

Chinese exchanges stop yuan deposit



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China-based bitcoin exchanges BTC38, OkCoin, FX BTC announced The End of Chinese Yuan Deposit From April 3, 2014.

These decisions follow a shift in policy from the People’s Bank of China (PBOC), the nation’s central bank.

The announcements confirm earlier reports that the PBOC would seek to tighten its enforcement of earlier guidance issued in December, thereby blocking its domestic banks from working with digital currency companies.

The last few weeks of March were rife with misinformation out of China regarding a mysterious notice from the PBOC supposedly sent to regional banks and 3rd party payment processors.

Original news of the notice was misinterpreted and leaked on 3/21/14 leading many to dismiss all news out of China in subsequent days.

On March 27, Chinese reporters from Caixin claimed to have seen the PBOC document and published a synopsis of its contents.

In the document, the PBOC requested for commercial banks and third party payment processors companies to stop all business with Bitcoin related companies by April 15, 2014.

A few days ago, Chinese Bitcoin and altcoin exchange Bter was the first to announce the suspension of deposits.

BTC38 has decided to temporarily halt all trading in response. BTC38 referred to the state of confusion, noting that it has “ hurt the industry”, and called on everyone with a stake in the ecosystem to “ resist chaos”. Informal

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translations of the notice suggest that BTC38 has confirmed that the rumors are true, as it stated that it received the news from banks and third-party payment providers. “ We will strictly comply with the notification provisions of the central bank to suspend the Renminbi recharging service, whereas, the following two services - Renminbi withdraws and the recharging and withdraw of virtual currencies, are still completely normal.”

Therefore, Chinese Exchanges will may have to move their bank accounts and servers overseas in order to be able to offer their services to Chinese traders. They could also facilitate deposit through cash, but it may be difficult. The most probable reaction will be chinese traders to go trade on off shore exchanges, but Yuan deposits would be limited to \$50, 000 USD per year due toChinese laws.

Please find under the three statements from OKCoin, BTC38 and FxBTC. I have provided human translations of the three new Chinese Bitcoin Exchange announcements.

OKCoin's announcement:

Dear users,

Because our 3rd party payment card dealer (payment processor) just received notification to suspend our payment channel, Starting at 0: 00 on April 3rd we will stop prepaid card recharges. Bank transfer recharge cards for yuan withdrawals are not effected. We apologize for any inconvenience.

OKCoin Bitcoin Trading Platform

BTC38? s announcement:

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To our valued customers:

Hello, it is with deep regret that we must inform you, because of the Central Bank's policy implementation, the 3rd party payment processor long used by BTC38 will tonight cease their usefulness, at the 24th hour they will stop working with us. As a result of additional requests, we will also simultaneously end the use of bank transfer cards as a recharge method.

In the recent past, the Internet circulated a statement calling for the ban of Bitcoin trading platforms by 4/15, the Central Bank has since denied those rumours. However, that the Central Bank has, in accordance with their December 5th notice, taken further marshaling steps seems to be true based on the extant facts and that we have today received this news from our bank and our 3rd party payment processor.

We plan to strictly comply with the Central Bank's notice and rules by suspending RMB recharges and RMB withdrawals. Virtual Currency liquidity though, is still completely normal. BTC38 in total has over 100% of user's reserves on hand, users do not need to raise questions about financial security.

To address this problem, we already have some operation optimizing developments planned, BTC38 will try to resume normal services. However, in this sensitive moment, we are unable to reveal more information at this time.

Meanwhile, we hope that everyone can learn something from times like these, today's chaos has already been too much. Too much greed in this

industry ultimately causes the most hurt on the industry itself. We encourage everyone to consider the health of the industry and to consciously resist the “ chaos Elephant.”

Regardless where the future road takes us, we hope that everyone gives this industry a healthy atmosphere, to encourage the competitiveness of emerging platforms. BTC38's service will always make you comfortable and BTC38 will continue to focus on healthy development in the virtual currency industry. BTC38

FXBTC's announcement :

Today, FXBTC management along with some industry peers, received phone calls from commercial banks urging them to go to their bank to cancel their account as soon as possible. This is in order to strengthen the implementation of the Notice on Bitcoin risk prevention measures. Some banks requested that the accounts be closed as early as tomorrow. FXBTC would like to clarify that this incident is no longer a rumor. The Central Bank really did issue a notice forcing commercial banks and 3rd party payment processors to stop providing clearing services for Bitcoin businesses, as well as demanding the closure of accounts belonging to Bitcoin related sites. Even though FXBTC has been working hard on the behalf of its users by offering various prepaid withdrawal channels, the bank requires us to immediately cancel the account, or risk having the account frozen. The company has discussed and decided that starting 4/3/14 at 0: 00 hour, we will no longer be accepting recharges via bank. After Sunday, we will also suspend bank card withdrawals. As of now, we have not received any notice

from TenPay about withdrawals or deposits. We apologize for any inconvenience that we have caused you. FXBTC News Department

Prices Drop Sharply

Following these announcements, the BTC prices have dropped sharply under the \$450 support, to evolve around \$440 on BitStamp and BTC-e.

We alerted about the Bearish impact of the PBOC Rules hardening on monday, when the price was still above \$500.

Unfortunately, we do not see any bullish event able to compensate this negative trend, yet. Moreover, we can assume that more announcements like these will come from other Chinese Exchanges.