Coinbase Global, Inc.
Third Quarter 2022 Analyst Call
November 3, 2022

Anil Gupta, Vice President, Investor Relations: Thank you. Good afternoon, and welcome to the Coinbase Third Quarter 2022 Analyst Q&A Call. Joining me on today's call is Alesia Haas, CFO.

Before we get started I'd like to remind you that during today's call we may make forward-looking statements. Actual results may vary materially from today's statements. Information concerning risks, uncertainties and other factors that could cause these results to differ is included in our SEC filings.

Our discussion will also include references to certain non-GAAP financial measures, reconciliations to the most directly comparable GAAP financial measures are provided in our shareholder letter on our Investor Relations website. Non-GAAP financial measures should be considered in addition to, but not as a substitute for, GAAP measures. And with that, Abby, I'll turn it back over to you to kick us off.

Operator: Your first question comes from the line of Rich Repetto from Piper Sandler.

Richard Repetto, Piper Sandler: Yes, hi, Alesia, hi Anil. I guess the first question is, sensitivity to fed rate increases, like you saw, I think, a $70 million increase in interest income this quarter. Could you just talk about, you know, what goes -- what the sensitivity is and what we could expect if we saw a similar rate hike scenario in 4Q as 3Q?

Alesia Haas, CFO: Sure. So there's a couple of drivers that are impacting our interest income. So one is the market cap of USDC, two is the amount of customer custodial fiat on our balance sheet, three is going back to USDC -- it is the USDC that we hold on our platform for our customers and then the percentage of USDC that we're distributing vis-à-vis Circle, and then it's the interest rate environment. And so, the growth Q2 to Q3 was a combination of those factors, Rich, it was not purely a rise in interest rates.

And so, our Q4 outlook for subscription and services where we've guided to over $700 million for full-year 2022, captures what we believe will be the right rate environment for Q4. When rates change, there's a lag effect to how they impact our P&L, because all of our USD is invested in short-term duration instruments.

But they need to term, they need to roll, so it's not an immediate affect that the rates -- the Fed rates go up and then we see that impact in our P&L. However, that lift in rate will help us in 2023 to see an increase in interest income, assuming that the overall balances don't materially decrease.

Richard Repetto, Piper Sandler: And just one quick follow-up on that, Alesia. The -- if you look at that -- I know it's at least $700, but that impacts -- that backs into, I think, $190 million of subscription revenue. Yes, this is overall subscription revenue for the fourth quarter ...

Alesia Haas, CFO: Correct.

Richard Repetto, Piper Sandler: -- which is down quarter-over-quarter. So, it didn't -- is there some other lines that you're more concerned about offsetting any increase in interest income?

Alesia Haas, CFO: So, we didn't guide to at least $700 million, and so it's not a precise $700 million that gives us the amount that you just got to with $190. We are seeing headwinds, as you've seen with crypto prices overall, and we are taking those into consideration when we look at the potential impact that could have to staking, custody, other subscription and services revenues. So, there's a bunch of ins and outs when you look at that number. But, we feel good about the outlook, that we believe it will be over $700 for the full year.

Richard Repetto, Piper Sandler: OK, thank you.

Operator: Your next question comes from the line of Simon Clinch from Atlantic Equities.

Simon Clinch, Atlantic Equities: Hi, Alesia. I was wondering if we could just -- maybe you could dig a little bit more into the sort of overall staking opportunity you have for Coinbase going forward. And I'm thinking in terms of how we should think about the number of assets that could potentially come to platform or potentially in sites for Coinbase to bring, based in terms of maybe market cap as well. Just trying to help us sort of scale that opportunity would be useful.

Alesia Haas, CFO: Sure. So, there's a number of assets that we could continue to offer staking support on. None of them are as large as Ethereum, which is the second largest market cap asset, which now is a proof-of-stake asset. And so, I think of the opportunity as both is increasing penetration of our customers who are staking the existing assets that we offer for staking. And with Ethereum, I think one of the biggest drivers there is when we see liquidity for Ethereum, because, as you know, that despite the opportunity to earn rewards on Ethereum for each use staking and despite the merge, there's still not yet liquidity on Ethereum and that will happen, hopefully, in first half of 2023, post the Shanghai upgrade. That is developers, that is their timeline that's out of our control. And so, I do think that will be a major unlock for additional penetration of staking users on Ethereum.

