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Proposal and Comment Information

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Submitter Information

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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:

The next generation of financial infrastructure is being built right now. Basel's proposed 1,250% risk weight on Bitcoin ensures it will not be built here.

I am an American who cares about whether this country leads or follows in the technologies that will define the next several decades of finance. Bitcoin is the largest, most liquid, most globally adopted decentralized digital asset in the world, and it is not going away. The only live question is whether American banks, customers, and businesses participate in it under American supervision, or whether the activity migrates to jurisdictions willing to make the calibration the agencies are about to refuse.

A 1,250% risk weight does not measure Bitcoin's risks. It prices American banks out of touching Bitcoin entirely. At an 8% minimum capital ratio, the rule requires a bank to hold capital equal to the full value of its Bitcoin exposure. No commercially viable custody, treasury, or settlement product survives that math. The rule does not constrain Bitcoin activity. It constrains whether that activity occurs inside the regulated US banking system.

As a small business owner, I rely on US banks for payments, treasury, lending, settlement, and risk management. I do not have parallel access to those services for the Bitcoin side of my operations. I cannot get a working capital loan against a Bitcoin treasury position. I cannot obtain audited custody from a domestic regulated institution at a competitive cost. I cannot route Bitcoin settlement through a US bank that integrates with my existing infrastructure. Every one of these services exists somewhere in the world; none exists at a US bank, because the 1,250% risk weight makes the unit economics impossible.

This is backwards on safety and soundness. The activity itself is not eliminated by the capital rule; it is displaced. Bitcoin custody, lending, settlement, and treasury services happen every day. The question the agencies are answering is whether those activities happen inside institutions the Fed, OCC, and FDIC supervise, or outside them. Basel's answer pushes activity outward — moving customer funds from audited custodians with capital requirements, examination cycles, and consumer protection obligations to venues with weaker controls. A capital rule that drives regulated activity offshore cannot be defended on safety and soundness grounds.

As a bank customer, I would strongly prefer to obtain Bitcoin services from a US bank. I want regulated custody, audited reserves, applicable consumer protection law, and a counterparty I can hold legally accountable through US courts. The 1,250% risk weight removes that option.

Basel also fails to distinguish Bitcoin from materially different cryptoassets. Bitcoin has no issuer, borrower, management team, coupon, redemption promise, reserve portfolio, or defaulting counterparty. It is structurally unlike a stablecoin issued against an off-chain reserve, an unsecured position in a DeFi protocol, or a token with active management. Its actual risks — price volatility, custody and key management, cybersecurity, liquidity, concentration — already have well-developed frameworks inside existing capital rules.

I respectfully urge the agencies to reject Basel's 1,250% treatment for Bitcoin and adopt a risk-sensitive framework that:

Treats Bitcoin price exposure under standard market risk capital, calibrated to observed volatility and liquidity;

Addresses custody, key management, and cybersecurity through existing operational risk standards;

Recognizes hedging and offsetting positions as for any other asset class;

Distinguishes Bitcoin from issuer-backed tokens, stablecoins, DeFi instruments, and other cryptoassets with different risk profiles.

Bitcoin should not receive favorable treatment. It should receive accurate treatment. The agencies have the supervisory expertise to measure Bitcoin's actual risks directly. Adopting a non-binding international standard that does not reflect that expertise — and that produces an outcome the agencies would not produce on their own — is not regulation. It is delegation.

The choice is whether American banks can serve the customers and businesses already participating in the Bitcoin economy, or whether that activity migrates offshore. I urge the agencies to keep it here.