

EST contact with Cameron

Readout 3rd April Call

From: [REDACTED]
Sent: 03 April 2020 20:13
To: Roxburgh, Charles – HMT; [REDACTED]
Cc: Scholar, Tom - HMT <Tom.Scholar@hmtreasury.gov.uk>;
Subject: [D07] [readout] EST/Cameron call - Greensill

All,

To note – EST spoke to David Cameron this evening regarding Greensill’s requests to access the CCFF. Many thanks to [REDACTED] for help in supplying materials prior to the call.

EST pointed to Charles’ letter as setting out the position as it stands but said he would pass on the points raised. As follows:

- DC noted that Greensill had made every effort to facilitate its access to the CCFF. As anticipated he raised similar note purchasing support schemes from financial crisis as precedent - EST noted that there were differences between the two cases without engaging in detail.
- DC felt that Greensill’s dominance of the supply chain finance sector meant there was little risk of setting a precedent for further support, as this would effectively be a one-off intervention. [REDACTED]
- DC argued that the distinction in priorities in our letter to Greensill this afternoon, between supporting Greensill and supporting UK SMEs directly, was false – the most effective support for SMEs would be maintaining the supply chain finance that Greensill provided.

EST – Cameron text exchange 26th June

EST: David, very sorry for the delay HMT have now reached a decision on the Greensill proposal. Charles Roxburgh has explained this to Lex directly and we have now written to him. My office has sent you a copy of that letter, and I am available to discuss with you privately this afternoon if that would be useful. Very best, John.

DC: [REDACTED]

EST: Yes that is where it was sent. [At] 13.53.

DC: [REDACTED]

EST letter to Lex Greensill as forwarded to Cameron

From: EST Action - HMT
Sent: 26 June 2020 13:53
To: D Cameron
Cc: EST Action - HMT
Subject: Letter from the Economic Secretary

Dear Mr Cameron,

The Economic Secretary has asked me to share the attached letter with you, issued this afternoon to Lex Greensill and Bill Crothers.

Yours sincerely,





HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Lex Greensill CBE
Greensill
One Southampton Street
Covent Garden
London WC2R 0LR

26 June 2020

Dear Mr Greensill,

I am writing to you in connection with the proposed extension of the CCFF to support supply chain finance (SCF), in respect of which the Treasury sought views through a Call for Evidence last month.

I am grateful for the time you have taken to engage on this proposal, for the various creative ideas you have contributed, and for the personal willingness you have shown to take into account the Government's policy priorities.

We will be writing to all respondents to the Call for Evidence today to confirm that we have decided not to take forward the proposal to extend the CCFF to support SCF. However, in the light of the effort you and David Cameron made personally to try to find ways to address our concerns about the proposal, I wanted to contact you separately to expand on some of the points in the response to the Call for Evidence.

The first point I would emphasise is that, due to monetary easing and other factors, liquidity conditions have significantly eased in financial markets since Greensill alerted us in March to serious and urgent funding difficulties. This is a view shared widely among market participants we have spoken to and accords with the general picture in the short-term financial markets that we monitor. I understand Greensill itself has experienced a notable improvement in liquidity in recent weeks.

Secondly, since March we have extended government support to many hundreds of thousands of UK SMEs. The Government's financial support programmes are operating at a dramatically greater scale than when Greensill first approached us and since we undertook the Call for Evidence. For example, as of 21 June, 920,000 facilities with a value of around £26bn had been approved under the Bounce Back Loan Scheme, launched on 4 May. While the proposal to use the

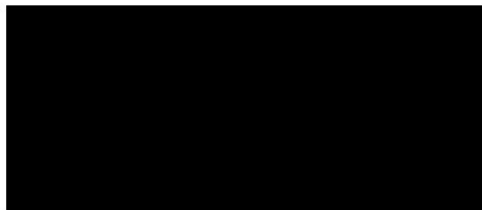
CCFF to support early payment programmes used by UK SMEs is understood, we believe this form of support is unlikely to be as effective as schemes that support firms directly.

Thirdly, we remain concerned about the likely take-up of any proposal to use the CCFF to support SCF. As you know we were keen for this proposal to be an open model which other SCF providers would use. However, following the Call for Evidence and further discussions with you and other stakeholders we did not find strong support for a scheme of the kind you have proposed, even on the amended basis set out in your recent email.

Moreover, the Bank of England has been clear that, should we decide to proceed with this proposal, extensive further due diligence would be required on participating providers' notes programmes, even if we decided to require the involvement of one or more Credit Rating Agencies. This would likely be time-consuming, costly and, in terms of its outcome, uncertain.

Considering all this, we have concluded that the case for us to proceed at this time with this proposal is not sufficiently strong.

I recognise this will be disappointing given the efforts you and your colleagues have made to try to find a solution. I would like to thank you for your cooperation throughout this process.



JOHN GLEN MP
ECONOMIC SECRETARY TO THE TREASURY

Financial Secretary contact with Cameron

Texts to David Cameron - 3rd April

1626

Hi David good to hear from you. Will call around 445 pm if that's OK. J.

1658

Good to talk. Email is 