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Proposal and Comment Information

Title: Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-weighted Assets, R-1888

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Submitter Information

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Subject: Comment on Proposed Regulatory Capital Rules – Reject Basel's 1,250% Risk Weight for Bitcoin

To the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation:

I am an American investor who has been holding and investing in Bitcoin since 2016. I am submitting this comment because I strongly believe the agencies should not implement Basel's 1,250% risk weight for Bitcoin. Doing so would be a serious policy error that harms U.S. banks, consumers, and our nation's competitive position in the global financial system.

Bitcoin is not an opaque, issuer-backed credit product. It is a transparent, decentralized, globally traded digital commodity with no counterparty, no issuer, no management team, and a mathematically fixed supply of 21 million coins. Its risks—price volatility, custody, cybersecurity, liquidity, and operational—are real but measurable, hedgeable, and already addressed by existing Basel frameworks such as the Fundamental Review of the Trading Book (FRTB) for market risk and the operational-risk capital framework for custody and key management.

The 1,250% risk weight (which produces a capital requirement of 100% or more of exposure once the 8% minimum and buffers are applied) is a category error. It was designed for the worst, unrateable securitization tranches of the pre-2008 era. Applying it to Bitcoin is the regulatory equivalent of using a sledgehammer on a precision instrument. The result is that U.S. banks are effectively barred from offering custody, secured lending, treasury services, payments infrastructure, market-making, or client access to Bitcoin. This is not prudent regulation—it is a de facto prohibition that makes bank intermediation uneconomic.

This mistake will cause U.S. banks and other regulated entities to lose out to other nations. While American institutions are handcuffed, foreign banks and jurisdictions with more rational capital treatment will capture the custody fees, lending spreads, settlement business, and innovation that Bitcoin naturally generates. America has long led the world in deep, trusted capital markets. We should not voluntarily surrender leadership in the next generation of financial infrastructure.

Bitcoin's unique characteristics make it far superior to many traditional asset classes that currently receive far more favorable treatment. It is a breakthrough in financial innovation—borderless, instant, low-cost, and censorship-resistant value transfer without intermediaries. It delivers genuine financial security through verifiable scarcity and self-sovereignty that no bank or government can unilaterally dilute. As a diversified, uncorrelated asset class with a limited supply, it has repeatedly proven its value as a portfolio diversifier and long-term store of value.

Compare this to commercial real estate (CRE), which carries typical risk weights of 100–150% yet is currently facing serious structural headwinds: elevated interest rates, remote-work-driven office vacancies, regional bank exposure, and declining property values in multiple sectors. Bitcoin has weathered multiple cycles, grown institutional adoption (more than 150 public companies now hold over 1.1 million BTC), and offers true scarcity that CRE and most other assets cannot match. Penalizing Bitcoin more harshly than CRE or other challenged asset classes makes no risk-based sense.

I respectfully urge the agencies to:

Decline to adopt Basel's 1,250% risk weight for Bitcoin in the U.S. implementation.

Immediately clarify that pure agency (non-proprietary) Bitcoin custody should be capitalized only under the operational-risk framework.

Develop a risk-sensitive U.S. framework that applies appropriate market-risk charges, operational-risk add-ons, audited custody standards, prudent concentration limits, and hedging recognition.

Clearly distinguish Bitcoin (a non-issuer digital commodity) from stablecoins, tokens with issuers, and DeFi protocols that carry different risk profiles.

Use the U.S. voice at the Basel Committee to advocate for a recalibration that replaces the blunt 1,250% default with a framework based on measurable risks rather than technology labels.

Getting this right protects safety and soundness by keeping Bitcoin activity inside regulated, supervised U.S. institutions where examiners can see it, rather than driving it offshore to less transparent venues. It also preserves American competitiveness and gives everyday investors and businesses access to the innovation, financial security, and portfolio diversification that Bitcoin uniquely provides.

As someone who has believed in and held Bitcoin since 2016, I have watched it mature into a serious institutional asset. I do not want to see U.S. banks and American citizens left behind because of an outdated and misapplied capital rule. Please fix Basel’s 1,250% mistake.

Thank you for the opportunity to comment.