

**FINTECH**

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## Bitcoin exchange BTCChina says to stop trading, sparking further slide

Brenda Goh, Jemima Kelly



BEIJING/SHANGHAI/LONDON (Reuters) - Chinese bitcoin exchange BTCChina said on Thursday that it would stop all trading from Sept. 30, setting off a further slide in the value of the cryptocurrency that left it over 30 percent away from the record highs it hit earlier in the month.



FILE PHOTO: A Bitcoin (virtual currency) coin is seen in an illustration picture taken at La Maison du Bitcoin in Paris, France, June 23, 2017. REUTERS/Benoit Tessier/Illustration/File Photo

China has boomed as a cryptocurrency trading location in recent years, as investors and speculators flocked to domestic exchanges that formerly allowed users to conduct trades for free, boosting demand.

But that has prompted regulators in the country to crack down on the cryptocurrency sector, in a bid to stamp out potential financial risks as consumers pile into a highly risky and speculative market that has seen unprecedented growth this year.

Just hours after BTCChina announced its closure, Chinese news outlet Yicai reported that the country plans to shut down all bitcoin exchanges by the end of September, citing financial sources in Shanghai.

BTCChina said its decision was based on a Sept. 4 directive from Chinese authorities that expressed concern over investment risks involved in cryptocurrencies and ordered a ban on so-called initial coin offerings, or ICOs - the practice of creating and selling digital currencies or tokens to investors to finance start-up projects.

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That ban, as well as warnings by regulators in other countries, has driven fears of a wider crackdown and prompted a sell-off that has helped wipe almost \$60 billion off the total value of cryptocurrencies since they hit record highs at the start of the month, according to industry website Coinmarketcap.

“The Chinese ban is causing a panic in the market as mixed messages and lack of clarity has turned sentiment negative,” said Charles Hayter, founder of data analysis site Cryptocompare.

BTCChina, one of China’s largest bitcoin trading platforms, which also runs an international exchange out of Hong Kong, will stop registration of new users from Thursday, it said on its official microblog.

“We will stop all trades on the digital trading platform starting Sept. 30,” it said. Its co-founder, Bobby Lee, told Reuters the move would not affect trading on the BTCC international exchange, however.

The price of bitcoin tumbled particularly sharply on BTCChina after the news. By 1233 GMT, it was down 18 percent on the exchange, at 20,510 yuan.

On U.S. exchange Bitstamp, it slid as much as 10 percent to a five-week low of \$3,426.92, having hit a record high of nearly \$5,000 on Sept. 2.

## PANIC SPREADS

Panic also spread to other cryptocurrencies, with bitcoin’s main rival ether - sometimes called ethereum - also down around 10 percent, according to Coinmarketcap.

Reuters and other media had reported this week, citing sources, that China planned to further ban exchanges that allowed virtual currency trading but the regulator has yet to make an announcement.

Spokeswomen for OkCoin and Huobi, BTCChina’s main rivals in China, declined to say whether they would announce similar moves. Huobi said it had not received any clear directives from regulators to do so.

Investors in China contributed up to 2.6 billion yuan, or \$397 million, worth of cryptocurrencies through initial coin offerings in January-June, state-run media have said, citing data from the National Committee of Experts on Internet Financial Security Technology.

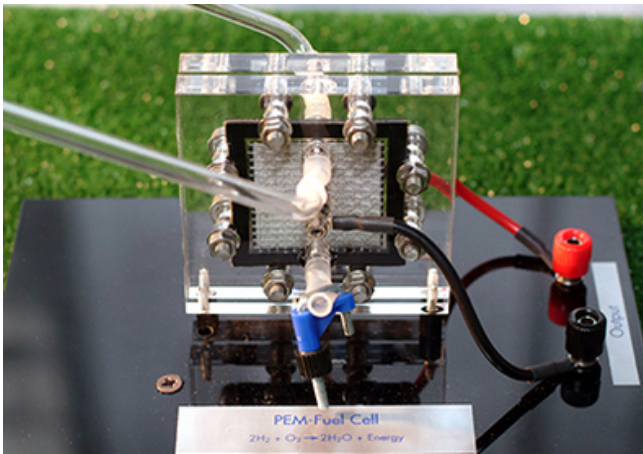
Adding to bitcoin’s woes this week was a warning by Jamie Dimon, chief executive of JPMorgan, that the cryptocurrency was a “fraud” and was set to “blow up” - comments that helped fuel a slide of as much as 11 percent in bitcoin on Wednesday.

