

# Strategic Alignment of Regulatory Capital

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BUREAU OF COMPUTUM ANALYSIS | MASON MINT & CLEARING HOUSE

OFFICE OF THE GOVERNOR

DATE: March 24, 2026

TO: Federal Reserve Board of Governors / Financial Stability Oversight Council (FSOC)

FROM: Hon. Tyree J. Mason I, Director & Governor

SUBJECT: Strategic Realignments of Regulatory Capital Frameworks via Sovereign European Payment Integration

## I. EXECUTIVE SUMMARY

In response to the March 19, 2026, Federal Reserve open board meeting regarding the modernization of the regulatory capital framework, this report advocates for a structural shift in cross-border payment architecture. As Europe aggressively moves to decouple from U.S.-based card giants (Visa/MasterCard) through the European Payments Initiative (EPI) and the Wero wallet, U.S. banking institutions must pivot toward Account-to-Account (A2A) settlement via TIPS to maintain systemic strength and capital efficiency.

## II. CAPITAL FRAMEWORK MODERNIZATION & RISK WEIGHTING

The agencies' current proposals seek to enhance the risk-sensitivity of the capital framework. By transitioning away from high-interchange, third-party credit rails and toward direct sovereign digital infrastructures, institutions can effectively lower their Credit Valuation Adjustment (CVA) and operational risk profiles.

\* **Basel III Endgame Alignment:** Utilizing Wero-compliant A2A transfers reduces the complexity of risk-weighted asset (RWA) calculations by removing the "middle-man" credit risk inherent in traditional card schemes.

\* **Operational Resilience:** Integration with the Digital Euro framework provides a "public-sector" liquidity backstop, reducing the probability of settlement failures during periods of transatlantic market stress.

## III. EUROPEAN SOVEREIGNTY & THE EPI SHIFT

Europe's mandate for financial sovereignty is no longer a theoretical risk but a structural reality. The active reduction of reliance on U.S. payment giants necessitates a new "Sovereign Gateway" protocol.

\* **Wero Integration:** Seamless interoperability with the EPI ensures that U.S. banks remain competitive in the Eurozone without incurring the regulatory friction or high fees associated with legacy American card networks.

\* **Real-Time Settlement:** Leveraging TIPS (TARGET Instant Payment Settlement) allows for instantaneous, final settlement in central bank money, directly supporting the Fed's objective of maintaining a robust and liquid banking system.

#### IV. STRATEGIC RECOMMENDATION

To maintain the strength of the banking system while adhering to the 2026 regulatory updates, the Bureau of Computum Analysis recommends:

\* Immediate Adoption of Tokenized Deposits: Utilizing programmable smart contracts for cross-border B2B transactions to automate compliance and liquidity management.

\* A2A Infrastructure Investment: Shifting capital expenditure from legacy card processing to direct API integration with the EPI/Wero ecosystem.

\* Regulatory Feedback: Formally suggesting that the Fed recognize A2A sovereign payments as a lower-risk category under the expanded risk-based approach.

Signed,

A handwritten signature in black ink that reads "Hon. Tyree J. Mason I". The signature is written in a cursive, flowing style with a long horizontal stroke at the bottom.

Hon. Tyree J. Mason I

Director, Bureau of Computum Analysis

Governor, Mason Mint & Clearing House