Abstract. A finite von Neumann algebra $\mathcal{M}$ with a faithful normal trace $\tau$ has Haagerup's approximation property (relative to a von Neumann subalgebra $\mathcal{N}$) if there exists a net $(\varphi_\alpha)_{\alpha\in\Lambda}$ of normal completely positive ($\mathcal{N}$-bimodular) maps from $\mathcal{M}$ to $\mathcal{M}$ that satisfy the subtracial condition $\tau \circ \varphi_\alpha \leq \tau$, the extension operators $T_{\varphi_\alpha}$ are bounded compact operators (in $\langle \mathcal{M}, e_{\mathcal{N}} \rangle$), and pointwise approximate the identity in the trace-norm, i.e., $\lim_\alpha ||\varphi_\alpha(x) - x||_2 = 0$ for all $x \in \mathcal{M}$. We prove that the subtraciality condition can be removed, and provide a description of Haagerup's approximation property in terms of Connes's theory of correspondences. We show that if $\mathcal{N} \subseteq \mathcal{M}$ is an amenable inclusion of finite von Neumann algebras and $\mathcal{N}$ has Haagerup's approximation property, then $\mathcal{M}$ also has Haagerup's approximation property. This work answers two questions of Sorin Popa.