TECHNOLOGY LAW & DIGITAL ASSET TRANSACTIONS

US & CANADIAN JURISDICTION • QUANTUM TECHNOLOGY • "QFS" CLAIMS

Legal research annex for a Digital Asset Purchase and Monetization Agreement

DOCUMENT PURPOSE	SCOPE	STATUS
Clause-ready drafting support, legal issue spotting and case-law research.	United States federal law; Canadian federal/provincial law; cross-border contract mechanics.	Research draft only. Must be reviewed by qualified legal counsel in each relevant jurisdiction.

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Important distinction: "quantum jurisdiction" is not a generally recognized standalone legal jurisdiction. This annex uses the phrase to discuss

(i) jurisdictional questions arising from *quantum-computing technology* and
(ii) claims marketed as a "Quantum Financial System" (QFS).
(iii) These are legally and technically different subjects.

1. EXECUTIVE SUMMARY

A digital asset purchase and monetization transaction should be drafted around verifiable ownership, asset classification, lawful transfer, settlement finality, source of funds, custody, representations (Videos or Manuals), and/or remedies—not around labels such as "quantum," "institutional grade," or "QFS." A blockchain transaction can prove that a network recorded a transfer; it does not, by itself, prove the transferor's legal title, the absence of liens, the asset's lawful origin, or a guaranteed fiat redemption.

ISSUE	US POSITION — HIGH LEVEL	CANADIAN POSITION — HIGH LEVEL	CONTRACT RESPONSE
Asset / security classification	Facts and transaction structure matter. Investment-contract analysis may apply under Howey and current SEC/CFTC guidance.	Provincial/territorial securities laws and Canadian Securities Administrators guidance may apply; characterization is fact-specific.	Schedule the asset, rights, issuer, marketing, transfer restrictions and legal classification; require counsel sign-off.
Property and custody	Property, tracing, injunction and bankruptcy treatment depend on asset, custody structure and applicable state/federal law.	Canadian courts have treated crypto assets as preservable digital assets; property analysis and remedies remain fact- and province-sensitive.	Record chain, token contract, wallet control, custodian, beneficial owner, liens and recovery process.
Cross-border jurisdiction	Personal jurisdiction, choice of law, federal/state law, arbitration and mandatory statutes must be assessed separately.	Provincial court jurisdiction and conflict-of-laws principles coexist with federal statutes and provincial securities regulation.	Name parties, domiciles, governing law, forum/arbitration seat, service addresses and interim-relief courts.
Quantum technology	Quantum computing may threaten some cryptographic systems in the future; it does not establish a separate financial jurisdiction.	Same practical issue; migration planning and cybersecurity governance are central.	Require crypto-agility, incident notices, key rotation and post-quantum readiness plans.
"Quantum Financial System" claims	Do not treat claims of a secret, universal, gold-backed or guaranteed-	Canadian regulators have published an investor alert for an	No representation of access to a special QFS rail, secret ledger or

	return system as verified without independent evidence.	entity using the QFS name.	guaranteed monetization unless independently evidenced and legally reviewed.

2. Terminology: avoid category errors.

TERM	WORKING MEANING	LEGAL / DRAFTING NOTE
Digital asset	A digitally represented asset or right, including certain cryptoassets, tokens, stablecoins or tokenized claims.	Define the exact asset; do not rely on a marketing name alone.
Blockchain / distributed ledger	A replicated record maintained under a network's consensus rules.	Record chain ID, contract address, token standard, transaction hash and confirmation policy.
Smart contract	Software deployed to a ledger that executes coded logic.	Code is not automatically a complete legal agreement; align code, prose terms and dispute procedures.
Quantum computing	Computing based on quantum-mechanical systems; potential applications include optimization and cryptanalysis.	Avoid implying that a transaction is quantum-secured unless the architecture and independent tests support it.
Post-quantum cryptography (PQC)	Cryptographic algorithms designed to resist attacks by both classical and sufficiently capable quantum computers.	Set measurable security standards, migration deadlines, key management and vendor responsibilities.
"Quantum Financial System" (QFS)	A phrase used in some promotions; not a recognized universal banking or settlement jurisdiction.	The Québec AMF has warned that an entity using this name was not registered/authorized to solicit investors in Québec. This is a specific warning, not a finding about every use of the phrase.

3. US Jurisdiction: Key Legal Layers

LAYER	QUESTIONS TO RESOLVE	"DAPA" CONTROL
Federal securities law	Is the asset or transaction an investment contract or another security? Is an exemption available? Are broker, exchange, ATS or investment-adviser rules implicated?	Attach a written classification memo and offering/transfer restrictions; no unlawful solicitation.

