

## **2. Mutual evaluations of EAG member states (CHINA)**

- EAG/ME(2007)2  
- EAG/ME(2007)2/ADD.2

The Plenary heard the information of the WGEL Co-chair on the results of the preliminary discussion of the FATF/EAG Mutual Evaluation Report of China at the WGEL meeting, including the List of issues suggested by WGEL for Plenary consideration.

The EAG Executive Secretary presented the order of the discussion.

The EAG Chairman noted that in accordance with the FATF and EAG policy in relation to the discussion of a joint mutual evaluation report, the Plenary would adopt changes to the report only in exceptional circumstances.

The Plenary heard the opening statements by the evaluators, Secretariat and China.

According to the results of consideration of the issues suggested by WGEL the Plenary recommended:

- In the framework of the follow-up process closely monitor the progress of the China FIU in relation to improving the access to law enforcement and customs information, as well as information, if needed, from other authorities. To request China to provide updated information in the next follow-up report.
- It is recommended to China to set the exchange of IDs as one of the priorities in the process of strengthening its AML/CFT system. It is proposed to request China to provide updated information on this issue in the next follow-up report to the EAG Plenary meeting. At the same time in its follow up process the EAG will take into consideration the difficulties of this issue for China and the long period of implementation.
- In order to enhance compliance it is recommended to China to establish guidance and other enforceable means on the mechanism of correcting technical deficiencies for the whole range of financial institutions.
- The Mutual Evaluation report does not describe one of the components of Recommendation 7 – the issue of obtaining senior management approval when establishing new correspondent relations. The available information does not give the opportunity to verify the existence of such procedures in China. It seems necessary to request that China provide the necessary legislation, which regulates this issue. Taking into account the planned on-site visit of a group of experts of the FATF/EAG to China, planned for June 2008, it is necessary to recommend to this group to specifically look into the implementation of this aspect of Recommendation 7 in the Chinese legislation and practice.
- In the framework of the follow-up process China is recommended to pay attention to ensuring that compliance officers have access to all relevant information in a timely manner. The implementation of this aspect of Recommendation 15 can be achieved through other enforceable means, and amendments to the basic AML Law are not needed.