RICHARD CHANG

Proposal and Comment Information

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Submitter Information

Name: Richard Chang

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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 writing as someone who believes the United States should approach Bitcoin regulation thoughtfully, realistically, and based on the actual risks involved rather than broad assumptions or outdated frameworks.

I fully understand that Bitcoin carries real risks. It is volatile. It introduces custody and cybersecurity concerns. It creates operational and liquidity risks that banks must manage responsibly. I am not asking regulators to ignore those realities or give Bitcoin special treatment.

What I am asking is that Bitcoin be treated according to its actual characteristics and risk profile.

Bitcoin is fundamentally different from many other cryptoassets. It does not represent a claim on a company, a borrower, a stablecoin issuer, or a lending platform. There is no management team promising returns, no reserve portfolio backing liabilities, and no counterparty whose default could suddenly collapse the system. Bitcoin is decentralized, globally traded, transparent, continuously priced, and openly verifiable.

That does not make it risk-free. But it does make it different.

The proposed Basel treatment applying a blanket 1,250% risk weight to Bitcoin feels disconnected from the actual nature of the asset. In practice, it would make regulated bank participation economically unrealistic by requiring banks to hold capital approaching the full value of their Bitcoin exposure before additional buffers are even considered.

I worry this approach would not meaningfully improve safety and soundness. Instead, it would push Bitcoin-related activity further outside regulated institutions and into less supervised environments. That outcome could reduce transparency, weaken consumer protections, and limit the ability of U.S. banks to responsibly serve customers who are increasingly interacting with Bitcoin whether regulators approve of it or not.

Banks should absolutely be expected to maintain strong custody controls, cybersecurity safeguards, prudent exposure limits, audited operational procedures, and appropriate risk management standards. Regulators should also distinguish between Bitcoin and other digital assets that involve issuers, leverage, reserve structures, or opaque counterparty risks.

A more risk-sensitive framework would better reflect reality. It would allow regulators to supervise Bitcoin-related banking activity directly rather than indirectly discouraging it through punitive capital treatment.

I also believe this issue matters strategically for the United States. Financial innovation is moving forward globally, and Bitcoin is increasingly becoming part of that conversation. If American banks are effectively prevented from participating responsibly, leadership and infrastructure development will move elsewhere.

Bitcoin should not receive favorable treatment simply because some people support it. But it also should not receive disproportionate treatment because it is unfamiliar or politically controversial.

I respectfully urge the agencies to adopt a more nuanced and risk-based approach toward Bitcoin rather than entrenching a blanket 1,250% capital treatment.

Thank you for your consideration.