

# **EXHIBIT A-86**

**HO-13865**

***Coley, Catherine - Vol. I.20220127.  
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**Full-size Transcript**

**Prepared by:**

HO-13865

Tuesday, June 06, 2023

1 THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

2

3 In the Matter of: )

4 ) File No. HO-13865-A

5 BINANCE.US )

6

7 WITNESS: Catherine Coley

8 PAGES: 1 through 199

9 PLACE: Securities and Exchange Commission

10 100 F Street, N.E.

11 Washington, D.C. 20549

12 DATE: Thursday, January 27, 2022

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14 The above-entitled matter came on for hearing, via

15 WebEx, pursuant to notice, at 10:17 a.m.

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24 Diversified Reporting Services, Inc.

25 (202) 467-9200

1 this isn't coming from Mr. Zhou. I'm a little worried  
2 that I think the question we have or the -- the answer  
3 to the question is that she had discussions with Mr.  
4 Zhao about it. And then asking about her understanding,  
5 just to be clear that we're not sort of incorporating  
6 things that Mr. Zhou had told or Mr. Robins after Mr.  
7 Zhou.

8 MS. HITCHINS: I'll take you up on your  
9 suggestion. Jamie, thank you.

10 BY MS. HITCHINS:

11 Q So, we were talking -- the first question was  
12 asking what was your initial understanding about what  
13 the service agreements were supposed to cover or  
14 intended to cover, and you gave a response. What was  
15 the basis for your understanding?

16 A As I kind of mentioned, the concept of  
17 licensing the technology was what I was aware of, and  
18 then I relied on legal counsel to properly paper and  
19 document what it was that we needed to document in order  
20 to allow that to happen and take place. So, that was  
21 purely legal crafting and putting together the proper  
22 documents required to allow us to operate a platform  
23 using technology of someone else. And I say technology  
24 loosely encompassing all four of the service agreements  
25 underneath that wing of technology.

1 Q In terms of what -- your understanding of what  
2 was intended by the agreement to not cover if you can  
3 answer without revealing the content of privileged  
4 communications?

5 A Anything in my opinion outside of the  
6 technology was for us to build out on my own and for BAM  
7 going forward, so initially I came from a service-  
8 oriented background, and I understood that the way I  
9 treated my clients and the way that I interacted with  
10 U.S. persons would lead me to be putting a customer  
11 centric focus for our business. And so, I wanted our  
12 customer support and our client coverage to be BAM  
13 originated and built out, and as we built that out, we  
14 took some of those services which were originally  
15 outlined and no longer relied on dotcom's team to  
16 provide those services. That's an example of one of the  
17 areas where BAM was responsible for building those out,  
18 and that was something that I thought would be additive  
19 to our platform having a U.S. centric support and sales  
20 coverage team.

21 Other aspects that were kind of outside of the  
22 technology were the representation, the culture inside  
23 of the company, that Binance.US had among its employees.  
24 The employee kind of recruiting process and interview  
25 process of how we would conduct ourselves was outside of

1 the licensing agreements as well. Those are a couple of  
2 the examples, but there's -- it was really quite easy  
3 for me to see. And anything where we had to rely on  
4 someone that was outside of the team that I brought on,  
5 which initially was legal compliance, customer support,  
6 eventually HR and finance roles, and risk roles  
7 eventually, those were all initially part of the  
8 agreement that we could rely on. And we continued to  
9 kind of minimize the amount of services that we would  
10 need to rely on for sake of any company not wanting to  
11 have an enormous dependency. We would continue to push  
12 for independence from those resources overseas because  
13 it would make us a stronger business, and we'd be able  
14 to have more flexibility addressing our users that were  
15 based in the United States.

16 Q So, something I want to pick up on in what you  
17 just said, you know you had mentioned sort of areas such  
18 as risk, HR. I believe finance, perhaps another  
19 category or two, as being covered by the agreements, the  
20 four service agreements, but that you wanted to  
21 minimize. Is that accurate over time?

22 A Right. So, the agreements covered -- I think  
23 it mentions the customer support functionality that we  
24 eventually brought over to be solely operated and  
25 managed by the U.S. team, and that was largely because

1 of the language discrepancies. The times to which our  
2 customers were meeting responses were different based on  
3 using the services that were initially covered in those  
4 agreements.

