WHY $LYDE IS NOT A LENDER

A documentation tool, not a lending platform.

$lyde is software that documents and tracks private agreements between two people. It is not a lender, not a broker, and not a money transmitter. That single distinction determines which body of law applies, and it is drawn cleanly and deliberately.

WHAT TRIGGERS REGULATION

Nearly every financial regime attaches to one of two acts: moving other people's money (money transmission), or making, brokering, or selling a loan (lending and securities). Doing either pulls in state licensing, usury caps, and often SEC oversight.

WHAT $LYDE DOES INSTEAD

$lyde does neither. Two people who already know each other set their own terms; $lyde records the agreement, generates the paperwork, and tracks repayment. The funds move directly between them in their own apps. $lyde is the notebook, not the bank.

Four reasons $lyde sits outside the lending perimeter

01

It never holds or transmits funds

No pooled accounts, no wallet, no ACH inside the app. Money moves peer-to-peer through Venmo, Cash App, PayPal, or Zelle, the licensed transmitters. With no control over customer funds, money-transmitter rules (state MTLs, FinCEN MSB) have nothing to attach to.

02

It does not originate or broker the loan

$lyde sets no rates, extends no credit, and matches no strangers. The two parties choose each other and write their own terms, so consumer-lending licensing and broker rules do not apply.

03

It sells no investment product

Traditional P2P platforms packaged loans into notes sold to investors, which pulled in the SEC. $lyde has no notes, no investors, no yield, and no secondary market. There is no security.

04

Its only revenue is a software subscription

$lyde earns nothing from the loan: no origination fee, no interest split, no late-fee cut. The sole charge is $4.99/month for the tool, billed through Stripe like any SaaS. Revenue is decoupled from the credit.

The right mental model

$lyde is to a personal loan what a template contract, a shared spreadsheet, or a calendar reminder is to a handshake deal. A spreadsheet that tracks who owes whom is not a bank. A document generator that produces an IOU is not a lender. A reminder app is not a money transmitter. $lyde is all three in one product, and none are regulated financial activities.

Like a contract template
Generates the agreement the two parties sign themselves.

Like a shared ledger
Tracks balance, schedule, and repayment progress live.

Like a reminder app
Nudges the borrower and links out to their payment app.

$lyde vs. a true P2P lending platform

	True P2P lender	$lyde
Custodies / moves user funds	Yes, via platform accounts	No, funds move peer-to-peer
Originates or brokers the loan	Yes	No, individuals originate
Sets rates / underwrites credit	Yes	No, parties set their own terms
Sells loans as investment notes	Yes	No securities offered
Money-transmitter licensing	Required	Not applicable
State lending licenses	Required	Not applicable to a tool
Revenue source	Origination + interest + fees	$4.99/mo software subscription
Regulatory character	Financial institution	Software-as-a-service

An honest note on scope

This one-pager explains the structural logic behind $lyde's model. It is not legal advice and not a legal opinion. Real-world exposure depends on how the loan agreements are worded, how features like interest and reminders are presented, and how the product is marketed, and it can vary state by state. Before scaling, $lyde will complete a formal review with fintech regulatory counsel and adjust templates and disclosures accordingly. Part of the raise is earmarked for exactly that work.

Questions on the model or compliance roadmap? cameron@insightsystems.io