 22, 2026 statement, *Headstands and Summervaults: A Statement on Crypto Vaults and Lending Strategies*.[1]
Submitted by Inherence, Inc., Los Angeles, California • July 23, 2026

1. Purpose of the requested meeting

Commissioner Peirce's statement observes that vaults fall along a spectrum, from allocations determined solely by immutable smart contracts to allocations at the sole discretion of a person or group. It identifies the managerial decisions on which the legal analysis turns: selecting yield-generating activities, reallocating assets, setting interest rates, deciding which assets to accommodate, setting loan-to-value limits, and establishing liquidation thresholds. It invites market participants working on vaults to discuss compliant paths forward and to offer views on whether the rules need modification.

We request a meeting to brief the Task Force on a technology that bears directly on that analysis: cryptographic proof that a vault's conduct stayed within its disclosed operating limits. We are a technology provider. We do not operate a vault, act as a curator, or manage assets, and we seek no determination regarding the status of our own products. Our objective is to contribute a mechanism the Task Force may find useful as it considers how vaults and lending strategies can operate within the federal securities laws.

2. About Inherence

Inherence, Inc. is a Delaware corporation based in Los Angeles. We build infrastructure that compiles a written policy into two artifacts: an enforcement check evaluated before each action the policy governs, and a compact cryptographic receipt proving the action complied with the policy. Our enforcement proxy and receipt verifier are open source (Apache-2.0, published on PyPI).

3. The technology, in brief

A **mandate** is a machine-readable specification of a vault's operating limits. For a curated vault, a mandate can encode the permitted venues and protocols, the permitted assets, allocation bounds per venue and per asset, leverage ceilings, loan-to-value limits, liquidation thresholds, and approved oracle sources. These are the same parameters the statement identifies as the subject of managerial discretion.

From the mandate, our compiler produces two artifacts:

(a) An **enforcement check** evaluated inline before each allocation decision. Measured overhead is tens to hundreds of nanoseconds per decision, so enforcement does not constrain execution.

(b) A **receipt** for each decision: a 128-byte zero-knowledge proof (Groth16) that the decision satisfied the mandate. Proof generation adds a few milliseconds per decision (measured). Any third party can verify a receipt in about one millisecond on ordinary hardware (measured). Verification requires no access to the vault's positions or strategy, no cooperation from the operator or curator, and no trust in Inherence.

Two properties of the receipt are relevant to the Commission:

The record is complete and contemporaneous. Receipts are generated at the time of each decision rather than reconstructed afterward. In recent vault incidents, determining whether a curator acted within its stated strategy required weeks of forensic work after losses had occurred. A receipt makes that determination available immediately, for every decision.

Verification does not require disclosure of positions. A receipt establishes that conduct complied with the mandate. It does not reveal positions, counterparties, or strategy. This is responsive to the tension the Task Force examined at its December 15, 2025 roundtable on financial surveillance and privacy:[2] verification of rule-following without visibility into the underlying activity.

4. Relevance to the questions raised in the July 22 statement

The statement's legal analysis is fact-driven. Whether a vault is an investment contract, whether it falls into investment company territory, and whether its managers face investment adviser questions all depend on the actual scope of managerial discretion and how it is exercised. Today those facts are established through offering documents, marketing materials, representations, and, when something goes wrong, forensic reconstruction. A disclosed mandate with continuous receipts changes the character of the factual record in three ways.

First, the scope of discretion becomes a published, machine-readable object rather than a description in a document. A mandate states exactly which parameters the curator may move and within what bounds.

Second, conformance between disclosure and practice becomes verifiable per decision. Each receipt is evidence that, at a specific moment, practice matched the disclosed limits. Divergence is detectable when it happens rather than at the next audit or the next failure.

Third, a vault's position on the statement's spectrum becomes continuously observable. That position can change over time: parameters are added, curators delegate decisions to other parties, strategies evolve. A one-time legal analysis of a vault's design can be outdated by its operation. Continuous proof keeps the factual record current.

We want to be precise about what we are not claiming. Receipts do not answer the legal questions. A vault operating under a narrow mandate may still involve a security, and a vault with broad discretion may not. What receipts change is the reliability and timeliness of the facts to which the legal analysis applies.