5 Q So, your understanding was that risk, and  
6 HR, and finance were covered by the four service  
7 agreements?

8 A Correct.

9 Q Is that based on reading the agreements  
10 themselves or was that from conversations that you had  
11 with counsel or other people?

12 A Conversations with counsel and as well as  
13 reviewing the Master Services Agreement.

14 Q Okay. And then one thing you may have  
15 mentioned was that you considered outside or not covered  
16 by the four service agreements something with  
17 regulation. Is that something you were saying? Could  
18 you just elaborate on that?

19 A Right.

20 MR. MCDONALD: And just one more reminder if  
21 that's -- sometimes the question is asking for your  
22 understanding, and then the question is what's the basis  
23 for that. So, I think the last one was a good example  
24 where you offered an understanding, and the basis was at  
25 least in part counsel. We really need to separate the

1 Q So, when BAM Trading began opening user  
2 accounts for its platform in September of 2019, the four  
3 service agreements were unsigned then. Is that correct?

4 A I don't recall if there had been a prior  
5 version that had been signed. The one I recollect and  
6 the one that I had seen with you was the January 2020  
7 signature.

8 Q Okay. So, to your knowledge, there weren't  
9 any signed versions that you signed?

10 A I don't recall if I had signed a prior version  
11 or if one had been signed by me but never was completed,  
12 so I don't recall if there had been a previous version  
13 of that.

14 Q When did BAM Trading start using any of  
15 Binance Holding's services?

16 A Upon my first week when I went to Shanghai and  
17 began corresponding with -- well, I should specify. I  
18 began workshopping with members of dotcom that would  
19 come and be underneath the service level agreements, and  
20 this was all conceptual. This was nothing yet where we  
21 were live with the technology, so that started early on  
22 kind of leveraging their resources and understanding of  
23 how they built dotcom and to interpret how that would  
24 impact running and launching Binance.US.

25 Q So, BAM did start using Binance Holding's



1 services as early as June 2019 to your knowledge?

2 A As services being discussions with the teams  
3 and beginning laying out of what it would take, but we  
4 hadn't used the matching engine until the trading  
5 platform went live in September 2014 -- 24 of 2019.

6 Q Were there any term sheets for the four  
7 service agreements prior to the drafting of the  
8 agreements? Are you aware of any?

9 A Not that I'm aware of. The first versions of  
10 these SLAs I received from Harry, and that was early  
11 into us building this out.

12 Q Do you ever understand if there was any  
13 impediment that prevented BAM Trading and Binance  
14 Holdings from signing the four service agreements until  
15 January 2020?

16 MR. MCDONALD: Excluding anything that you  
17 would've -- excluding anything that would constitute  
18 legal advice.

19 THE WITNESS: Right. I think any of the --  
20 the sequence of timing and signatures was conducted by  
21 our legal counsel and determined by them, so I don't  
22 think I can respond there.

23 MS. ROSENFELD: Ms. Coley, if I may,  
24 sometimes you say our legal counsel, and I'm not sure  
25 who you're talking about. So, if it's Harry Zhou, can

1 you tell us? And if it's Chris Robins, can you tell us?  
2 So, now if you would kindly, you said you couldn't  
3 respond because it involved your legal counsel. Can you  
4 tell us which one?

5 THE WITNESS: Thank you for asking me to  
6 clarify. I understand our is confusing to understand.  
7 So, Harry was counseling me on the initial months of  
8 these SLAs. I wasn't going to sign them or complete  
9 them until I had Chris look over them and review them,  
10 and then it was Chris's responsibility to determine when  
11 were ready to sign those.

12 BY MS. ROSENFELD:

13 Q So, I have a few follow-up questions here.  
14 So, when the platform went live in September, do you  
15 remember having signed service agreements?

16 A No. I don't remember having signed service  
17 agreements at that time, but I do remember having seen  
18 the service agreements. And I don't know if they were  
19 in their final form at that moment.

20 Q Okay. And you're aware that there were signed  
21 service agreements later on in I believe January of  
22 2020.

23 A Yes. That's correct.

24 Q So, between the time that the company went  
25 live in January 2020, you can't tell us whether the

1 company had an executed service agreement with its  
2 counterparty?

