

GEORGIA BITCOIN COUNCIL, JEFFREY CARSON

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 Bank Capital Treatment of Bitcoin

To the Federal Reserve, OCC, and FDIC:

I write to urge that U.S. bank capital rules treat Bitcoin based on its real risk profile, rather than imposing a blanket penalty that effectively bars regulated banks from participating in the Bitcoin economy.

To be clear: Bitcoin carries genuine risks. Volatility, custody, cybersecurity, liquidity, and operational risks are all real, and any bank engaging with Bitcoin should face strong controls — audited custody, prudent position limits, robust supervision, and tested operational safeguards.

But Bitcoin's risk profile is fundamentally distinct from most other crypto assets. There is no issuer, no balance sheet, no management team, no coupon, no redemption promise, no reserve portfolio, and no counterparty that can default. Bitcoin is not a claim on a company, a stablecoin issuer, a DeFi protocol, or a lending platform. It is an issuerless, decentralized capital asset with a transparent supply schedule, a public settlement history, open-source validation, and continuous global pricing. Its risks are real, but they are observable, quantifiable, and directly capitalizable.

That is why Basel's proposed 1,250% risk weight is the wrong instrument. Lumping Bitcoin together with opaque credit products and speculative tokens ignores meaningful differences in structure and risk. At an 8% minimum capital ratio, a 1,250% risk weight requires capital equal to a bank's full Bitcoin exposure before additional buffers — a treatment that does not improve safety, but does effectively prevent regulated banks from providing custody, settlement, secured lending, treasury services, payment infrastructure, hedging tools, and client services that Bitcoin users and businesses increasingly require.

I respectfully urge the agencies to reject Basel's blanket approach and instead adopt a risk-sensitive U.S. framework — one that addresses Bitcoin's actual risks through appropriate market-risk capital, operational-risk treatment for custody and key management, cybersecurity standards, recognition of hedging, audited controls, prudent inventory limits, and graduated concentration limits. The agencies should also clearly distinguish Bitcoin from issuer-backed tokens, stablecoins, and DeFi instruments with materially different risk profiles.

Bitcoin should not receive special treatment. It should receive accurate treatment.

A risk-sensitive framework would better serve safety and soundness while allowing Bitcoin-related activity to occur inside regulated, supervised U.S. institutions. A blanket penalty does the opposite: it pushes activity outside the regulated perimeter, reduces consumer choice, and weakens American leadership in financial infrastructure. America cannot lead the next generation of financial technology if American banks are effectively excluded from participating in Bitcoin.