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## Proposal and Comment Information

**Title:** Regulatory Capital Rules: Regulatory Capital and Standardized Approach for Risk-weighted Assets, R-1888

**Comment ID:** FR-2026-0008-01-C45

## Submitter Information

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**Submitted Date:** 05/08/2026

I urge the agencies to apply risk-based capital treatment to Bitcoin rather than Basel's blanket 1,250% risk weight, which makes regulated bank participation in Bitcoin economically impractical.

Bitcoin carries real risks—including price volatility, custody, cybersecurity, liquidity, and operational risks—that banks must manage through strong controls, audited custody, prudent limits, and robust supervision. However, Bitcoin is fundamentally different from other cryptoassets: it has no issuer, no counterparty, no redemption obligation, and no opaque balance sheet. It is a decentralized, issuerless capital asset with a transparent supply schedule, public settlement history, open-source code, and continuous global market pricing. Its risks are primarily market, custody, and operational in nature and can be directly measured, supervised, and capitalized.

A 1,250% risk weight effectively requires capital equal to 100% of the exposure (at an 8% minimum ratio), treating Bitcoin the same as far riskier speculative or credit instruments. This does not enhance safety and soundness—it simply blocks banks from providing custody, settlement, secured lending, treasury, payments, market-making, and hedging services that Bitcoin users and businesses need.

Instead, the agencies should adopt a tailored, risk-sensitive framework for Bitcoin that includes market-risk capital, operational-risk treatment for custody and key management, cybersecurity standards, recognition of hedging, audited custody controls, inventory limits, and graduated concentration thresholds. Bitcoin should be distinguished from issuer-backed stablecoins, DeFi instruments, and other cryptoassets with materially different risk profiles.

Risk-appropriate treatment would keep Bitcoin-related activity inside the regulated U.S. banking system, where it is easier to supervise, improving consumer protection and financial stability. A blanket penalty would push this activity offshore or into less-regulated entities, reducing consumer choice, harming American prosperity, and weakening U.S. leadership in financial technology and Bitcoin infrastructure. Americans are better served by regulated domestic banks offering these services than by offshore or unsupervised providers. I respectfully request that the agencies reject the punitive blanket approach and implement accurate, risk-based rules for Bitcoin.