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Proposal and Comment Information

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Congress should direct U.S. banking regulators to reform the implementation of Basel standards by reclassifying Bitcoin and similar established cryptoassets with a more risk-sensitive treatment under the standardized approach for risk-weighted assets, moving away from the punitive 1,250% risk weight that effectively imposes a dollar-for-dollar capital requirement. This Basel-derived framework misapplies tools designed for opaque, unrateable securitizations to Bitcoin—a transparent, globally traded, verifiable digital asset with deep liquidity, measurable volatility (hedgeable via existing market risk frameworks), no counterparty credit risk in self-custody or regulated custody, and a proven track record as a scarce store of value often compared to gold (which receives 0% risk weight).

Treating Bitcoin as a high-risk “Group 2b” asset creates de facto barriers to bank participation in custody, lending, trading, and treasury services, limiting innovation, financial inclusion, and U.S. competitiveness in digital assets while driving activity offshore. A calibrated approach—such as risk weights aligned with equities, commodities, or volatility-adjusted metrics, combined with robust operational and infrastructure safeguards—would better reflect actual risks without compromising safety and soundness. This reform would unlock institutional adoption, enhance bank revenue diversification, support Bitcoin’s role in diversified portfolios and as a hedge against monetary debasement, and align regulation with technological reality. Congress should enact targeted legislation or oversight to ensure U.S. rules prioritize evidence-based risk assessment over outdated international presumptions, fostering a competitive, resilient banking system in the digital age.