And then in our control has been offering staking on an increasing number of protocols. But, those are all going to be currently smaller market cap assets. And so, hopefully, those will grow if they get adopted. I think there's a lot of new assets that we're really excited about and seeing the developer activity. But, that's kind of how we think about it. So, penetration on Ethereum and then adding new assets to the platform.

Simon Clinch, Atlantic Equities: OK, great. I was wondering if I could follow up, just in terms of the international opportunity, are you able to share with us any sort of breakout or what international contribution there are to maybe verified users, for assets, volumes of revenues or anything like that, that can help us think about that opportunity at the moment?

Alesia Haas, CFO: We do break out revenue in our 10-Q for revenue from U.S. versus all other countries. What I can share with you is that the other countries outside the U.S. are predominantly E.U. countries that we launched in the U.K. in the E.U. back -- oh, I forget the year, but it was probably in early 2015, 2013 to 2015 time period. And that is the most mature market. All of these new countries that you heard us entering over the last year, these are venture countries, for lack of a better word, nascent. We're just starting to get adoption in those countries and so are not materially contributing to volume or revenue at this time.

So, I would look to that footnote in our revenue that breaks out U.S. versus and other and just know the rest of the other is predominantly Europe and the U.K.

Operator: Your next question comes from the line of Pete Christiansen from Citi.

Peter Christiansen, Citi: Good evening, thanks for the question. In the shareholder letter, you guys refer to a couple services that you don’t currently offer, likely because of the stalemate -- legislative stalemate that we have right now. And it does seem like there is at least an opportunity that Stabenow-Boozman could get through, even in a lame duck Congress.

But to the degree that once we do get clarity legislatively, how does Coinbase feel positioned about speed to market on getting some of these services and products out? Is there like a, proverbial, like a big bang, like once we get legislative clarity that Coinbase will be able to come out with new products, and that GAAP versus the playing field could be narrowed?

Alesia Haas, CFO: That's a good question, Pete. No, I don't think you're going to see a big bang moment with Stabenow-Boozman. I think what you're going to do is see regulatory clarity is that will put jurisdiction over certain assets to the CFTC, that will take away some of the fear that we're seeing in certain market participants about listing their assets on U.S. exchanges, trading on U.S. exchanges, and so that will help kind of settle out that market.

And I think reverse some of the potential trend that we're seeing of volume shift offshore. But some of the products, for example, we've been pushing forward to bring a U.S. derivative product to market. We are pending regulatory approval on that, and I think that that timeline is independent from some of the regulatory clarity that we may seek. I also think there's products that are just not likely to be approved in the U.S. any time soon, and so that speaks to whether or not we want to build those in non-U.S. markets. And as we alluded to in our shareholder letters, we're seeing continued growth and adoption of some of those products.

We really need to sit back and revisit our international strategy, see if those are products that we would like to offer to non-U.S. customers. I think of it as three different vectors of growth to kind of address some of these gaps.

Peter Christiansen, Citi: That's helpful. And one of the things I was hoping you can clarify a little bit here -- and I appreciate the reorganization on product groups, and I think as analysts we certainly understand the revenue monetization opportunity on retail and certainly institutional. But the developer side, I think seems a bit less clear, at least in like, our modeling minds, per se. Like, how should we think about monetizable services on the developer side? And perhaps, when we should perhaps see some of that hit the financials?

Alesia Haas, CFO: Sure. So, these are our most nascent of products. And when we talk about our 70 2010 allocation to core strategic ventures, developers definitely all in our ventures (ph) buy it. So they're not material. The ones that are generating revenue today are, for example, our cloud product.

In Q3, we launched a product called Node, which is the first of a product suite that we're really hoping to enable Web3 developers to come and get a series of products that they need to just quickly build a Web3 application.

