



AS IT IS

China Bans All Cryptocurrency Activities

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China's central bank and government agencies have issued a ban on all financial activities involving Bitcoin and other **virtual** currencies.

The central bank declared in a statement Friday that business dealings related to virtual currency "are all illegal financial activities and are **strictly prohibited.**"

The statement said the central bank would work with the other agencies -- including banking, securities and foreign exchange **regulators** -- in an effort to stop the illegal activity.

It is the first time that multiple Chinese regulators have joined forces to officially ban all activity linked to virtual currencies, also known as cryptocurrencies.

The central bank said the action was taken because cryptocurrencies -- which include Bitcoin, Ethereum and others -- **disrupt** the country's financial system. It said such currencies are also used in **money-laundering** activities and other financial crimes.

The news led to Bitcoin falling more than 9 percent, to \$41,085 in the hours after the announcement. Ethereum dropped nearly 10 percent to around \$2,800.

The Chinese government banned banks from cryptocurrency activity in 2013. But it re-issued the rule again this year, suggesting the government was concerned that virtual currency activities were still going on.

Financial experts say the repeated issuing of rules shows how difficult it can be for governments to identify cryptocurrency activities and effectively regulate them.

Friday's statement is the most detailed and wide-ranging yet from the country's most powerful financial regulators.

Supporters of cryptocurrencies say they permit **anonymity** and **flexibility**. But Chinese regulators worry they could weaken the ruling Communist Party's control over the financial system and can help hide criminal activity.

The People's Bank of China is developing an electronic version of the country's yuan for virtual financial activities. This currency could be recorded and controlled by the Chinese government.

Regulators in other countries have increasingly warned that cryptocurrencies need greater oversight. In the United States, Gary Gensler, the chairman of the Securities and Exchange Commission, has called for more protection for investors in the cryptocurrency market.

I'm Bryan Lynn.

The Associated Press and Reuters reported on this story. Bryan Lynn adapted the reports for VOA Learning English. Susan Shand was the editor.

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Words in This Story

virtual – *adj.* existing or occurring on computers or on the internet

strict – *adj.* a rule or law that demands complete obedience or observance

prohibit – *v.* officially forbid something

regulate – *v.* to control an activity or process, especially by using rules

disrupt – *v.* to interrupt something and stop it from continuing as it should

money-laundering - *n.* the crime of moving money that has been obtained illegally through banks and other businesses to make it seem as if the money was obtained legally

anonymity - *n.* a situation in which someone's name is kept secret

flexibility - *n.* the ability to change or be changed easily depending on the situation