Commodities / derivatives	Does the transaction involve commodity interests, leveraged retail commodity transactions, swaps or futures?	Represent compliance with applicable CFTC and exchange requirements; prohibit unauthorized leveraged products.
Money transmission / AML	Do any party, custodian or intermediary trigger federal or state money-transmitter, sanctions, Bank Secrecy Act or related duties?	Identify regulated entities, licences, KYC/AML checks, sanctions screening and suspicious-activity escalation.
State law / UCC	Which state's contract, commercial, custody, property and secured-transactions rules apply? Is "QUSD" token a controllable electronic record or other property under the applicable enactment?	Choose governing law deliberately; address perfection, control, priority and insolvency with counsel.
Jurisdiction / dispute resolution	Can the chosen court exercise personal jurisdiction? Is arbitration enforceable? Are interim injunctions needed where assets are located?	Use explicit forum and arbitration language; preserve emergency injunctive relief and lawful service methods.
Privacy / cybersecurity	What personal data is collected, where is it processed, and which breach-notification laws apply?	Data minimization, access controls, incident notice timelines, audit logs and cross-border transfer terms.

A governing-law clause does not automatically select every regulatory regime, confer personal jurisdiction, or displace mandatory law. The place of incorporation, location of customers, activities performed, custody locations, and asset characteristics can all matter.

4. Canadian Jurisdiction: Key Legal Layers

LAYER	QUESTIONS TO RESOLVE	"DAPA" CONTROL
Provincial / territorial securities law	Does the QUSD (the cascade coin) & qETH (Ethereum mainnet) vs USDT token, investment arrangement, platform or monetization service constitute a security or derivative? Which provinces are targeted?	Document province-by-province analysis and registration/exemption position.
Canadian criminal / proceeds-of-crime rules	Are parties subject to applicable AML, sanctions, fraud, proceeds-of-crime or reporting obligations?	Risk-based source-of-funds and source-of-wealth checks; reject unexplained third-party transfers.
FINTRAC / MSB obligations	Does a party qualify as a money services business or foreign MSB, including virtual-currency services?	Require registration status where applicable and allocation of compliance duties.

Property, tracing and remedies	Can the asset be preserved, traced, frozen or recovered? Who controls private keys or exchange accounts?	Define beneficial title, custody, wallet control, freeze authority and cooperation with lawful orders.
Private international law	Which province has jurisdiction; what law governs; will a foreign judgment or arbitral award be recognized?	Specify forum, arbitration seat, notice addresses, interim relief and service of process.
Privacy and cybersecurity	Personal Information Protection and Electronic Documents Act "PIPEDA" and/or provincial privacy laws may apply depending on the activity and location.	Define controller/service-provider roles, retention, access, breach notice and cross-border processing.

Canada is not a single uniform digital-asset jurisdiction. Securities regulation is substantially provincial/territorial, and privacy, property, and civil-procedure issues may vary by province. The parties should identify the provinces with a real connection to the transaction.

5. Quantum Technology and the limits of "Quantum Jurisdiction"

There is no generally recognized US or Canadian court system, regulator, governing-law regime, or settlement jurisdiction called "Quantum Jurisdiction." Quantum computing is a technology topic; jurisdiction remains a question of ordinary constitutional, statutory, personal-jurisdiction, conflict-of-laws, and contractual rules.

TOPIC	WHAT IS GROUNDED	WHAT NOT TO ASSUME
Cryptographic risk	A sufficiently capable future quantum computer could threaten some widely used public-key cryptography. Risk depends on algorithms, implementation and capability.	Do not claim that a particular wallet or token is already quantum-proof without technical evidence.
Post-quantum migration	National Institute of Standards and Technology "NIST" - A US federal agency within the Department of Commerce that develops measurement standards, technical guidance, and cybersecurity standards, including standards for *post-quantum cryptography*, has standardized initial post-quantum cryptographic algorithms; organizations should plan crypto-agility and migration.	A "quantum-secure" label is not a substitute for an architecture review, independent testing and key-management controls.
Settlement	A ledger can record transactions under network rules; legal finality also depends on contract terms, reversibility, custody, fraud and applicable law.	Do not equate block confirmations with guaranteed legal title, bank acceptance or fiat redemption.

"QFS" marketing	Regulators have warned about specific unregistered entities using QFS branding.	Do not promise secret access, government-backed redemption, universal debt cancellation or guaranteed profits without authoritative evidence.