And these are going to be products that most likely monetize through software licenses, more subscription base fees, usage fees. They're currently, as I mentioned, in other subscriptions and services, and so that is a growing area of our revenue, if you see, there's nice quarter-over-quarter growth in other.

But also embedded in there is Coinbase One, we've moved Learning Rewards which was formally Earn into that bucket. So there's a couple of things in there that are not material enough to breakout to model independently yet.

And so, we will share with you in future quarters when those get growth. We're really pleased with some of the key partnerships we're seeing, for example, Google is very tied to that cloud product offering, and so we're developing some big partnerships there, but early days.

Operator: Your next question comes from the line of Jason Kupferberg from Bank Of America.

Jason Kupferberg, Bank of America: Hey guys, it's Eric on for Jason, thanks for taking the question. Just kind of talking -- Brian talked about the excitement and opportunity that exists in these downtimes. Kind of looking at that through a Coinbase ventures or more broadly through an investing lens, how have you seen the crypto development trending lately, given the macro backdrop? Are developers still flocking to build within the crypto ecosystems, and how do you kind of balance being prudent with capital management against the investment opportunities that you are seeing?

Alesia Haas, CFO: Yes, absolutely. We are absolutely seeing continued growth and it's very much a hockey stick curve if you look at developer activity within Web3.

So yes, underneath the surface as we kind of said, there's this adoption and innovation coil spring coiling, continued developer activity, continued investment. I think that those who do not need to raise capital are not raising capital given valuations right now, and so we're definitely seeing less checks get written. But there's a lot of good activity going on in terms of new product innovation across our venture portfolio and what we're seeing in the conversations we're having in this space.

So we are keeping our eye out for opportunistic M&A. We always spend M&A in service of our product priorities in our pipeline and whether we're adding new technology, new talent, new products, new markets. And in some cases the valuations to private markets have not corrected to the same degree as public markets, and so we're being patient. But if we see something very unique that we think can add value, we are absolutely taking a look at it.

Jason Kupferberg, Bank of America: Okay great, and then just one more. Kind of going back to the regulatory conversation, I think you guys have referred to where we currently stand as the crypto spring; just curious, have any expectations changed recently, and to the midterm elections, do you think that'll play a big role in kind of what you expect in the first half of '23 on that front? Thank you.

Alesia Haas, CFO: Thanks for the question. So we think that right now crypto is still one of the areas that there's a lot of bipartisan support, and we expect it to remain so regardless of who is in power in Congress. The current focus is getting the Stabenow-Boozman bill approved. This is a bipartisan bill and we really applaud the leadership of Chairwoman Stabenow, a Democrat, and Ranking Member Boozman, Republican, for finding common ground on CFTC authority over digital asset spot market.

We want to work with both parties to develop really helpful frameworks that unlock this market for the United States customer base. We're also working to educate voters through our apps, and so we're excited about the power of crypto voters coming to the market in the midterms. I think that will be a key learning for all of us. But right now, I don't think the midterm elections we expect to have a material impact on the future of crypto policy.

Operator: Your next question comes from the line of Chris Brendler from D.A. Davidson.

Chris Brendler, D.A. Davidson: Hi, thanks for taking my question. Good evening. I was going to ask on staking and blockchain revenue. I like the way you adjusted for the change in crypto prices, but it's fair to say that a lot of that sequential increase if you adjust for prices was blockchain revenue, and wanted to know -- just because the merge was so late in the quarter, is -- and the fact that you called out Solana, is there still another step up from Etherium being proof of stake now coming the fourth quarter?

Alesia Haas, CFO: So Ethereum was before the merge, and so we had a lot of people who we had already signed up for Ethereum pre-merge. And so we're continuing to see -- I'm sorry, there's some background noise, I'm sorry for that. We continue to see good penetration as each adoption and it is continuing to grow. As I mentioned earlier in my comments, I do think the next major unlock is more around Ethereum liquidity and for people to have withdrawal rights from the ETH blockchain. So, as we noted in our shareholder letter, that most of the growth that we saw in Q3 was due to Solana.

