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DRAFT STATUTORY INSTRUMENTS

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**2014 No.**

**The Banks and Building Societies (Depositor  
Preference and Priorities) Order 2014**

**PART 2**

**Amendments of Insolvency Act 1986**

**Preferential debts**

**5.**—(1) Section 175 of the Insolvency Act 1986 (preferential debts: general provision) is amended as follows.

(2) In subsection (1) omit “(within the meaning given by section 386 in Part XII)”.

(3) After subsection (1) insert—

“(1A) Ordinary preferential debts rank equally among themselves after the expenses of the winding up and shall be paid in full, unless the assets are insufficient to meet them, in which case they abate in equal proportions.

(1B) Secondary preferential debts rank equally among themselves after the ordinary preferential debts and shall be paid in full, unless the assets are insufficient to meet them, in which case they abate in equal proportions.”.

(4) In subsection (2), omit paragraph (a) and the “and” immediately following it.

(5) After subsection (2), insert—

“(3) In this section “preferential debts”, “ordinary preferential debts” and “secondary preferential debts” each has the meaning given in section 386 in Part 12.”.