

Agency	Australian Securities and Investments Commission
Committee	Parliamentary Joint Committee on Corporations and Financial Services
Question Number	QoN026-01
Topic	Greensill
Written/Spoken	Written

Question:

In relation to the collapse of Greensill, please provide an update on:

- a. what occurred at Greensill;
- b. the Greensill business model;
- c. ASIC's investigations;
- d. investigations and inquiries in other jurisdictions; and
- e. ASIC's review of the use of and reporting on supply chain financing by large entities that was mentioned in the Australian Small Business and Family Enterprise Ombudsman's report on supply chain financing.¹

Answer:

a. what occurred at Greensill

Since ASIC's last appearance before the Parliamentary Joint Committee on 19 March 2021, Greensill Capital Pty Limited (the Australia parent of the group) went into liquidation by resolution of the creditors on 22 April 2021. Grant Thornton Australia Limited (GT) was appointed as the liquidator, and is conducting further investigations as the liquidator. The company is a major creditor of its UK subsidiary, Greensill Capital (UK) Limited, which is in administration in the UK. ASIC is continuing to work closely with GT.

b. the Greensill business model

ASIC's understanding of the Greensill business model has not changed since the responses to questions on notice QoN019 supplied to the Parliamentary Joint Committee on 9 April 2021.

c. ASIC's investigations/enquiries

ASIC is liaising with GT in relation to the liquidation process, and cooperating with other domestic and international regulators with a focus on the impact the Greensill group's collapse may have on Australian businesses and investors.

ASIC is considering whether Greensill Capital Pty Limited financial reports for the years ended 31 December 2018 and 2019 comply with the Australian Accounting Standards and make all required disclosures. ASIC is also considering whether the audit of the company's accounts for 2018 and 2019 were conducted in accordance with the Australian Auditing Standards.

Elements of Credit Suisse's relationship with the Greensill group were managed by Credit Suisse in Australia. For example, there have been reports that this included the booking of 50% of a USD140mil

¹ Australian Small Business and Family Enterprise Ombudsman, *Supply Chain Finance Review*, March 2020, pp. 6–7.

bridging loan and involvement in a potential private placement or IPO that never eventuated. ASIC is engaging with Credit Suisse on these matters.

d. investigations and inquiries in other jurisdictions

ASIC is aware of the following investigations and inquiries in other jurisdictions:

- In March 2021, the German financial regulator, BaFin, filed a criminal complaint with prosecutors against the management of Greensill Bank AG, which is a German subsidiary of Greensill Capital Pty Limited. ASIC understands that the complaint was filed with prosecutors in Bremen, Germany, where Greensill Bank AG is based, and relates to balance sheet manipulation. (In May 2021, the Federal Court of Australia recognised the administrators of Greensill Bank AG, a German subsidiary of Greensill Capital Pty Limited, enabling them to recover assets in Greensill Bank AG located in Australia.)
- In March 2021, the Swiss financial regulator, FINMA, commenced proceedings against the Credit Suisse Group AG in relation to Credit Suisse's Greensill supply chain finance funds.
- In May 2021, the UK financial regulator, FCA, publicly announced that it is formally investigating the UK operations of the Greensill group. The FCA's investigations relate to the UK entities of the Greensill group.
- In May 2021, the UK Serious Fraud Office launched an investigation into suspected fraudulent conduct at GFG Alliance, which is one of the largest debtors of the Greensill Group.
- ASIC is also aware from media reports that an Italian bank was ordered into liquidation by Italian regulators after the bank recorded losses on investments in securities issued by Greensill Bank.

e. ASIC's review of the use of and reporting on supply chain financing by large entities that was mentioned in the Australian Small Business and Family Enterprise Ombudsman's report on supply chain financing

ASIC has no further updates on this issue. As noted in our previous responses to the questions on notice QoN019 on 9 April 2021, this is primarily a matter for Government.