Chris Brendler, D.A. Davidson: Just a follow-up question. Where do you stand on the progress of -- improving liquidity?

Alesia Haas, CFO: I'm so sorry, there was a -- we're having a little bit of technical difficulties. Could you repeat the question?

Chris Brendler, D.A. Davidson: Sorry, just the progress on improving liquidity. I think you had said last …

Alesia Haas, CFO: Oh, improving liquidity?

Chris Brendler, D.A. Davidson: Yes, thank you.

Alesia Haas, CFO: On Ethereum. So, there's two things we've done. We have actually offered our own token, cbETH, but as a wrapped token that allows for liquidity on Ethereum. And we're starting to see adoption. It's early day, and so not much to share there beyond that we're offering that path.

And then secondly, for direct liquidity on Ethereum, that is subject to an upgrade on the Ethereum network, which is scheduled for sometime in 2023, called the Shanghai upgrade.

And so, we are cautiously optimistic that given the huge success of the merge and just the technical strength of moving to the whole proof of stake network, that Shanghai will be on track and there's a lot of developers contributing to that upgrade. And so, that would then be the step towards direct liquidity on Ethereum.

Operator: Your next question comes from the line of Stephen Glagola from Cowen.

Stephen Glagola, Cowen: Hi, thanks for the question, Alesia. I just wanted to unpack the reserve interest income modeling on USDC a little bit more. So, just one -- just how do -- how should we think about what's the correct payout percentage in our models going forward that Coinbase is receiving there? I know it was like 20%, in the 20s, I believe in Q2 and I think Circle and their S-4 had something like 35% or something like that. So, how should we think about that, one?

And then on the expense side of this, is the APY rewards going to transaction expense? And any commentary on why you decided to increase that from 15bps to 150bps? And does that have something to do with the decline in circulating supply of USDC we've seen since mid-summer? Thank you.

Alesia Haas, CFO: Thanks. Great questions. So, we are not proving any outlook, specifically, on the percentage of distribution. That is all comprised in our overall subscription services outlook that we've provided. And so, I would just focus everyone on looking at subscription services to be over

$700 million for the full year.

The expenses associated with rewards payout will hit transaction expense. And this is a strategic decision by the product group to win balances and to grow that USDC share of revenue on our platform. And we believe that the goal of USDC is to be a better dollar. And so, we looked at what is a rate that we think that would be attractive to users to grow and build balances that they may use in our products in a variety of ways.

We see significant amount of user activity in USDC, both in our payroll product as well as in our card product spend, so predominant asset that people are spending on the Coinbase card is USDC and as Brian said on the call, we're increasingly looking at use cases and adoption for corporate fees, in our company payments, for using in our markets business. And so, it's just part of our goal to continue to integrate USDC broadly in the ecosystem, that we're using this as one of the levers of balance growth.

Stephen Glagola, Cowen: Appreciate that. And if I could just ask one more quick one on the regulatory timeline on futures commission merchant and derivatives products that you're able to launch on your own platform, could you provide any color there, please?

Alesia Haas, CFO: No, I don't have any color to specifically say, because it is subject to regulatory approval. So, we are working diligently and hopeful that it's coming soon.

Operator: Your next question comes from the line of Owen Lau from Oppenheimer.

Owen Lau, Oppenheimer: Thank you for taking my question. So for the partnership with BlackRock, SS&C, Google, and Signature Bank could you please talk about a timeline of integration and when you can start offering more products jointly with your partners? I think in the shareholder letter you mentioned first half of 2023 for BlackRock. I'm just wondering whether you can give us more visibility for other partners? Thank you.

Alesia Haas, CFO: Confirmed. So BlackRock is first half 2023. SigNet is real time, we're starting that -- that is already live and we're immediately working with them. And I don't have public timelines to give you with Google and SS&C at this time.

Owen Lau, Oppenheimer: Got it. And then just, one quick follow-up, could you please remind us your interest income from your corporate cash balance? Are you generating any yield from that, and how much is it? Thank you.