3 A Correct. I don't know if we had an executed  
4 service agreement with our counterparty between the  
5 time.

6 MS. ROSENFELD: Thank you.

7 BY MS. HITCHINS:

8 Q After the four service agreements were signed,  
9 were there any changes in the relationship or course of  
10 dealing between BAM Trading and Binance Holdings?

11 A I mentioned this a little bit when describing  
12 some of the services that we relied on initially that we  
13 over time operated solely out of the U.S. That would be  
14 a couple of the instances where those service agreements  
15 were broader than what we needed at that time. So,  
16 customer support is mentioned in the Master Services  
17 Agreement, and that eventually became solely operated by  
18 Binance.US and a team in the U.S. And other components  
19 we continued to try to rebuild on our own in the U.S.  
20 that were kind of chipping away at the service level  
21 agreement, but many of the components still remained  
22 intact until my departure such as matching engine.

23 Q Okay. Are you familiar with the enhancement  
24 work orders that were contemplated or their provisions  
25 for them under the Master Services Agreement?

1           A     In reviewing those documents for this  
2 conversation or testimony with you, I did see the  
3 enhancement documents, but I did not recollect the  
4 nuances of those from prior.

5           Q     So, did BAM Trading during your tenure ever  
6 submit any enhancement work orders?

7           A     I did not. I had direct contact with the  
8 members that I needed to enhance specific functions and  
9 so would so in a faster way of requests. I don't recall  
10 putting those enhancement orders through.

11          Q     Could someone else, one of your reports, have  
12 submitted those enhancement work orders without your  
13 knowledge?

14          A     I wouldn't know if they did if they did it  
15 without my knowledge.

16          Q     Are you familiar with the Master Service  
17 Agreements provisions regarding access to confidential  
18 information and sharing of confidential information  
19 between parties?

20          A     Did you say the Master Service or across all  
21 of them?

22          Q     I'm talking about the Master Services  
23 Agreement.

24          A     I'd like to review the document and point out  
25 specifically what you're asking if that's the case.

1 routes. So the website that we designed was stripped of  
2 many of the pop-ups and moving parts and simplified and  
3 provided there. That's when introducing one-click  
4 buy/sell was obviously a very useful component for the  
5 U.S. and for the sophistication level of the U.S.  
6 participants.

7 I did feel like because those limits were  
8 quite small, a good portion of our users were looking  
9 for a purchase of digital assets around the 50,000 mark,  
10 that would size them out of the one-click buy/sell, and  
11 they wouldn't be sophisticated enough to use the order  
12 book. So that's where OTC made sense to incorporate.

13 But my Reliance was more on the consistency  
14 and making sure that we had, you know, a fast platform  
15 that worked for our users, and would have minimal  
16 downtime or bugs that would pop up. And that's what we  
17 kind of kept it simple as we could because the U.S.  
18 audience wasn't looking for a highly distracting  
19 interface.

20 Q When you're answering the question, were you  
21 thinking more of migrating personnel?

22 A No. I interpreted the question before as to  
23 what tech components I wanted to see built out in the  
24 U.S. product. The personnel that I worked with  
25 initially, and the personnel that I eventually brought

1 over to BAM's side and brought on as contractors, was a  
2 group that would be nimble enough to take on new tech  
3 build-outs that we were looking for, and be versatile  
4 enough to accommodate the new aspects of the business.

5 If there were technology advancements on the  
6 dot-com side that the knowledge base did not include  
7 those members of the BAM team, there may be some  
8 information shared from a tech lead to educate them on  
9 how to build it. But our engineers were specific to BAM  
10 at that time. And so we were --

11 Q What --

12 A --limited in what we could build due to the  
13 technical knowledge of our team that we had on BAM's  
14 side.

15 Q In terms of you know your views about  
16 migration, were any sort of more components of the  
17 platform that were not user-facing contemplated as well  
18 for the migration that you viewed as important for the  
19 migration?

20 A Can you just clarify the migration that you're  
21 referencing?

22 Q Yeah, we were talking about the migration of  
23 some BAM Trading technology from overseas to the United  
24 States. Was any technology more backend or was -- in  
25 your view, was that, you know, something that you wanted

1 to accomplish?