6. Case law and regulatory materials: US

AUTHORITY	PRINCIPLE / USE	"DAPA" IMPLICATION
SEC v. W.J. Howey Co., 328 U.S. 293 (1946)	US Supreme Court investment-contract test: investment of money in a common enterprise with an expectation of profits from others' efforts.	Assess the economic reality of the offer, profit representations, promoter role and distribution—not just token labels.
SEC v. Ripple Labs Inc., No. 20-cv-10832 (S.D.N.Y. 2023; final judgment 2024; appeals dismissed 2025)	District court distinguished institutional contract sales from certain programmatic exchange sales on the record before it. The final judgment and litigation history must be read together; it is not a universal token exemption.	Classify each offering and sale pathway separately. Do not cite Ripple as establishing that XRP or all cryptoassets are categorically outside securities law.
CFTC v. Ooki DAO, No. 3:22-cv-05416 (N.D. Cal. 2023)	Default judgment found violations relating to unlawful leveraged/margined retail commodity transactions and regulatory obligations; DAO form did not automatically insulate the protocol from enforcement.	Identify operators, governance participants and regulated activities; do not assume decentralization removes liability.
SEC v. Coinbase, Inc., No. 23-3202 (3d Cir. Jan. 13, 2025)	Third Circuit addressed the SEC's rulemaking petition and administrative-law issues; it did not provide a blanket merits ruling that all exchange-listed cryptoassets are securities or not securities.	Keep regulatory classification fact-specific; do not overstate procedural decisions.
2026 SEC/CFTC interpretation, 91 Fed. Reg. 13714 (Mar. 23, 2026)	Federal interpretation addresses application of securities laws to certain cryptoassets and transactions, including staking, wrapping and airdrops. Check current text and effective status before reliance.	Include a current-law review condition before signing and before any offering, resale or monetization.

7. Case law and regulatory materials, Canada

AUTHORITY	PRINCIPLE / USE	"DAPA" IMPLICATION
Shair.com Global Digital Services Ltd. v. Arnold, 2018 BCSC 1512	British Columbia Supreme Court treated cryptocurrency and related wallet information as digital assets warranting preservation pending trial.	Preservation, key control and wallet records can be legally significant; specify evidence retention and emergency cooperation.
Cicada 137 LLC v. Medjedovic, 2021 ONSC 8581; 2022 ONSC 369	Ontario proceedings concerning alleged cryptoasset misappropriation and remedies; useful context for tracing, preservation and cross-border recovery issues.	Draft rapid notice, evidence preservation, injunction cooperation and tracing obligations.
Kirshenberg v. Schneider, 2023 ONSC 2809	Ontario Superior Court discussed the treatment of cryptocurrency as property and considered authorities from other jurisdictions; carefully read the decision's actual holding and context.	Avoid stating that every token is conclusively property for every legal purpose; identify the specific asset and remedy sought.
British Columbia (Attorney General) v. Brecknell, 2018 BCCA 5	Jurisdictional test later considered in Ontario cryptocurrency restraint proceedings; relevant to restraint/management orders and territorial connection.	Where assets, exchanges or parties' span borders, preserve evidence of location, control and connection to the forum.
Attorney General of Ontario v. Nest Services Limited (Ontario SCJ 2025 ONSC 2753 and 2025 ONSC 7113; SCC docket 42220)	Proceedings concerning restraint and management of cryptocurrency allegedly linked to offences; Supreme Court of Canada docket materials summarize lower-court history. Verify any later appellate disposition before citing.	Confirm current procedural status and use official judgments rather than summaries for litigation decisions.
CSA / provincial regulator investor alerts	Investor alerts are not case law, but provide useful regulatory due-diligence context. Québec AMF issued a QFS-related warning on May 21, 2026.	Verify registration and authorization directly with the relevant regulator; an alert about one entity should not be generalized beyond its scope.

8. Clause-ready drafting excerpts

The following sample language is a starting point for counsel. Bracketed terms must be completed; the clauses should be conformed to the asset, parties, jurisdictions, settlement method and commercial deal.

8.1.1 Asset identification and title

"Digital Asset" means only the asset (QUSD/qETH vs USDT) expressly identified in the Digital Assets Purchase & Monetization Agreement ("DAPA") Proof of Digital Assets "Schedule A" by:

(a) network and chain ID;
(b) token name and standard;
(c) contract address, if applicable;
(d) quantity and decimals;
(e) wallet address and control evidence; and
(f) any issuer, redemption, freeze, transfer or encumbrance terms.

No ticker, screenshot, wallet balance display, or oral statement alone constitutes proof of title or deliverable quantity.