Alesia Haas, CFO: We are, and that is reported in our other revenue. So it is below the line, it's not included in transaction fee or subscription services. But if you look in our 10-Q, we report it as other revenue.

Operator: Your next question comes from the line of Kyle Voigt from KBW.

Kyle Voight, KBW: Hi, good evening. Maybe just a follow-up on staking revenues. Those revenues increased by $92 million in the first nine months of the year, but expenses related to staking rewards increased by $88 million over the same timeframe.

So, just given the payout calculation on that, I think it would maybe imply disproportionate growth in institutional staking? Just wonder if you can maybe provide some commentary on institutional staking growth, especially in light of the institutional ETH-staking launch in August? And if you can go into some of the economics around payout rates on institutional staking versus retail staking as well?

Alesia Haas, CFO: Sure. So, what I first want to share is that our retail staking product, we report on a gross basis, and then we payout the rewards as a transaction expense. It is different from institutional staking because that's offered to our custody product, and so we actually account for that on a net basis. And so there are no transaction expenses associated in the same way on institutions that there are in retail.

You know, we don't actually disclose specifically expenses on staking in our financials, so I can't tie it to the $88 million that you just commented on. But what I would broadly say is we haven't changed the reward payout rate on our retail product within the year, that has been held consistent. And so, there -- and most of staking today is retail, as we just introduced institutional late in Q3, as you commented on.

So, for the most part, that growth is a difference in the reward rates paid out by the underlying protocols, and so that changes both the gross and the net, but the relationship between those has been constant for the year, except for the amount that is gross versus net in our reporting.

Kyle Voight, KBW: Gotcha. I'll follow-up with IR on some of the key disclosures. And then I guess, just to follow-up on the prior question too, regarding the pay rates on USDC, the 150 basis point pay rate. It's obviously a big step up, but we're continuing to get Fed hikes, obviously, and that's expected to continue here. So how should we think about your willingness or desire to continue to increase that rate, to use that as a customer acquisition tool going forward?

Alesia Haas, CFO: So the rate that we pay on USDC isn't tied to the overall Fed rate, it's a choice that we made based on marketing, based on what we thought was the right rewards to maintain and grow those balances. So they're unrelated numbers in our mind. However, we'll continue to look at what is the right reward rate to pay and attract balances in user activity on our platform and may adjust it based on those dynamics. But, at this point in time do not have it tied to the overall SOMC decision.

Operator: Your next question comes from the line of John Todaro from Needham & Company.

John Todaro, Needham Co: Thanks for taking my question. Two ones for you. First, on staking, at least as it relates to ETH, I believe there's about 20 million in Ether on the platform and I believe 2-3 million that's currently being staked. Is there any, I guess, plans in the works to auto-enroll clients into staking Eth? I understand there's some slashing risk, but it seems like the revenue would more than offset that.

And then just two, as we think about the interest income generated from the potential future growth in USDC, what are some of the strategies you're looking to do that outside of just increasing the reward or yield there? And where would that kind of flow through expenses? Would it be marketing or some other expense?

Alesia Haas, CFO: Good questions. So, with regards to Ethereum, we do not auto-enroll people in Ethereum and it goes back to this lack of liquidity, meaning if people can't withdraw their Ethereum we wouldn't want to lock up their assets without their explicit direction and consent. So, we're not going to take liquidity risks on their behalf.

We do auto-enroll customers, historically, when there was no liquidity risk and we protecting for slashing risks and protecting them for liquidity and protecting for everything. So, but Ethereum, we cannot offer auto-enrollment because of the liquidity risks.

We are further educating customers on what they could -- if they were going to hold Ethereum for a longer period of time anyway and would they want to earn a yield while they hold it. And so, that is what's driving penetration, it's really around investor education. But, it importantly does -- customers are making that decision to stake on their own.