5. Connection to the existing record before the Task Force

The record already contains the adjacent question. Veda Tech Labs' written input of March 23, 2026 proposes a compliance pathway for vault-based custody and states that a pathway for static vault custody would serve as the foundation for future SEC action addressing more dynamic vault use cases.[3] Wave Digital Assets' letter of April 7, 2026 supports that guardrail-based pathway from the perspective of an SEC-registered investment adviser.[4] The open question in that record is how guardrails remain reliable once allocation is dynamic and discretionary. Continuous proof of mandate compliance is a direct candidate answer: the guardrails become machine-verifiable at each allocation decision rather than attested periodically.

6. Proposed attendees

Jing Jian (JJ), Founder and Chief Executive Officer, Inherence, Inc.
Andrew Wan, Co-Inventor, Inherence, Inc. (attendance to be confirmed)

We are available to meet in person in Washington, D.C. or virtually, at the Task Force's convenience.

7. Detailed agenda and plan for discussion (60 minutes)

Minutes 0 to 5. Introductions.

Inherence's role as a technology provider with no classification question of its own before the Commission, and the scope of the discussion.

Minutes 5 to 20. Working demonstration.

We will bring a working demonstration on a laptop: a sample curated-vault mandate encoding venue and asset permissions, allocation bounds, a leverage ceiling, a loan-to-value limit, and a liquidation threshold; one allocation decision that complies with the mandate and one that violates it; generation of the receipt for the compliant decision and the enforcement block for the non-compliant one; and verification of the receipt. Staff may verify the receipt on their own hardware using our open-source verifier if they wish.

Minutes 20 to 35. Discussion question 1: evidentiary weight.

In the facts-and-circumstances analysis described in the statement, what weight could verified conduct records carry? What would staff need to understand about the verification model, including the soundness assumptions of the proof system, the management of proving keys, and the audit of compiled circuits, in order to rely on receipts as evidence of conduct?

Minutes 35 to 48. Discussion question 2: conditions and exemptive relief.

Conditions in exemptive orders and no-action positions are only as reliable as their observability. Could continuous mandate compliance serve as a condition for relief for vaults or onchain lending strategies, including under an innovation exemption? Which condition types would be most valuable to make machine-verifiable: asset scope, concentration limits, leverage limits, prohibitions on affiliate or self-dealing venues, fee calculations, or others the staff would prioritize?

Minutes 48 to 57. Discussion question 3: form of the record.

If receipts are to be useful in examinations and disclosure review, what form should they take? Per-decision publication versus periodic aggregates; public posting versus production on request; retention periods; and the disclosure treatment of mandate amendments, since a change to the mandate is a change to the disclosed scope of discretion.

Minutes 57 to 60. Follow-up items.

We can provide a technical appendix on the proof system and verification model, sample mandates for common vault types, and a test environment for staff use.

8. Materials

This document constitutes our written summary and detailed agenda. Our enforcement proxy and receipt verifier are publicly available as open source on PyPI. We understand that this submission will be posted publicly and have prepared it accordingly.

Notes

1. Commissioner Hester M. Peirce, Headstands and Summervaults: A Statement on Crypto Vaults and Lending Strategies (July 22, 2026), https://www.sec.gov/newsroom/speeches-statements/peirce-statement-crypto-vaults-lending-strategies-072226

2. SEC Crypto Task Force, Roundtable on Financial Surveillance and Privacy (Dec. 15, 2025).

3. Veda Tech Labs Inc., Written Input to the SEC-CFTC Harmonization Initiative (Mar. 23, 2026), https://www.sec.gov/files/sec-cftc-harmonization-initiative-written-input-veda-tech-labs-inc-032326.pdf; see also Memorandum of Harmonization Initiative staff meeting with Veda Tech Labs Inc. (Apr. 23, 2026), https://www.sec.gov/files/harmonization-memo-veda-042326.pdf

4. Wave Digital Assets, Written Input to the SEC-CFTC Harmonization Initiative in support of Veda's proposal (Apr. 7, 2026), https://www.sec.gov/files/sec-cftc-harmonization-initiative-written-input-veda-040726.pdf