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Proposal and Comment Information

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Submitter Information

Name: Anonymous

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I am writing to express concern regarding the current and proposed Basel treatment of Bitcoin exposure, particularly the 1250% risk weighting applied to Bitcoin holdings. While I understand and support the need for prudent risk management within the banking system, I believe the current framework fails to adequately distinguish Bitcoin from the broader and far more speculative “crypto” ecosystem.

Bitcoin is fundamentally different from many other digital assets. It is decentralized, globally distributed, transparent, finite in supply, and increasingly recognized by institutions, corporations, and even sovereign governments as a legitimate monetary asset and store of value. Lumping Bitcoin together with highly speculative tokens, leveraged schemes, and centralized crypto projects creates regulatory distortion rather than sound risk assessment.

The United States should be taking a leadership position in Bitcoin infrastructure, custody, and financial innovation. Instead, the current treatment effectively discourages regulated banks from participating at all. A 1250% risk weighting does not function as neutral regulation in practice — it functions as a near prohibition.

This has several unintended consequences. First, it risks pushing Bitcoin activity outside the regulated banking sector and into less transparent, less accountable, and less secure channels. If banks are effectively blacklisted from responsibly engaging with Bitcoin, consumers and businesses may be forced toward offshore firms, lightly regulated intermediaries, or opaque structures that create greater systemic risk rather than less.

Second, this approach may weaken America’s competitive position. Other jurisdictions are actively building frameworks that allow regulated financial institutions to safely interact with Bitcoin markets. If the United States adopts an excessively punitive approach, talent, capital, infrastructure, and innovation may migrate elsewhere over time.

Finally, I would encourage regulators to recognize the distinction between volatility risk and existential risk. Bitcoin is volatile, but volatility alone should not automatically justify capital treatment so severe that it effectively prevents participation by well-capitalized and supervised institutions.

I support sensible safeguards, strong disclosures, and prudent capital standards. However, regulations should be calibrated carefully, technologically informed, and proportionate to actual risks. A more nuanced framework that differentiates Bitcoin from the broader crypto sector would better support financial stability, consumer protection, and American leadership in emerging financial infrastructure.

Thank you for considering public input on this important issue.