When I look at USDC, there's a lot of interesting opportunities around USDC right now. So, we are looking at paying rewards to customers, so that has one growth factor. The other, as Brian shared on the call, we really see an opportunity to enable our non-U.S. customers the option to hold USDC. And it's more accessible than getting U.S. dollars in many countries. You can hold it in a self-posted wallet, you could hold it on our platform, we have payment rails in a number of countries. And so, international growth is an area that we're actively testing and looking at.

We also alluded to on the call that we're engaged in a lot of conversations for using it as a payment use case for settling inter-company payments, and so we're seeing a lot of corporates start to have conversations about testing that as a payment rail. And we are dogfooding using that ourselves for our own internal processes in an increasing way.

We're tying it to our card -- we're -- or to the Coinbase card, as I mentioned earlier. And so, what I really think of is using the growth for USDC to think about how we integrate it more as a payment rail, a markets use case so people are integrating our order books between USD and USDC, or using it for international growth initiatives and really thinking about how we can create opportunities for our customers in a number of our different product services.

John Todaro, Needham Co: Great. Thank you.

Operator: Your next question comes from the line of Bo Pei from US Tiger Securities.

Bo Pei, US Tiger Securities: Hi, Alesia. Thanks for taking my question. So, just a follow-up on international expansion. It seems the overseas market is pretty -- is that it should be one competitor -- major competitor capturing over 50% of the spot trading market. So, just wondering what is the strategy for Coinbase to, in fact, effectively compare with other players in the space, given as a U.S. company where more regulated than others -- you know, based in Singapore or in some other less regulated countries?

Alesia Haas, CFO: Thanks for the question. And we agree. Our approach to international -- and Brian talked about this a little bit, but I can expand on it, is we are establishing legal entities in a number of other jurisdictions and offering products and services that are legal to do so in those countries, to a broader group of customers.

And so, we will always have a U.S. product strategy for our U.S. customers, and comply with U.S. regulations. But increasingly we're realizing that we can't just copy-paste the product strategy in the U.S. to serve a global market and that we will need to think about an international first mindset as the majority of users are outside the U.S. Like, that's where the world population is.

And so, we want to meet users where they are, we want to get a billion people into crypto, we want to be able to continue to be the most trusted and easy to use, which means we're always going to focus on local compliance and offering products that we can do so. But, you are right, there's big international established players.

We don't believe crypto is a zero sum game, and we believe that this is an opportunity to grow TAM, grow market share, and there will always be a user who is looking for our easy to use and most trusted platform. And so -- that we're really thinking about that strategy more thoughtfully if we see this international growth that you alluded to.

Bo Pei, US Tiger Securities: Got it. Second question, if I may. So, since we're kind of a conservative in terms of supporting Layer 2, like Polygon, Arbitron, and Optimism, etc. -- so I think the other exchanges have been growing out support for these chains. Given Layer 2 chains are growing rapidly could you talk about why we are relatively slow here? And is there security concerns or something like that?

Alesia Haas, CFO: So, it is true that sometimes we will be slow to market because we do have higher standards for security where we go through what we call our digital asset listing process, and we will only list in support chains that are meeting our definition of what is or is not a security under U.S. Securities Law that we can safely enable our customers to store and transaction on that chain, and we don't believe that it's subject to hacks or rug pulls or things of that nature. And that three, that we -- they meet our compliance standard.

I can't speak to these assets, and we can't offer commentary on specific assets as to why we are or are not supporting. But, that goes to our process in that we are seeking to offer as many assets as we safely and legally can do so to our customers. And we recognize the importance of Layer 2, and it's something that we are strategically very focused on trying to ensure that we enable usage for our customers.

Operator: Your next question comes from the line of Benjamin Budish from Barclays.

Benjamin Budish, Barclays: Hi. I wanted to ask about the transaction fee rates in the quarter, for institutional transactions you kind of mentioned in the letter that that was due to kind of new fees for market makers. And should we kind of expect that to be somewhat similar going forward?

And then, on the retail side, I know in the past you've talked about when -- you know, kind of crypto activity is lower you get somewhat less trading activity, which actually can end up pushing traders into like, higher tiered, like lower volume categories. But I would imagine at the same time you've got some kind of retail traders using like the primary app who may be dropping off in the meantime.

