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Proposal and Comment Information

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To the Federal Reserve, OCC, and FDIC:

I am a congressional fellow at the Bitcoin Policy Institute, a millennial, and an American still living under the shadow of the 2008 crisis. Just as I was graduating from university in 2009, my family lost our house in the aftermath. Since then, I have tried to build financial independence in an economic system that often feels designed to keep ordinary people running as fast as they can just to stay in place: housing costs, medical bills, inflation, debt, and uncertainty.

Needless to say, that experience has left me financially skeptical. To make matters worse, I've lost money trying to time the stock market. I've lost money trusting crypto projects like Terra/Luna that turned out to be fragile and deceptive. That jaded grief has led me to Bitcoin—not as a get-rich scheme but as the most conservative savings instrument I have found: no issuer, no CEO, no balance sheet, no bailout, no debt, no promise to redeem. It's true that Bitcoin is volatile in price, but it is also structurally sound in a way most financial assets are not. It is no one’s IOU. Dollars, by contrast, are IOUs all the way down.

That is why Basel’s 1,250% risk weight is the wrong tool. It treats Bitcoin as if it's still irredeemably anathema, when the better question is: what actual risk are we capitalizing?

Why should a neutral bearer asset with no counterparty be treated more harshly than instruments built on leverage, opacity, or issuer promises? Why should an open-source, auditable, globally priced protocol with a fixed supply schedule be treated like a third rail? Why should gold receive one treatment while Bitcoin—the digital bearer asset most comparable in monetary function—is singled out as the black sheep? Pragmatically speaking, Basel’s approach does not measure risk. It only flattens judgment.

Bitcoin is not risk-free. Banks should manage its price volatility under market-risk rules. Custody should be governed by serious operational standards: cybersecurity, key management, access controls, internal governance, and auditability. Hedging and risk mitigation should count when a bank can prove exposure has been reduced. And Bitcoin should be distinguished from issuer-backed tokens, stablecoins, DeFi instruments, and other cryptoassets with totally different risk profiles and structural hierarchies.

Safety and soundness should mean magnanimous supervision, not draconian prohibition by capital penalty. A 1,250% blanket charge does not make Bitcoin safer. It makes regulated American banks less able to serve customers, pushes activity offshore, and hands financial infrastructure leadership to other countries.

Bitcoin should not receive special treatment. It should receive accurate treatment. Fix Basel’s 1,250% mistake. Treat Bitcoin according to its actual risks otherwise we risk locking ourselves out from all possibility and optionality for future financial abundance.