8.1.2 **Quantvestrix Inc. USA "QVTS" and/or NVC Trust Funds/Bank LLC. USA,** "Seller/Investor" represents, as of signing and delivery, that "Seller/Investor" is legally entitled to transfer the Digital Asset, has disclosed all known liens, freezes, restrictions, beneficial ownership claims and third-party interests, and/or all related provenances, and will not knowingly tender proceeds of crime or assets subject to sanctions or unlawful restrictions. These representations do not replace independent verification.

8.2 Delivery-versus-payment and settlement

8.2.1 "Settlement shall occur only through the agreed Delivery-versus-Payment sequence in *Schedule 2, Annexure B* in the "DAPA" contract.

8.2.2 The "parties" shall independently verify wallet control, asset identity, network, recipient address, and any required compliance clearance before broadcast. The transaction is not complete merely because a transaction is submitted to a mempool or displayed as pending. Completion occurs when the agreed confirmation threshold is

reached, and the receiving party verifies the credited amount, subject to the agreed reorganization/fork and error procedures."

8.3 Network disruption, reorganization or fork

8.3.1 "A Material Network Disruption includes a sustained consensus failure, chain halt, severe congestion, exploit, chain reorganization affecting the transaction, compromised signing infrastructure, or credible network-level security incident.

8.3.1 On notice of such event, either party may suspend the affected settlement without default until the parties' designated technical leads confirm a safe path. The parties shall document the incident, preserve logs, avoid duplicate transfers, and resume only under a written incident protocol.

8.3.2 Treatment of forks, airdrops, staking rewards and disputed duplicate balances is set out in *"Schedule 2, Annexure B."*

8.4 Compliance and no guaranteed monetization

8.4.1 "Each party shall comply with laws applicable to its activities, including applicable securities, commodities, sanctions, anti-money-laundering, money-transmission, privacy and consumer-protection requirements.

8.4.2 No party represents that a Digital Asset is automatically exempt from regulation because it is decentralized, tokenized, algorithmic, quantum-secured, or described as part of a Quantum Financial System.

8.4.3 No monetization, liquidity, bank acceptance, redemption, profit, or settlement timing is guaranteed unless expressly stated as a binding obligation with objective conditions and a lawful, funded performance mechanism."

8.5 Quantum/cybersecurity readiness

8.5.1 "Each party responsible for wallet infrastructure or custody shall maintain a documented cryptographic inventory, access-control and key-rotation procedures, backup and recovery controls, vulnerability management, and an incident-response plan.

8.5.1 The parties shall review material cryptographic risks at least annually and following a material threat advisory. Any representation that a system is post-quantum secure must identify the algorithms, implementation scope, independent assessment date, and known limitations in *"Schedule 2, Annexure B."*

8.6 Governing law and disputes

8.6.1 "This Agreement is governed by the laws of the State of Dallas, and/or Province of Ontario and the applicable laws of the United States and/or Canada, without giving effect to conflict-of-laws rules except as required by mandatory law.

8.6.2 Subject to any non-waivable jurisdiction, the parties submit to a Court of competent legal jurisdiction and/or a recognized arbitration institution within any of the *domicile legal jurisdictions* or any other competent legal jurisdiction in Europe or the United Kingdom; the Uniform Customs and Practice for Documentary Credits (UCP 600), the Incoterms rules, and dispute-resolution rules and arbitration services must be taken into consideration—n*one of the above cover commissions on token or funds transfers. The seat of arbitration could be one or two*.

8.6.3 Nothing in this clause prevents a party from seeking urgent interim or conservatory relief from a court of competent jurisdiction where a party, custodian or relevant asset is located. The parties acknowledge that this clause does not exclude mandatory regulatory or criminal jurisdiction."

9. Due Diligence and closing checklist

CHECK	EVIDENCE TO COLLECT	STATUS
Identity and authority	Corporate registry extracts, beneficial ownership chart, signing authority, IDs handled through secure KYC channel.	☐
Asset existence and control	Live independent chain explorer, signed-message proof or controlled test transfer where appropriate, address/contract verification.	☐
Title / restrictions	Acquisition records, custodian statement, lien/security-interest searches where available, freeze/blacklist checks.	☐
Source of funds / wealth	Documented origin, transaction history, counterparties, sanctions/PEP screening and risk-based review.	☐
Regulatory analysis	US federal/state and Canadian province-by-province classification; registrations, exemptions and licensing memo.	☐
Monetization path	Named regulated intermediary, written term sheet, fee schedule, settlement account ownership, no undisclosed intermediaries.	☐
Cybersecurity	Wallet architecture, key control, multisig policy, incident plan,	☐

	independent audit and cryptographic roadmap.	
Settlement controls	Network, chain ID, confirmations, timeouts, reorg/fork protocol, test transfer, reconciliation and sign-off.	☐
Disputes / remedies	Governing law, forum/arbitration, service addresses, interim relief, evidence preservation and recovery plan.	☐
Independent verification	Direct confirmations from banks, custodians, exchanges and regulators using independently sourced contact details.	☐

10. Red flags requiring enhanced scrutiny

10.1 Promises of guaranteed or unusually high returns, same-day monetization regardless of market or compliance conditions, or risk-free profits.