Alesia Haas, CFO: That's right.

Benjamin Budish, Barclays: So if you could maybe talk a little bit…

Alesia Haas, CFO: That's exactly right.

Alesia Haas, CFO: Yes -- no, you said it so well, Ben. So yes, that's exactly what's happening. So on the retail side there's a lot of activity depending on what is the mix of customers that are using the simple trading or the advanced trading features.

And then where we are in terms of what volume -- which fee tier. And so, as you saw, retail average weighted fees were flat quarter-over-quarter, that just is a reflection of mix shift, but we haven't changed fees or pricing this year.

On the institutional side we have lowered fees to include more volume for market makers on our platform, and at this point in time I don't see any reason that those would be lowered again in Q4.

Benjamin Budish, Barclays: One follow-up. You mentioned on the call that for Coinbase One, users who adopted tend to have a higher ARPU, can you explain why that is? I would kind of think a sophisticated investor might say like, well, I could save money by switching to Coinbase One, but are they taking -- you know, adopting other products…

Alesia Haas, CFO: They're just more active…

Alesia Haas, CFO: Yes. I think it's important to understand that Coinbase One, there's still a spread so there's no fee, but there's spread. And so, people are trading an increased amount, it drives more spread revenue, and so that will drive up -- we've seen higher engagement, more product usage for those customers.

Anil Gupta, Vice President, Investor Relations: Operator, I think we have time for one more question, please.

Operator: Our final question comes from the line of Devin Ryan from JMP Securities.

Devin Ryan, JPM Securities: Great, thanks for squeezing me in. Hi, Alesia. A couple quick follow-ups. So first, on interest revenue, first off it'd be great to get more of a schedule on interest rate sensitivity in the disclosures as the revenue line grows. So, just a note. But, if the customers have 6 billion fiat custody, do you try to think about how much of that can be swept to third party banks, and is there room to optimize more there?

And then, on the corporate cash driving the other revenue, the contribution to revenue looked a little bit low, relative to those balances and then where interest rates were in the third quarter. So, just curious if there's also room to optimize on that whether you move some money from -- for banks, or ways to just get greater yield on those pretty meaningful balances?

Alesia Haas, CFO: Great questions. First thing to note is that not all of these are U.S. dollars, so that we are a global company and we're holding both customer fiat and corporate cash in a variety of currencies around the world. And so the interest rate opportunity is not all the same rate as what U.S. interest rates have available, so that's my first comment.

Two is these are fairly optimized, meaning that we are investing the majority of cash that we can invest, compared to what we leave liquid. But the real reason that you probably don't see it as high is due to the fact that a fair amount is held in non-U.S. currencies.

Devin Ryan, JPM Securities: Great reminder, thank you. And then just a real quick follow-up. So of the $5 billion corporate cash, you talked about M&A, Brian talked about M&A, you know, kind of interesting opportunities. Just help remind us of capacity, or said differently, how you would frame kind of the excess cash position today? And then, how you're thinking about additional buffers that you want to hold, just given how uncertain the market is right now?

Alesia Haas, CFO: Sure. So, we think about all of our cash, frankly, as actually pretty free for operational use. It's very fungible, we don't have material needs for working capital. We are strategically choosing to use some of our cash to fund loans to our customers. But we could seek other means of financing that business, if that grows to be significant use of cash.

And so, we do think about predominant uses of our cashes to fund our operating losses, to fund potential strategic needs, which I would put M&A in that bucket, to self insure some risks on our balance sheet, and then to support products, as I mentioned with the financing products support bucket.

So, when we look at M&A, I think that we are being very strategic right now to make sure that they are good ROI investments for us and adding unique things. For the most part, historically we’ve used a mix of stock and cash, they haven’t been all cash investments. And we would continue to structure those, whatever we thought was the best use and the highest use of our cash.

Anil Gupta, Vice President, Investor Relations: OK, great. I think that wraps it up for today. So, thank you all for joining us, and we look forward to speaking to you again next quarter.