

China Bitcoin exchange bans yuan deposits

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The biggest Bitcoin exchange in China said Wednesday that it's no longer accepting yuan deposits, dealing another setback to the virtual currency.

BTC China's announcement on its Twitter-like Sina Weibo account comes two weeks after China's central bank said the country's banks and payments systems were barred from handling the [virtual currency](#).

The exchange said that "due to the reasons that everyone knows, BTC China has to temporarily stop its yuan account recharging functions."

Account holders can still top up their accounts using Bitcoins and withdraw yuan, the exchange said.

"BTC China will continue to operate. Please continue to monitor our website, we will try to offer another way to recharge," it said.

The price of Bitcoins tumbled after the midday announcement, sinking as low as 2,503 yuan (\$412) by early evening after starting the day at 3,755 yuan (\$618).

The Chinese central bank warned earlier this month that Bitcoins don't have any legal status or monetary equivalent and shouldn't be used as currency, adding that financial institutions and payment systems could not sell, trade or store Bitcoins.

The measures reflect growing concern by authorities that the

cybercurrency, which is created, distributed and authenticated independently of any bank or government, could pose a viable alternative to China's tightly controlled yuan, which is not freely convertible.

The relative anonymity of Bitcoins holds out the promise of being able to spend money across the Internet without scrutiny. Despite wild swings in value, the cybercurrency has been moving toward broader acceptance, with a growing number of companies accepting Bitcoins, which can be converted into cash.

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