

The amended Chiang Mai Initiative Multilateralisation (CMIM) Comes Into Effect on 31 March 2021

1. The amended Chiang Mai Initiative Multilateralisation (CMIM) Agreement, which is a regional financing arrangement among the Finance Ministers and Central Bank Governors of the ASEAN Members States, China, Japan and Korea (ASEAN+3) and the Monetary Authority of Hong Kong, China, came into effect on 31 March 2021. The amendment had been agreed upon at the ASEAN+3 Finance Ministers and Central Bank Governors' meeting in September 2020.
2. Key points of the amendment to strengthen the CMIM are as follows.
 - To increase the IMF De-linked Portion from 30% to 40% of each member's maximum arrangement amount.
 - To institutionalize the use of member countries' local currencies for the CMIM financing along with US dollar, on a voluntary and demand-driven basis,; and
 - To address other technical issues including revisions related to LIBOR reform.
3. This amendment will strengthen the CMIM, which stands at the center of the regional financial safety net of the ASEAN+3.

Key Points of the amendment of the CMIM Agreement

1. Increase the IMF De-linked Portion

The IMF De-linked Portion is the amount each member may request from the CMIM when there is no matching IMF supported program. The amendment increased the IMF Linked Portion from 30% to 40% of each member's maximum arrangement amount, making the CMIM more readily available to the countries in need.

2. Institutionalize local currency contribution to the CMIM

The amendment makes member countries' local currencies available for the provision of liquidity support within the CMIM's total financing capacity of USD 240 billion. Local currency financing under the CMIM will be on a voluntary and demand-driven basis for both arrangement requesting parties and arrangement providing parties. Details are currently under discussion among members.

3. Address technical issues

The amendment includes revisions related to LIBOR reform. It also addresses other technical adjustments such as information sources for foreign exchange rate determination and a time limit of swap execution.
