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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-C48

Submitter Information

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Submitted Date: 05/08/2026

To the Federal Banking Agencies:

My name is Michael Bruck, and I am a U.S. bank customer, retired cybersecurity professional, and active investor. I care about this issue because Bitcoin and digital-asset financial services are becoming part of the modern financial system, and I strongly believe Americans are better protected when these services are offered through regulated U.S. banks rather than being pushed offshore or into less supervised markets.

I understand the need for bank regulators to manage risk carefully. Bitcoin is volatile, and banks should be expected to use strong controls, capital planning, cybersecurity protections, custody standards, audit procedures, and consumer safeguards. However, Basel's recommended 1,250% risk weight is the wrong approach. It effectively treats Bitcoin exposure as if it is so dangerous that banks should be discouraged from providing responsible access at all. That does not eliminate demand for Bitcoin services; it simply pushes that demand away from regulated U.S. institutions and toward offshore exchanges, private platforms, or less transparent providers.

That outcome is worse for consumers, worse for market integrity, and worse for U.S. competitiveness. As an investor, I would strongly prefer to use regulated U.S. banks for Bitcoin custody and related financial infrastructure. Banks already operate under examination, compliance, cybersecurity, anti-money-laundering, and capital rules. If banks are effectively prevented from offering these services, customers lose the benefit of that regulated environment.

The 1,250% risk weight is also too blunt. It does not adequately distinguish between different activities, such as custody, trading facilitation, settlement, lending, proprietary balance-sheet exposure, or customer-directed services. A bank safely custodying Bitcoin for customers is not the same risk as a bank taking large speculative positions on its own balance sheet. The rule should recognize those differences.

I respectfully urge the agencies not to adopt Basel's 1,250% recommendation as a blanket treatment for Bitcoin. Instead, the agencies should create a risk-based framework that allows well-capitalized, well-supervised U.S. banks to offer Bitcoin services with appropriate safeguards. That framework should distinguish custody from proprietary exposure, apply capital requirements proportionate to actual risk, require strong operational and cybersecurity controls, and preserve responsible access for U.S. consumers and investors.

The goal should not be to force Bitcoin activity out of the banking system. The goal should be to bring responsible Bitcoin activity into the regulated banking system, where it can be monitored, supervised, and made safer for the public.

Respectfully,
Michael Bruck