Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Policy

Hoosat Network

1. Introduction
Hoosat Network is a decentralized, Proof-of-Work cryptocurrency that prioritizes transparency, security, and compliance with global Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) regulations. This policy outlines the minimal actions required by Hoosat Network as a decentralized entity, ensuring adherence to regulatory standards while preserving the decentralized nature of the network.

2. Purpose and Scope
The purpose of this policy is to define measures that minimize the risk of the Hoosat Network being used for illicit activities, such as money laundering and terrorism financing. This policy applies to all participants in the network, including miners, developers, exchanges, and other stakeholders interacting with the ecosystem.

3. Decentralized Compliance Approach
As a decentralized Proof-of-Work cryptocurrency, Hoosat Network does not have centralized control over transactions or users. Instead, the network relies on the following decentralized compliance measures to minimize AML/CTF risks:

- Transparency: All transactions on the blockchain are publicly accessible and traceable.
- Open Data: Wallet addresses and transaction data are openly available for analysis by third parties.
- Community Oversight: Stakeholders, including miners and developers, are encouraged to report suspicious activities.

4. Minimal Entity Obligations
To comply with AML/CTF regulations while maintaining a decentralized structure, Hoosat Network adopts the following minimal obligations:

• KYC for Token Sales: For any centralized token issuance or pre-sale, identity verification (KYC) must be conducted to ensure compliance with regulatory requirements.

• Risk Assessment Disclosure: The network publishes risk assessment documentation outlining potential misuse scenarios and mitigation strategies.

• Reporting Mechanism: A voluntary mechanism is established for community members to report suspicious activities to relevant authorities.

5. Risk-Based Approach

Hoosat Network adopts a risk-based approach, focusing on areas with higher potential for illicit activities. These areas include:

- Token sales or any centralized interaction with users.
- High-value or high-frequency transactions.
- Interaction with custodial wallets or centralized exchanges.

6. Transparency and Third-Party Analysis

The network's decentralized design enables third-party services, such as blockchain analytics providers, to monitor transactions and identify risks. Hoosat Network encourages the use of these services by exchanges, financial institutions, and other stakeholders to fulfill their AML/CTF obligations.

7. Reporting Suspicious Activity

Hoosat Network does not conduct active monitoring but provides tools and guidelines for stakeholders to report suspicious activities. Participants are encouraged to utilize public blockchain data and notify relevant Financial Intelligence Units (FIUs) or authorities if they detect illicit behavior.

8. Record-Keeping and Documentation

Hoosat Network does not maintain user records as a decentralized platform. However, centralized activities, such as token sales, will adhere to local record-keeping requirements, retaining user information for a minimum of five years as required by law.

9. Governance and Review

This policy will be reviewed periodically to ensure compliance with evolving AML/CTF regulations. Updates will be published in an open-access format, allowing all stakeholders to remain informed of their responsibilities.