Makachain Risk & Disclosures

Effective Date: **May 11th, 2026**
Applies To: All participants in the Makachain network, including validator node operators, token users, and ecosystem partners.

1. Purpose of This Document

This Risk & Disclosures document provides transparency regarding the regulatory, legal, operational, and market risks associated with participation in the Makachain ecosystem. It should be read in conjunction with the Makachain White Paper but is intended as a separate legal disclosure. Nothing in this document constitutes financial, legal, or investment advice.

2. Regulatory Alignment

Makachain is designed as a blockchain infrastructure network that supports secure online transactions through validator node participation and token-based fee settlement. Validator nodes represent software licenses that enable participants to operate within the network and contribute to consensus. They do not represent securities, equity, or investment instruments. The $MAKA token is a utility token that serves as the medium for transaction fees, validator compensation, and governance participation. Neither the tokens nor the nodes are offered as investments or with the expectation of financial return.

3. Anti-Money Laundering (AML) & Know Your Customer (KYC)

All fiat integrations, including on- and off-ramps, as well as any exchange listings, are subject to AML and KYC compliance under applicable laws. While Makachain itself does not conduct direct KYC on individual token holders or node license purchasers, its licensed banking and exchange partners are required to perform these obligations. This ensures compliance with global AML standards, including the Bank Secrecy Act (BSA), the Financial Action Task Force (FATF) guidelines, and equivalent regulations in other jurisdictions.

4. Sanctions Compliance (OFAC and Global)

Participation in Makachain is restricted for individuals and entities located in jurisdictions subject to international sanctions. Makachain complies with the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) sanctions regime as well as other global sanctions lists. Persons or entities identified on the OFAC Specially Designated Nationals (SDN) List, or similar denied parties lists in other jurisdictions, are prohibited from purchasing nodes, using tokens, or otherwise engaging with the network. Makachain reserves the right to restrict or revoke access if a participant is found in violation of these sanctions requirements.

5. Market and Financial Risks

Participation in Makachain involves significant risk. Validator rewards are based entirely on active participation, including validator uptime, transaction processing, and compliance with operational requirements. There is no guarantee of financial gain, liquidity, or appreciation of the $MAKA token. Like all digital assets, $MAKA may experience substantial volatility in value, and the utility of the token is limited strictly to its role within the Makachain ecosystem. Neither validator nodes nor tokens should be regarded as investment vehicles, and any participation should be undertaken with the understanding that rewards are tied solely to service-based contributions within the network.

6. Governance and Participation Risks

Governance within the Makachain ecosystem is operational in nature and limited to protocol-level decision-making such as fee adjustments, network upgrades, and treasury allocations. Governance rights do not confer equity, ownership, dividends, or financial control over Makachain or its affiliated entities. The continued success of the network depends on validator and community participation, and not on the efforts of a central management team. As such, the stability and growth of the ecosystem require active engagement from participants across the network.

7. Security and Technical Risks

While Makachain employs advanced security mechanisms, including Proof of Authority consensus, smart contract audits, and penetration testing, there remain risks inherent in any blockchain system. Smart contracts may contain undiscovered vulnerabilities that could lead to exploitation or token loss. The network may also face risks from malicious validators, denial-of-service attacks, or operational disruptions. Validators are required to maintain specified uptime and meet technical requirements in order to earn rewards. Failure to do so may result in reduced or forfeited validator compensation.

8. Data Privacy

Makachain records transactions on-chain using pseudonymous addresses. Personally identifiable information is not stored on the blockchain itself; however, partner organizations such as exchanges, banks, or payment processors may collect such information for compliance purposes. Makachain expects all partners to comply with global data protection laws, including the General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA), and to maintain appropriate safeguards for the handling of user data.

9. No Investment Advice

This document and the Makachain White Paper are provided for informational purposes only and do not constitute financial, legal, or investment advice. Participation in Makachain should not be considered an investment decision. Individuals are strongly encouraged to consult with their own legal, tax, and financial advisors before acquiring validator nodes or engaging with $MAKA tokens to fully understand the risks and obligations associated with participation.

10. Participant Acknowledgment

By participating in the Makachain ecosystem, whether by operating validator nodes, holding or using $MAKA tokens, or integrating services into the network, each participant acknowledges that they have read, understood, and accepted the risks and disclosures outlined in this document.