

US Treasury official urges regulation of crypto currencies

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A senior U.S. Treasury official touring Asia has urged banks and

financial regulators in the region and elsewhere to do more to tighten oversight of booming trading in bitcoin and other crypto currencies.

Sigal Mandelker, the Treasury undersecretary for terrorism and financial intelligence, said Friday that more needs to be done to prevent money laundering and other criminal activities using such transactions.

Speaking to reporters in Tokyo after visiting China, Hong Kong and South Korea, she lauded recent moves to keep closer tabs on such dealings.

"We feel very strongly that we need to have this kind of regulation all over the world," Mandelker said. She noted that Japan and Australia are already regulating crypto currency trading.

"The EU, I understand, is moving very quickly in that direction and we think it's very important that similar regulations are happening in a number of other countries."

Mandelker said she expects the issue to be discussed at meetings of the Group of 20 industrial economies. She recently told Congress that money laundering related to crypto currencies was "an area of high focus" for the Treasury Department.

The U.S. started regulating such transactions in 2013 and considers traders and administrators of cryptocurrencies as "money transmitters" who are required to have strong anti-money laundering and other controls to prevent their use for illegal purposes, she said. It has imposed fines for violations of those regulations.

Financial regulators in Asia have struggled to keep up with a regional boom in crypto currency investing.

Japan, the world's largest market for bitcoin trading, is the only major advanced economy with a licensing system for digital currency intermediaries such as exchanges and payment providers. It moved to impose order on the gray zone for such dealings after a major trading platform, Mt. Gox, filed for bankruptcy protection, after masses of Bitcoin went missing, worth millions of dollars at that time.

South Korea, which is also among the biggest bitcoin markets, has been looking for ways to regulate trading. In December its financial regulator ruled out using bitcoin for derivative products such as futures.

The government said it was focusing on curbing tax evasion, money laundering and other criminal activities through crypto trading, requiring banks to identify who the investors are and where their money comes from and ending use of anonymous accounts for such dealings.

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