Coinbase cancels Lend program launch after SEC fight

Crypto exchange Coinbase has discontinued its plans to launch a Lend feature designed to let customers earn interest on certain coins as reported by *Bloomberg.* The company announced the change by updating a blog post from late June, saying that it would also be discontinuing the waitlist that it had set up for the feature.

The cancellation comes after Coinbase received legal warnings about the feature from the Securities and Exchange Commission. Earlier this month, Coinbase said that it would be delaying the now-canceled feature "until at least October."

Coinbase promised that the Lend feature would offer users a 4 percent APY return if they let the company make loans to "verified borrowers" with it. The company planned to the stablecoin USDC to power the feature, but its price hasn't been significantly affected by this news as its value is tied to the US dollar. The webpage with information about the program, as well as a signup page for the waitlist, now redirects to Coinbase's homepage (but it can be viewed on the Wayback Machine).

Coinbase said it's still looking for "regulatory clarity for the crypto industry"
According to Coinbase, the SEC threatened the company with a lawsuit if it launched the Lend feature. The regulatory body argued that Lend would deal with securities, and would therefore be regulated as an investment product. Earlier in September, Coinbase's CEO posted a thread on Twitter, saying that the SEC hadn't been clear with it about why the feature would be considered a security, or what Coinbase could do to

fix it. Still, the Lend feature does seem similar to an interest-bearing bond, which would typically be regulated as securities as an apparent subtweet from the SEC pointed out.

Coinbase said in its cancellation update it’s still looking for “regulatory clarity for the crypto industry.”

According to Coinbase, the SEC asked for the names and contact info of everyone on the aforementioned waitlist as part of its investigation. The company did not immediately respond to a request for comment about what will happen to the data of those who signed up to the waitlist now that it’s been discontinued.

https://www.theverge.com/2021/9/20/22684169/coinbase-crypto-lend-feature-discontinued-sec-lawsuit-threats