

United States Senate

WASHINGTON, DC 20510

May 27, 2026

Hon. Miki Bowman
Vice Chair for Supervision
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Hon. Travis Hill
Chairman of the Board
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Hon. Jonathan Gould
Comptroller
Office of the Comptroller of the Currency
400 7th Street, S.W.
Washington, D.C. 20219

Re: Capital Standards for Digital Asset Activities

Dear Vice Chair Bowman, Chairman Hill, and Comptroller Gould:

We write to commend your agencies for the recent interagency guidance clarifying the capital treatment of tokenized securities, and to urge you to build on that progress to move towards a clear and fair capital treatment for on-balance sheet treatment of digital assets.¹

In the recent guidance on tokenized securities, you affirmed an important principle: capital treatment should reflect the risk characteristics of the underlying asset, not the technology used to record ownership.² That principle should apply consistently—including to other digital assets.

The Basel Committee on Bank Supervision published prudential capital standards for the on-balance sheet treatment of digital assets like bitcoin in 2022 and assigned a 1,250% risk weight—the most punitive classification in the capital framework.³ This classification was not derived from a calibrated assessment of the actual risk profile of digital assets, however. This framework appears to be a blanket penalty assigned by asset category as a *de facto* ban on banks holding this asset class, in direct tension with a technology-neutral approach. The practical consequences of this framework are stark. A 1,250% risk weight, multiplied by the 8% minimum capital ratio,

¹ Federal Deposit Insurance Corp., Bd. of Govs. of the Fed. Rsrv. Sys., and Office of the Comptroller of the Currency, *Agencies Clarify the Capital Treatment of Tokenized Securities*, NR-IA-2026-14, Mar. 5, 2026.

² See OCC Bulletin 2026-7, *Regulatory Capital: Interagency FAQs on Tokenized Securities* (Mar. 5, 2026) (clarifying that “the technologies used to issue and transact in a security do not generally impact its capital treatment”).

³ See Basel Committee on Bank Supervision, *Prudential Treatment of Crypto Asset Exposures*, <https://www.bis.org/bcbs/publ/d545.pdf> (December 2022), last visited Mar. 11, 2026. See also Conner Brown, *Basel’s 1,250% Mistake: Why Basel’s Bitcoin Capital Treatment Is a Category Error—and How to Fix It*, Bitcoin Policy Institute (Feb. 2026).

produces a capital requirement equal to 100% of the exposure—requiring banks to hold capital more than dollar for dollar equal to the amount of the digital assets.⁴

Vice Chair Bowman rightly noted in November 2025 that “We are not adopting those Basel risk weights . . . they are actually not very realistic.”⁵ The *Financial Times* has also reported that the Bank of England has refused to implement the Basel standards.⁶ Additionally, a group of banking and capital markets trade organizations wrote a letter to the Basel Committee in August 2025 calling on the Basel Committee to pause and revise the capital framework.⁷

The Basel Committee itself has acknowledged the need for revision, announcing in November 2025 its decision to “expedite a targeted review of elements of the standard for banks’ crypto asset exposures.”⁸

Digital assets such as bitcoin carry risks—volatility and operational complexity foremost among them. These risks are measurable, however, and the Basel Framework already contains sophisticated tools designed to address them. A 1,250% risk weight bypasses those calibrated frameworks entirely, applying a blunt penalty originally designed for opaque, unrateable securitization tranches to a transparent, globally traded asset with deep derivatives markets, continuous liquidity, and cryptographic auditability.

Congress is currently considering comprehensive legislation to establish a market structure for digital assets.⁹ This legislation authorizes banks to engage in a number of on-balance sheet activities with digital assets,¹⁰ which will undoubtedly require capital guidance.

We encourage you to begin work on a new capital framework for digital asset activities. Any proposed capital treatment of on-balance sheet digital asset activities should accurately reflect the opportunities and risks of digital assets—and be based on, to the extent possible, a technology-neutral approach that gives banks the authority to participate meaningfully in digital asset markets.

Thank you for your attention to this matter. We look forward to working with your agencies to ensure that America’s capital markets remain the deepest, most innovative, and most competitive in the world, and that the U.S. dollar remains the world’s reserve currency.

⁴ *Id.* (noting that aggregate Group 2 exposure limits impose additional constraints, including a hard cap at 2% of Tier 1 capital beyond which all Group 2 holdings receive the full 1,250% weight with no hedging recognition).

⁵ Vice Chair for Supervision Miki Bowman, *The Supervisory Balancing Act: Stability and Growth*, Nov. 4, 2025, available at <https://www.youtube.com/watch?v=7-iQve8k8PE>.

⁶ Erik Theeden, *Global Crypto Rules for Banks Need Reworking, Says Basel Chair*, *Financial Times*, November 19, 2025.

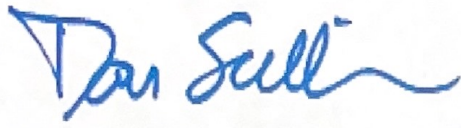
⁷ *BCBS Crypto Asset Exposures Standard*, Aug. 19, 2025, available at <https://www.gfma.org/wp-content/uploads/2025/08/bcbs-prudential-letter-final-public-version.pdf> (last visited Mar. 11, 2026).

⁸ Basel Committee on Banking Supervision, Press Release, Nov. 19, 2025, available at <https://www.bis.org/press/p251119.htm>.

⁹ *Digital Asset Market Clarity Act*, H.R. 3633, 119th Cong., 2d. Sess (2026).

¹⁰ *See Amendment in the Nature of a Substitute*, sec. 401, S. Comm. on Banking, Housing and Urban. Aff., H.R. 3633, 119th Cong., 2d Sess. (2026).

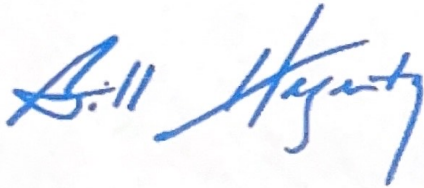
Sincerely,

Handwritten signature of Dan Sullivan in blue ink.

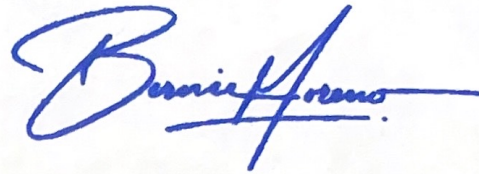
Senator Dan Sullivan

Handwritten signature of Cynthia M. Lummis in blue ink.

Senator Cynthia M. Lummis

Handwritten signature of Bill Hagerty in blue ink.

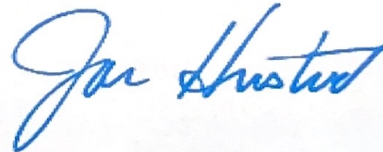
Senator Bill Hagerty

Handwritten signature of Bernie Moreno in blue ink.

Senator Bernie Moreno

Handwritten signature of Ted Budd in blue ink.

Senator Ted Budd

Handwritten signature of Jon Husted in blue ink.

Senator Jon Husted