

Japan penalizes several cryptocurrency exchanges after hack

March 8 2018, by Yuri Kageyama



In this Feb. 11, 2018, photo, a huge advertisement of Bitcoin is displayed near Shibuya train station in Tokyo. The Japanese government is slapping penalties on several cryptocurrency exchanges in the country, after 58 billion yen (\$530 million) of virtual coins were lost earlier this year from hacking. The Financial Services Agency, which has been checking the exchanges, said Thursday, March 8, 2018, that FSHO and Bit Station exchanges were ordered to halt operations for a month. (AP Photo/Shizuo Kambayashi)

The Japanese government is slapping penalties on several cryptocurrency exchanges in the country, after 58 billion yen (\$530 million) of virtual coins were lost earlier this year from hacking.

The Financial Services Agency, which has been checking the exchanges, said Thursday that FSHO and Bit Station exchanges were ordered to halt operations for a month.

It said FSHO was not properly monitoring trades and had not carried out employee training. The agency said it found that a Bit Station employee had taken bitcoins for personal use.

Five other exchanges, including Coincheck, targeted in the massive hacking, were ordered to improve their operations.

Coincheck had received a similar order earlier to beef up [security measures](#).

Japan is unusual in the world for embracing cryptocurrencies and setting up a licensing system to oversee their use.

The exchanges ordered to improve their operations must file a plan to the agency by March 22.

The theft at Coincheck of the NEM currency was the second major hacking assault on a Japanese crypto exchange after the Mt. Gox debacle in 2014.

But Japan has chosen to seize the opportunity and regulate exchanges, setting up a licensing system last year, although experts say such measures are no guarantee against hacking and cybercrime.



In this Jan. 19, 2018, file photo, a man walks past a poster of bitcoin displayed at a retail store in Tokyo. The Japanese government is slapping penalties on several cryptocurrency exchanges in the country, after 58 billion yen (\$530 million) of virtual coins were lost earlier this year from hacking. The Financial Services Agency, which has been checking the exchanges, said Thursday, March 8, 2018, that FSHO and Bit Station exchanges were ordered to halt operations for a month. (AP Photo/Koji Sasahara)

Japan has officially licensed 16 virtual-currency exchanges, and more, including Coincheck, are applying for licenses. As much as half of the world's bitcoin trading is estimated to be in yen.

Some countries like China are cracking down on virtual currencies, while other countries like the U.S. have been cautious, encouraging their use in limited ways.

Japan has been far more accommodating to cryptocurrencies, attracting

new businesses in the technology called blockchain.

TV ads and billboard posters sing the praise of bitcoin, although they come with warnings, in fine print, to invest at your own risk.

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