BONNIE JENKINS

Proposal and Comment Information

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Submitter Information

Name: Bonnie Jenkins

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Financial regulation works best when it targets risk without blocking innovation or lawful access. Broad restrictions that effectively prevent banks from holding Bitcoin risk doing both.

Bitcoin is not a speculative company, a management team, or a counterparty. It is a decentralized network with transparent rules, continuous global operation, and no single point of failure. Treating it as if it carries the same risks as opaque or centrally controlled assets misunderstands its structure.

Preventing regulated banks from holding Bitcoin does not eliminate demand or exposure. It simply pushes activity into less regulated environments, reducing visibility for regulators and increasing risk for consumers. That outcome runs counter to the goals of financial stability and oversight.

U.S. institutions are already at a competitive disadvantage as other jurisdictions establish clear frameworks that allow banks to custody and interact with digital assets under defined risk controls. A restrictive approach risks exporting both innovation and capital formation.

A more effective path would be:

Establishing clear custody and capital requirements tailored to Bitcoin’s properties
Allowing regulated banks to operate within those guardrails
Maintaining supervisory visibility rather than driving activity offshore

Bitcoin is increasingly being considered as a treasury and reserve asset due to its scarcity, transparency, and independence from monetary policy. Whether one agrees with that role or not, it is already a reality in global markets.

Regulation should aim to integrate this reality safely into the financial system, not wall it off.