Bitcoin is on track for its worst month since January 2015.

Reporting by Brenda Goh, Beijing Monitoring Desk and Jemima Kelly; Editing by Larry King

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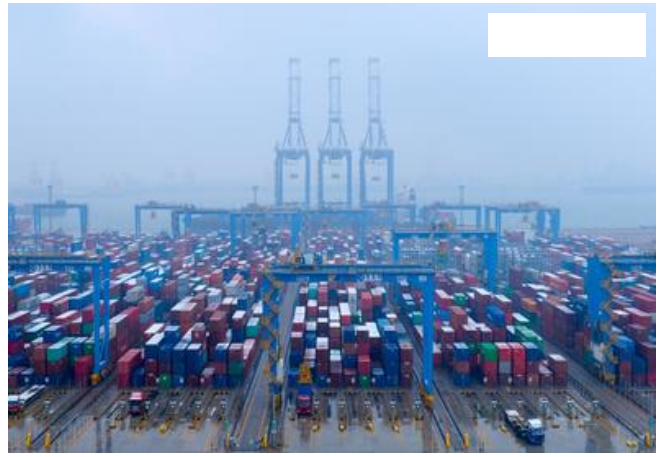


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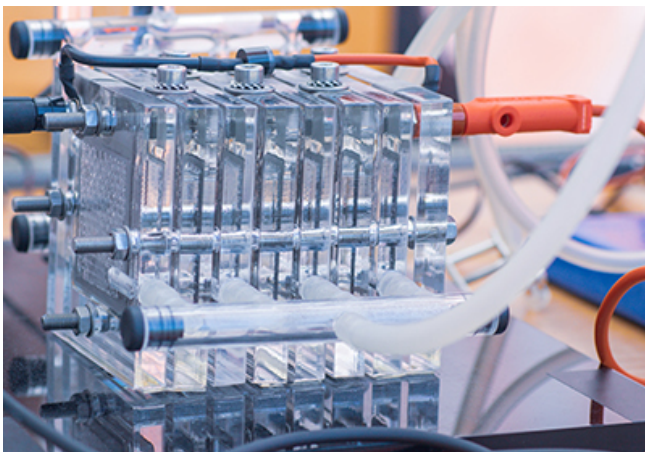


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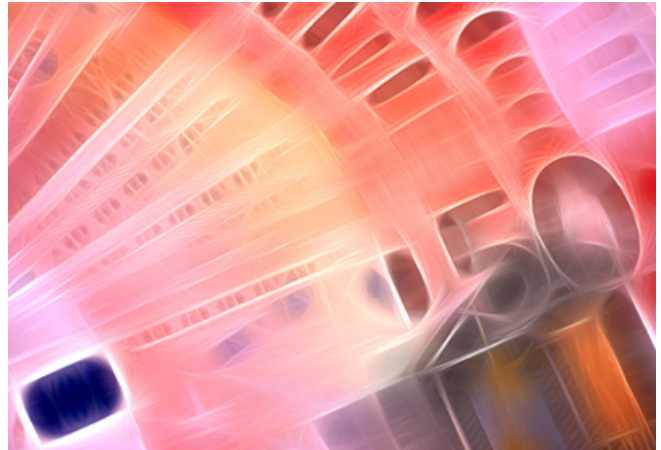
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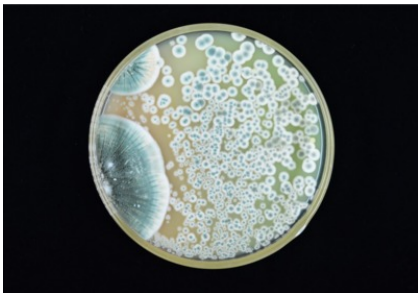
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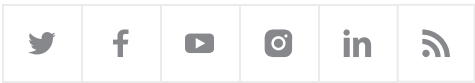
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