

## **Overview of The Chiang Mai Initiative Multilateralization (CMIM)**

1. The Chiang Mai Initiative Multilateralization (CMIM) is a multilateral currency swap arrangement between ASEAN+3 members, which came into effect on 24 March 2010. Its core objectives are (i) to address balance of payment and short-term liquidity difficulties in the ASEAN+3 region, and (ii) to supplement existing international financial arrangements. The contracting parties to the CMIM Agreement comprise the finance ministries and central banks of ASEAN+3 Countries (Brunei Darussalam, Cambodia, China, Indonesia, Japan, Korea, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam), and Hong Kong Monetary Authority of Hong Kong, China.
2. In 2000, ASEAN+3 members decided to strengthen the cooperative frameworks among their central banks, including monetary authorities, through the Chiang Mai Initiative (CMI). The Initiative involved a network of bilateral swap and repurchase agreement facilities among members. This CMI was multilateralized into a single contractual agreement called the CMIM Agreement from 2010 onwards. The evolution of the CMI into the CMIM marked an important milestone that highlighted the members' strong commitment to continuously improve the arrangement and promote financial stability in the region. The CMIM has been further reinforced since 2014: i) the size has been doubled to USD240 billion; ii) IMF de-linked portion has been raised to 30 percent of each member's quota; iii) the maturity and supporting period has been extended; and iv) a crisis prevention facility by the name of CMIM Precautionary Line (CMIM-PL) has been introduced.
3. The CMIM members have repeatedly affirmed their commitment to further strengthen the CMIM as part of the regional financial safety net. In this regard, much effort has been put to make sure that the CMIM is operationally ready. The CMIM is equipped with the Operational Guidelines (OG) specifying procedures for the activation of both CMIM arrangements. The CMIM test runs have been regularly conducted by members under various scenario since 2013. The CMIM peacetime checklist was drawn up and run through regularly in order to monitor the member authorities' preparation for CMIM activation according to the CMIM Agreement and Operational Guidelines.