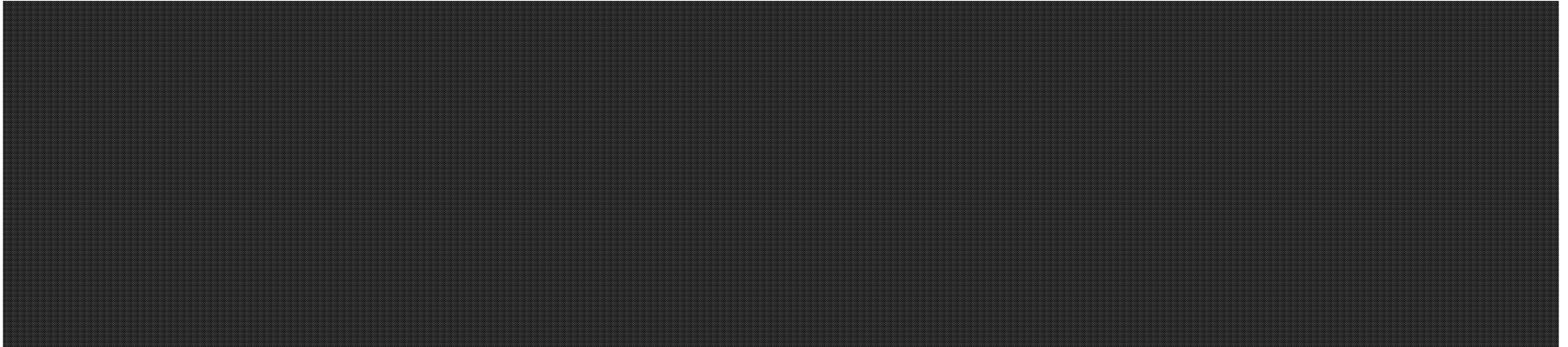


EXHIBIT A-34

Privileged & Confidential

BINANCE US ENTRY

RISKS AND STRATEGIES



RISK APPETITE

High

- Keep the *status quo*
- *Continuous access to the entire US market; low compliance costs*

Moderate

- Establish formal US presence subject to enforcement
- *Limited access to the US market (no NY-like states; utility tokens only)*

Low

- Active outreach to regulators and resolve all potential issues
- *Prolonged loss of the entire US market*

EXAMPLES

High

- Keep the *status quo* – **Bitfinex, BTC-e**
- No immediate revenue loss; but regulatory actions may later cause permanent loss of the US market and jeopardize global expansion efforts (mitigatable through not listing derivatives and committing to strong AML (e.g., **Chainalysis** partnership))

Moderate

- Establish formal US presence subject to enforcement – **Huobi/HBUS**
- Somewhat entrenched in ongoing inquiries, with positive prospects (e.g., successful resolution of the NYAG inquiry); loss of new sign-ups from NY-like states and revenues from trading of non-utility tokens by US persons (e.g., **HT**)

Low

- Active outreach to regulators and resolve all potential issues – **OkEX/OkCoin**
- Stable and sustainable; but owned a 10-month loss of the entire US market (September 2017 - July 2018), high on-going compliance costs; loss of revenues from trading of non-utility tokens by US persons

BINANCE RISK ASSESSMENT

FinCEN/OFAC

Ruinous Outcome

X

Effective Controls

=

Low Risk

- **Sanctions Enforcement**

- Binance likely has reasonable policies, procedures and controls in place for AML and CFT concerns of FinCEN/OFAC (but don't forget the MSB registration).
- I understand that Binance has been responsive to inquiries related to tax and sanctions evasions.

SEC

Severe Outcome

X

No Control

=

Elevated Risk

- **Securities Regulation**

- Issuance of BNB to US Persons
- Permitting US persons to trade STO suspects (See Sept. 2018 "ICO Store" Case, demonstrating SEC's willingness to prosecute unregistered securities brokerage)

CFTC

Severe Outcome

X

Effective Controls

=

Low Risk

- **Anti-Manipulation**

- Binance has no derivative product.
- Binance has no fiat-like "stablecoin" such as Tether that has been accused of market manipulation.

States (New York)

Ruinous Outcome

X

No Control

=

High Risk

- **Money Transmission**

- New York has been the most active in pursuing enforcement actions; the state has shown willingness to pursue **criminal liability** in comparable cases. The NYAG report also singled Binance out.
- Most states have been silent; relatively simple to circumvent state-level money transmission through both "rent-a-license" arrangement in the short term and federal licensure in the long term.

BINANCE RISK ASSESSMENT

Status Quo

- Competitors with US presence will continue to cite Binance as a negative example and encourage enforcement
- SEC may enforce against Binance for unregistered securities brokerage.
- NYDFS/NYAG may enforce against Binance for continuing accepting NY persons in violation of the BitLicense Final Rules.

Establish US Presence

- The US entity will become the target of all built-up enforcement tensions.

Recommend

Active Outreach

- Unlike OkEX/OkCoin, Binance has accepted US persons and permitted them to trade STO suspects; Binance is also a bigger target as a matter of perception; active outreach to regulators can result in lengthy inquiries and requests for excessive disclosures; settlement costs can be substantial; **complete loss of the US market during the settlement process.**

TAI-CHI ENTITY – RISK MITIGATION

■ Tai-chi Entity:

■ Defensive

- **Reveal, retard and resolve** built-up enforcement tensions
- **Insulate Binance from legacy and future liabilities**

■ Cooperative

- Apply for substantive license
- Regulatory inquiry clearinghouse: gratuitous sharing of commercially insensitive information
- Thought leadership (do their homework): SRO Rulebook, Howey Risk Indices, Etc.

FinCEN/OFAC

- Designate the US entity as **MSB Agent** for low-risk technical compliance with the BSA
- Participate in Department of Homeland Security Cornerstone program to avoid NS-related enforcement
- Participate in BSA 314(a) program to establish direct communication with FinCEN/OFAC

SEC

- **Reduce attractiveness of enforcement**
- List utility coins only and restrict US persons' access to the main Binance site (strategic treatment of VPN use at Binance to minimize economic impact)
- Adopt an **Asset-Evaluation Framework** (even just for publicity) to show *Howey* test sophistication

CFTC

- Adopt a FINRA/NFA like **Rulebook**
- Engage an anti-manipulation vendor

States (New York)

- **Reduce attractiveness of enforcement**
- Geofencing off New York (strategic treatment of VPN use at Binance to minimize economic impact)
- Unlock New York market through a federal license

TAI-CHI ENTITY – COMMERCIAL STRATEGIES

Branding

- Explicit “Binance” branding possible by adopting a franchise model

Liquidity

- Linkage to Binance liquidity possible through either affiliated (Binance OTC, Koi Trading) or contracted market makers

Fiat Capacity

- Circumvent state-level money transmission requirements by establishing partnership with Prime Trust and other similarly chartered institutions
- Consider a “Huobi OTC” / “Localbitcoins” module to act as functional fiat capacity

Technology

- Reliance on Binance’s existing technology possible by visualizing Binance as a technology vendor

ROADMAP

Crypto-only in 30+ states

- MSB Registration; integration of KYC/AML vendors; technology deployment
- 1 Month

Fiat capacity (stablecoin) in 30+ states

- Asset-Protection Trust Account with Prime Trust; platform support for fiat
- 1 Month

Effectively mitigate enforcement risks

- Regulatory correspondence; informal communication; PR efforts
- 3 Months

Obtaining some form of substantive license

- State-level MTL; federal or state trust charter
- Maybe faster through investment or acquisition
- 12-15 Months