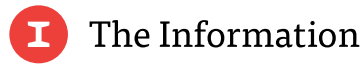


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# Coinbase Earnings Preview; Infrastructure Bill's Crypto Reporting Rules



By Hannah Miller

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Coinbase will report its third-quarter earnings on Tuesday, likely giving more insight into its new offerings, such as its recently announced **non-fungible token marketplace**. The company, which is the largest crypto exchange in the U.S. by trading volume, could also announce new ventures as it expands further into financial services. Here's what else to watch:

Overall trading volume and its split between retail and institutional investors. An increase in institutional trading volume is an important sign that the broader crypto industry continues to gain traction. It could also signal more stability for Coinbase's business. "[Institutional growth] shields the company from a much more volatile kind of individual trading," said Moshe Katri, managing director of equity research at Wedbush Securities.

The digital currencies driving Coinbase's trading revenue. The crypto exchange sets itself apart from competitors like Robinhood, SoFi and Interactive Brokers by offering customers a huge array of cryptocurrencies to buy and sell, according to Michael Miller, an equity analyst

for Morningstar. “Some of the more lesser known cryptocurrencies have really seen tremendous gains and volatility,” he said, naming Solana’s SOL token, Cardano’s ADA and the **meme-themed shiba inu coin** as examples that could rival bitcoin and ether in generating revenue.

Details on new offerings and additional product announcements. In addition to Coinbase NFT, Coinbase also plans to introduce a **subscription trading service** and has already rolled out a borrowing platform where customers can use bitcoin as a collateral. Chris Brendler, a managing director at D.A. Davidson, said the company is looking to further diversify its offerings beyond trading and there are some areas of crypto it hasn’t yet delved into, such as the mining of digital currencies.

Coinbase CEO Brian Armstrong’s attitude towards regulators. Armstrong is no stranger to clashing with agencies like the Securities and Exchange Commission, so he may take some digs at SEC Chair Gary Gensler as he discusses Coinbase’s future plans.

Coinbase plans to release its earnings on Tuesday, with an investors call scheduled for 5:30 p.m. ET.

## **Infrastructure Bill’s Crypto Reporting Requirements**

The bipartisan infrastructure bill, now on President Joe Biden’s desk for signing, introduces a new tax measure that crypto advocates argue is too broad, particularly when it comes to transactions that must be reported to the government. The bill classifies businesses such as crypto mining companies and digital wallet providers as brokers and requires them to report digital asset transactions to the government.

The new rule will raise costs for companies by making them gather and report additional customer information, and some may not be able to complete the requirements. It likely won’t be a big deal for large exchanges like Coinbase, but it could drive some customers to buy and sell crypto on places Craigslist and the dark web, said Evan Davis, a tax attorney at Hochman Salkin Toscher Perez P.C., who represents crypto companies as clients.

He said non-exchanges should be concerned about getting swept by these requirements as well, even if they don’t necessarily make sense for their type of business.

A separate tax measure in the infrastructure bill requires recipients of more than \$10,000 in crypto to report the transaction to the Internal Revenue Service. The rule, violation of which is a felony, could impact businesses that aren't crypto-focused, but accept payments in digital currencies. It's the one that sparked some of the loudest complaints, **such as by Coinbase CEO Brian Armstrong.**

The measure, which relies on older law, is an example of how regulators are more interested in imposing existing statutes instead of crafting new laws that might be better-suited to the use of digital currencies, Davis added.

"This is a square peg, round hole," Davis said.

## Overheard

Niantic, maker of the Pokémon Go mobile game, could potentially enter the non-fungible token market, CEO John Hanke said during **an interview** with my colleague Mathew Olson.

"I think you will see us doing things in that area," he said. "That may not be a fully portable Pokémon NFT, but I think you'll see us doing things in that space. We're actively looking at it."

Hanke said he's "fascinated by the crypto world and NFTs," especially when it comes to gaming. Online NFT-based games like the Pokémon-inspired Axie Infinity have soared in popularity this year, so it's no surprise that Niantic would want a piece of this growing industry.

## What's That Trend

The phrase "gm" (which is short for "good morning") has cropped up on crypto twitter lately. The greeting, which is supposed to signal the collective friendliness of crypto advocates, might be better left online. **An article in The New York Times on the NFT.NYC conference** noted that an attempted chant of the phrase in Times Square quickly fizzled out and said that "even Elmo looked embarrassed."

**Deals**

Andreessen Horowitz led a \$50 million Series B funding round in Matter Labs, a blockchain technology startup.

Cadenza Ventures raised a \$50 million early stage crypto venture fund.

Crypto compliance company Notabene raised \$10.2 million in Series A funding from investors led by Jump Capital and F-Prime Capital.

## What We're Reading

“Crypto Is Cool. Now Get on the Yacht.” (NYT)

“NYC Gets Own Cryptocurrency After Mayor-Elect Adams Touts Bitcoin” (Bloomberg)

Thank you for reading the Crypto Global newsletter. I'd love your feedback, ideas and tips: [hannah@theinformation.com](mailto:hannah@theinformation.com).

*Hannah Miller writes The Information's cryptocurrency newsletter. She previously worked for the Financial Times, CNBC and CNN. Her reporting has examined growing interest in crypto among institutional investors and the potential uses for blockchain within financial services. She has also worked in breaking news, podcasting and digital video. Based in New York, Hannah graduated from the Craig Newmark Graduate School of Journalism at CUNY. She can be reached at [hannah@theinformation.com](mailto:hannah@theinformation.com) or followed on Twitter @hgmiller29.*

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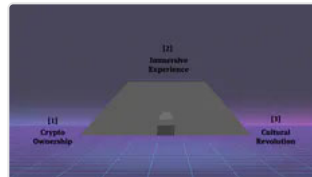
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