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Proposal and Comment Information

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Submitter Information

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To the Regulatory Agencies:

The current proposal to adopt the Basel Committee's 1,250% risk weighting for Bitcoin fails to reflect the asset's actual risk profile. By treating Bitcoin as a "Group 2" asset, the agencies are applying a "one-size-fits-all" penalty that ignores the distinction between decentralized assets and opaque credit products.

Bitcoin's risks—specifically volatility, custody, and liquidity—are measurable and manageable. Unlike stablecoins or DeFi tokens, Bitcoin carries no "issuer risk." Therefore, a capital requirement that exceeds the asset's total value (when accounting for buffers) is mathematically disproportionate. I advocate for a framework where:

Capital requirements are tied to market volatility and hedging effectiveness.

Operational safeguards focus on multi-signature security and audited custody.

Regulatory oversight distinguishes between "issuerless" assets and those with counterparty dependencies.

Effective regulation should foster a safe environment within the banking system rather than mandating a de facto ban through punitive capital costs.