

MINISTRY OF INNOVATION / BUSINESS OF TECHNOLOGY

Major China Bitcoin exchange halts deposits, price crashes by half

Prof says China's central bank wants to "cool down Bitcoin trading."

by Cyrus Farivar - Dec 18 2013, 9:29pm CET

REGULATION 49



CASASCIUS

Following a recent decision by BTC China—the country's largest bitcoin exchange—to **stop accepting new deposits** in Chinese renminbi, the value of the digital currency has **plummeted** by about 50 percent over the course of several hours early Wednesday. BTC China attributed this change to the fact that one of its payment providers, YeePay, said it could no longer accept deposits in the Chinese currency.

As of this writing, the weighted average of one bitcoin was \$570.10 as listed on Mt. Gox, the world's largest exchange. Earlier this month, the trading value of one bitcoin **soared** to record highs of around \$1,200, and many speculated it was due to new Chinese trading.

In early December 2013, the Chinese central bank **issued** a **warning** that Bitcoin was not legally protected in China and barred financial institutions from using it.

"The central bank move... is to cool down Bitcoin trading and make it more rational," Ding Zhaoyong, a finance professor at Jilin University, told the **Agence France Presse**.

"Also the drastic price fluctuations might lead to uncontrollable risks to both delivering and charging sides in the third-party payment system, so... it must draw a clear line and avoid being passively driven into any payment dispute," he said.

Business Week also **reported** on Wednesday that Denmark is considering new legislation to regulate Bitcoin more thoroughly by amending existing money laundering laws.

"We'll seek to follow the mainstream," Michael Landberg, chief legal adviser at the Financial Supervisory Authority in Denmark, said. "Bitcoins are not forbidden in the US and the UK. It is out there and will continue to be out there. It just needs to be regulated. The challenge for us is how to do that."

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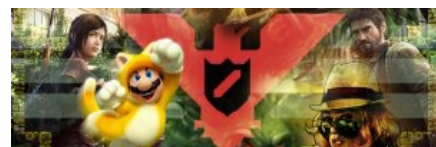
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