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## Circle pursues IPO—but talks with Coinbase and Ripple could mean a sale, sources say

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**Brian Armstrong is cofounder and CEO of Coinbase**

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Circle Internet Financial, the issuer of the crypto stablecoin USDC, filed paperwork in early April to go forward with a long-awaited initial public offering. There is a chance, though, that Circle's IPO won't come to fruition since the company has recently taken part in informal talks to sell itself to [Coinbase](#) Global, the largest crypto exchange in the U.S., or to crypto payments company Ripple, according to four banking and private equity executives. These people, who asked not to be identified in order to comment on private negotiations, said Circle is seeking at least \$5 billion, which is the valuation that it's targeting for its IPO.

“If Coinbase wanted to buy them, Circle would sell in a heartbeat,” one of the sources, a banker, said.

“Things change week by week,” a second person said.

Circle is still committed to going public, the people said. In April, Circle [publicly filed](#) for its long-awaited initial public offering. It has yet to set terms for the IPO and the roadshow has not launched.

Coinbase and Ripple did not return messages for comment. “Circle is not for sale. Our long-term goals remain the same,” the company said Monday in an emailed statement to *Fortune*.

Coinbase and Circle have a history together, having [launched](#) Centre Consortium, a joint venture responsible for issuing the USDC stablecoin, in 2018. When the terms of that venture wound down in 2023, Coinbase gained an equity stake in Circle, while Circle assumed all

governance for USDC, *Fortune* has [reported](#). The companies have continued to share revenue from USDC's reserve interest income and, overall, the arrangement contains several provisions that are notably favorable to Coinbase.

The baseline provision of the Circle-Coinbase calls for each party to [receive](#) 50% of residual revenue generated from reserves backing Circle's USDC stablecoin, according to Circle's [S-1 filing](#). Significantly, however, Coinbase earns 100% of that revenue if the USDC in question is stored on the crypto exchange's platform. This scenario has likely become more common in recent months, based on recent Coinbase earnings filings that show rising income from the USDC partnership (though some of the growth may be from the overall stablecoin pie growing bigger in recent months).

Meanwhile, the current agreement gives Coinbase significant control over Circle's operations in other respects. This includes a provision that Circle can't form any new third party partnership agreements that affect Coinbase's USDC revenue without the latter's consent, and another that [gives](#) Coinbase partial control over its intellectual property in the event of insolvency. For these reasons, many view Coinbase as the most logical buyer of Circle.

"I feel like they're one company," the second source quipped.

## Over \$100 billion in XRP

Ripple, however, comes armed with an ample war chest. It has already offered to buy Circle for \$4 billion to \$5 billion but the bid was rejected as too low, which *Bloomberg* [reported](#) in April and has been independently confirmed by *Fortune*.

Any bid by Ripple would likely consist of XRP, a crypto currency that it [created](#), plus cash. Ripple's big balance sheet includes about 4.56 billion XRP (currently worth \$11.77 billion) and another 37.13 billion XRP (\$95.7 billion) in escrow as of March 31, according to Ripple's Q1 2025 XRP [Markets Report](#).

In contrast, Coinbase could pay with cash and stock. Coinbase had \$8 billion cash on its balance sheet as of March 31, according to its most recent [10Q filing](#). If it needs more cash, Coinbase, because it's a public company, could easily raise money through several methods including issuing debt or selling shares through a public or private placement. Though Ripple has a "pretty meaningful balance sheet," Coinbase would still be viewed more favorably, the banker said.

When asked about a possible Circle acquisition, Coinbase CEO Brian Armstrong, told *Bloomberg* on May 14 that he was very excited for Circle's success. "They're going public doesn't change anything about our commercial relationship, but in terms of other deals we might consider in the future, I mean, that, of course, would be up to them and us, but, you know, nothing to announce today," Armstrong said.

Coinbase is always looking at M&A opportunities, Armstrong said, noting the exchange's "pretty large balance sheet" and the benefits of being a public company. Coinbase, however, "doesn't swing at every pitch" because the hard part of buying a company is actually "successfully integrating it," Armstrong said.

## An IPO bounce

Coinbase, which went [public](#) in 2021 through a direct listing, is joining the S&P 500 on Monday, May 19. The [announcement](#) of their inclusion helped Coinbase shares surge more than 25% last week, but the stock is still well off its 52-week high of \$349.75 that it attained in December. On Monday afternoon, Coinbase shares traded at around \$265 a share, implying a market cap of \$56 billion.

Both Ripple and Coinbase have been acquisitive recently. Ripple in April [agreed to buy](#) prime brokerage Hidden Road for \$1.25 billion. Earlier this month, Coinbase [inked a \\$2.9 billion deal](#) for Deribit, a derivatives platform that lets traders bet on the future prices of cryptocurrencies like Bitcoin. Coinbase in May also scooped up the team behind [Iron Fish](#) and, in January it bought Spindle, an onchain ads and attribution platform.

The IPO market, which has largely been on hold since 2021, received some good news last week. eToro, an online trading platform, [rose](#) nearly 29% in its first day of trading. The offering [raised](#) \$620 million after pricing at \$52 a share.

eToro's strong first day performance will likely boost Circle's confidence in going public. But one investor noted that the aftermarket performance of newly public companies often need more time to "see how [they play] out."

—Leo Schwartz and Jeff Roberts contributed to this report.

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