**Risk Factors**

**Disclosure of material risks**

In connection with the private RHOC sale, before beginning an initial transaction for, on behalf of, or with such participant, RChain Cooperative must disclose the material risks associated with its products, services, and activities and RHOC generally, including at a minimum, the following:

* RHOC is not legal tender, is not backed by the government, and accounts and value balances are not subject to Federal Deposit Insurance Corporation;
* legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and value of RHOC;
* transactions in RHOC may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable;
* some RHOC transactions will be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that the participant initiates the transaction;
* the value of RHOC may be derived from the continued willingness of market participants to exchange Fiat Currency for RHOC, which may result in the potential for permanent and total loss of value of a particular RHOC should the market for that RHOC disappear;
* there is no assurance that a person who accepts a RHOC as payment today will continue to do so in the future;
* the volatility and unpredictability of the exchange rate of RHOC relative to Fiat Currency may result in significant loss over a short period of time;
* the nature of RHOC may lead to an increased risk of fraud or cyber-attack;
* the nature of RHOC means that any technological difficulties experienced by the Member may prevent the access or use of a participant’s RHOC; and

**Disclosure of general terms and conditions**

In connection with the private RHOC sale, before beginning an initial transaction for, on behalf of, or with such participant, RChain Cooperative must disclose the material risks associated with its products, services, and activities and RHOC generally, including at a minimum, the following:

* the participant’s liability for unauthorized RHOC transactions;
* the participant’s right to stop payment of a preauthorized RHOC transfer and the procedure to initiate such a stop-payment order;
* under what circumstances the Members or RChain Board will, absent a court or government order, disclose information concerning the participant’s account to third parties;
* the participant’s right to receive periodic account statements and valuations from the RChain Cooperative;
* the participant’s right to receive a receipt, trade ticket, or other evidence of a transaction;
* the participant’s right to prior notice of a change in the RChain Cooperative rules or policies; and
* such other disclosures as are customarily given in connection with the sale of assets.

**Disclosures of the terms of transactions**

In connection with the private RHOC sale, before beginning an initial transaction for, on behalf of, or with such participant, RChain Cooperative must disclose the material risks associated with its products, services, and activities and RHOC generally, including at a minimum, the following:

* the amount of the transaction;
* any fees, expenses, and charges borne by the participant, including applicable exchange rates;
* the type and nature of the RHOC transaction;
* a warning that once executed the transaction may not be undone, if applicable; and
* other disclosures that are customarily given in connection with a transaction of this nature.

**Acknowledgement of disclosures**

The RChain Cooperative must ensure that all disclosures required in this Section are acknowledged as received by participants.

**Receipts**

Upon completion of any transaction, the RChain Cooperative shall provide to a participant a receipt containing the following information:

* the name and contact information of the RChain Cooperative RHOC sale contact, including a telephone number established by the RChain Cooperative to answer questions and register complaints;
* the type, value, date, and precise time of the transaction;
* the fee charged;
* the exchange rate, if applicable;
* a statement of the liability of the Member for non-delivery or delayed delivery;
* a statement of the refund policy of the Member; and
* any additional information that may be required.

RChain Cooperative must make available, upon request, the form of the receipts it is required to provide to participants in accordance with these guidelines.

**Prevention of fraud**

Members are prohibited from engaging in fraudulent activity. Additionally, each Member must take reasonable steps to detect and prevent fraud, including by establishing and maintaining a written anti-fraud policy. The anti-fraud policy must, at a minimum, include:

* the identification and assessment of fraud-related risk areas;
* procedures and controls to protect against identified risks;
* allocation of responsibility for monitoring risks; and
* procedures for the periodic evaluation and revision of the anti-fraud procedures, controls, and monitoring mechanisms.