2 A As we -- as I was building out my team in the  
3 U.S., and getting familiar with the technology  
4 components that we had, that we relied on dot-com for  
5 the support and maintenance of abroad, there was --  
6 there were categories of elements that I wanted to have  
7 full independence from. I wanted full independence of  
8 everything, but that wouldn't necessarily be possible or  
9 be possible at that time, given our reliance on some of  
10 those components.

11 But the departments in the areas where we did  
12 want that independence as quickly as we could would --  
13 it started off with customer support. We're looking to  
14 get as much finance and clearing and settlement in the  
15 U.S., given that's a 24/7 job that's required for our  
16 users. And we need that real-time ability to respond to  
17 users quickly.

18 The wallet and custody was one that I wanted  
19 to have, at least U.S. participation in so that we would  
20 have control over the custody of the tokens. And the  
21 data was one that I wanted custody of the data and  
22 ability to interact with the raw data in real-time, as  
23 to my directions, not waiting on someone else's  
24 approvals.

25 The components on the tech side product ideas,

1 there was an amount of innovation that we were allowed,  
2 but there was also an enormous amount of products that  
3 we hadn't incorporated yet. And so for us to make a net  
4 new technology advancement on the BAM side was not as  
5 well-received as just completing the list of products  
6 that we hadn't incorporated yet.

7 So I was looking to have an engineering team  
8 in the U.S. so that we could have net new advancements.  
9 For instance, a tax service and an easy tax procedure is  
10 very specific to the U.S. And so that would be  
11 something that we would need net built new. And so  
12 those were some of the kind of frictions I would have.

13 The other components outside of a tech team,  
14 the design team I wanted to be able to have real-time  
15 designs for either our marketing or updating of our  
16 website, updating of our app. And so we were able to  
17 bring over the design with Pascal. But then other  
18 elements being kind of the support functions for our  
19 DevOps.

20 So DevOps was a team that would be internal  
21 only-facing and critical for us to get bugs fixed and  
22 elements tuned to kind of a like the firemen of our  
23 team. So those are all the components that I sought to  
24 bring over. Some of those I accomplished. Some of  
25 those I didn't.



1           And every time that I would feel defeated on  
2 one, I would aim for another and continue to keep  
3 pushing for that level of independence such that we  
4 could operate in the vision that I had for the business.  
5 And from a business perspective side, I felt like I had  
6 the support I needed to grow and build the business and  
7 the success was apparent for that.

8           Q     I can really hear your passion on this topic.  
9 Not to cast any sort of negative light on it, but to  
10 focus on where you were getting pushback, you know, what  
11 were the areas of this plan and your vision, where were  
12 you getting pushback, and who was giving you the  
13 pushback?

14           A     The kind of the major components of pushback  
15 outside of the -- I will back up. A couple of major  
16 pain points up at front, and then I will break them down  
17 as to how we were able to overcome or how we weren't  
18 able to overcome.

19                     The codebase that was used and the engineers  
20 that were used to build out the platform, the majority  
21 of the codebase was in Chinese so that presented a high  
22 level of difficulty for a Western- and U.S.-based  
23 engineering team to come in and begin building and  
24 maintaining and updating the codebase.

25                     Certainly, there is plenty of talent that is

1 bilingual. But the cultural combination is a huge part  
2 of building a team, so. And that is kind of -- that was  
3 an immediate difficulty for us bringing the engineering  
4 team over was just the language aspect of it, and it's  
5 how integrated that was to the tech.

6 I say that integrated to the tech, that's some  
7 parts of the tech. Other parts of the tech were -- I  
8 don't know the language that they were written in, other  
9 than Rust. But Rust is a computer language, not a  
10 country language. So that was a pushback initially on  
11 the engineering team was that was our difficult pain  
12 point.

13 The other aspects of the -- the data and the  
14 finance were the two most difficult ones to bring over  
15 to the U.S., and the data was -- had a significant  
16 opacity to it. And I did not get answers from CZ on why  
17 or how or what we would need to do to be able to bring  
18 the data over.

19 And then on the finance side, we were able to  
20 bring over the signatories of our bank accounts so that  
21 it was Josh and I. But the clearing and settlement  
22 teams we were not able to hire the adequate persons for  
23 operating those functions in the U.S. by the time that I  
24 had left. So we had job descriptions out and interviews  
25 conducted to be able to bring the clearing and