10.2 Claims of secret government access, universal "QFS" accounts, hidden gold backing, debt cancellation, or a special ledger that bypasses banks and regulators.

10.3 Advance requests for "release," "activation," "tax," "gas," "liquidity," or "quantum certification" payments to unlock an alleged balance.

10.4 Refusal to provide verifiable chain identifiers, contract addresses, ownership evidence, audited financial statements, or independently confirmable counterparties.

10.5 Pressure to move assets to a newly supplied wallet, use a private intermediary, bypass KYC, or conceal the transaction from a bank or regulator. *A red flag is a reason to pause and independently verify—not, by itself, a conclusive finding of fraud.* **Do not send funds or private keys to test an unverified claim.**

11. Selected references and research links

i. **US Supreme Court — SEC v. W.J. Howey Co., 328 U.S. 293 (1946) —** https://supreme.justia.com/cases/federal/us/328/293/

ii. **US SEC — 2026 interpretation on certain cryptoassets and transactions (Federal Register 91 FR 13714) —** https://www.govinfo.gov/content/pkg/FR-2026-03-23/pdf/2026-05635.pdf

iii. **US SEC — Statement on settlement with Ripple Labs (May 8, 2025) —** https://www.sec.gov/newsroom/speeches-statements/crenshaw-statement-ripple-050825

iv. **US CFTC — Ooki DAO litigation victory/enforcement summary —** https://www.cftc.gov/PressRoom/PressReleases/8715-23

v. **Third Circuit — Coinbase Inc. v. SEC, No. 23-3202 (Jan. 13, 2025) —** https://law.justia.com/cases/federal/appellate-courts/ca3/23-3202/23-3202-2025-01-13.html

vi. **Canada — Kirshenberg v. Schneider, 2023 ONSC 2809 —** https://www.minicounsel.ca/scj/2023/2809

vii. **Canada — Shair.com Global Digital Services Ltd. v. Arnold, 2018 BCSC 1512 (case background) —** https://blgaccprd10-cd.azurewebsites.net/en/insights/2022/11/the-legal-treatment-of-cryptocurrency-in-canada-recent-developments

viii. **Supreme Court of Canada — docket 42220, Ontario cryptocurrency restraint proceedings —** https://www.scc-csc.ca/cases-dossiers/search-recherche/42220/

ix. **Canadian Securities Administrators — QFS investor alert entry (AMF, May 21, 2026) —** https://www.securities-administrators.ca/investor-alerts/quantum-financial-system/

x. **Québec AMF — Quantum Financial System investor warning —** https://lautorite.qc.ca/en/general-public/media-centre/investor-warnings/investor-warnings-sheet/quantum-financial-system

xi. **NIST — Post-quantum cryptography project —** https://csrc.nist.gov/projects/post-quantum-cryptography

xii. **FINTRAC — Money services businesses and foreign money services businesses —** https://fintrac-canafe.canada.ca/msb-esm/msb-eng

12. Use, limitations and legal Counsel review

12.1 *This document shall be read as a sequel to the "DAPA" and its Scheduled Annexures; it forms a guiding principle of legal and contractual understanding, by way of content research and drafting aid. It cannot in isolation be regarded as concise legal advice, a legal opinion, a transaction validation, or a guarantee that a particular token is lawful, transferable, liquid, or redeemable.*

12.2 *It is not a substitute for reviewing the full judgments, statutes, regulations, regulator guidance, and facts in force at signing.*

12.3 *Case status and regulatory interpretations can change. Hyperlinks are provided as research starting points; verify citations, court docket status, effective dates, and local applicability.*

12.4 Before execution, qualified counsel should:

(1) identify all parties and jurisdictions;
(2) confirm the asset and settlement rails;
(3) review licensing, securities, derivatives, AML/sanctions, tax and privacy obligations;
(4) verify the actual monetization counterparty and source of liquidity; and
(5) reconcile the legal agreement with smart-contract code, custody terms, and operational runbooks.