
STATUTORY INSTRUMENTS

2020 No. 1350

The Bank Recovery and Resolution (Amendment) (EU Exit) Regulations 2020

PART 5

Other Provision made under the European Communities Act 1972

CHAPTER 5

Amendments to priority of debts in insolvency

Further Amendment of Insolvency Legislation

Amendments of the Insolvent Partnerships Order 1994

121.—(1) The Insolvent Partnerships Order 1994 is modified in accordance with this regulation.

(2) Schedule 1 (modified provisions of Part 1 of, and Schedule A1 to, the Insolvency Act 1986 (company voluntary arrangements) as applied by article 4) ^{F1} applies as if in modified section 4(4) (decisions of the members of the partnership and its creditors) at the end of paragraph (d) for “or (3)” there were substituted “, (3) or (3A) ”.

(3) In Schedule 2 (modified provisions of Part 2 of and Schedule B1 to the Insolvency Act 1986 (administration) as applied by article 6) ^{F2} applies as if in paragraph 25, in modified section 73(1) at the end of paragraph (e) for “or (3)” there were substituted “, (3) or (3A) ”.

(4) Paragraph 23 of Schedule 4 (provisions of the Insolvency Act 1986 which apply with modifications for the purposes of article 8 to winding up of insolvent partnership on creditor's petition where concurrent petitions are presented against one or more members) ^{F3} applies as if—

(a) in modified section 175A (priority of debts in joint estate)—

(i) in subsection (2), after paragraph (bb) there were inserted—

“(bc) the quaternary non-preferential debts;”;

(ii) in subsection (5B)(b) for “section 175B(1)(bc)” there were substituted “section 175B(1)(bb) ”;

(iii) after subsection (5B) there were inserted—

“(5C) Where the joint estate is not sufficient for the payment of the quaternary non-preferential debts in accordance with paragraph (bc) of subsection (2), the responsible insolvency practitioner shall aggregate the value of those debts to the extent that they have not been satisfied or are not capable of being satisfied, and that aggregate amount shall be a claim against the separate estate of each member of the partnership against whom an insolvency order has been made which—

(a) shall be a debt provable by the responsible insolvency practitioner in each such estate, and

- (b) shall rank as a debt of the member in accordance with section 175B(1)(bc).”;
 - (iv) in subsection (9) after “(5B),” there were inserted “ (5C), ”;
- (b) in modified section 175B(1) (priority of debts in separate estate)—
 - (i) at the end of paragraph (bb) there were inserted “(including any debt referred to in section 175A(5B)(a))”;
 - (ii) after paragraph (bb) there were inserted—
 - “(bba) the quaternary non-preferential debts;”;
 - (iii) for paragraph (bc) there were substituted—
 - “(bc) the debt referred to in section 175A(5C)(a);”;
- (c) in modified section 175C (provisions generally applicable in distribution of joint and separate estates)—
 - (i) in subsection (3), after “(5B)(a)” there were inserted “ , (5C)(a) ”;
 - (ii) in subsection (4), for “and tertiary non-preferential debts” there were substituted “ , tertiary non-preferential debts and quaternary non-preferential debts ”;
 - (iii) in paragraph (8)(b), after “(5B),” there were inserted “ (5C), ”.
- (5) Paragraph 21 of Schedule 7 (provisions of the Insolvency Act 1986 which apply with modifications for the purposes of article 11 where joint bankruptcy petition presented by individual members without winding up partnership as unregistered company) ^{F4} applies as if—
 - (a) in modified section 328A (priority of debts in joint estate)—
 - (i) in subsection (2), after paragraph (bb) there were inserted—
 - “(bc) the quaternary non-preferential debts;”;
 - (ii) in subsection (5B)(b), for “section 328B(1)(bc)” there were substituted “ section 328B(1)(bb) ”;
 - (iii) after subsection (5B) there were inserted—
 - “(5C) Where the joint estate is not sufficient for the payment of the quaternary non-preferential debts in accordance with paragraph (bc) of subsection (2), the responsible insolvency practitioner shall aggregate the value of those debts to the extent that they have not been satisfied or are not capable of being satisfied, and that aggregate amount shall be a claim against the separate estate of each member of the partnership against whom an insolvency order has been made which—
 - (a) shall be a debt provable by the responsible insolvency practitioner in each such estate, and
 - (b) shall rank as a debt of the member in accordance with section 328B(1)(bc).”;
 - (iv) in subsection (9), after “(5B),” there were inserted “ (5C), ”;
 - (b) in modified section 328B(1), (priority of debts in separate estate)—
 - (i) at the end of paragraph (bb) there were inserted “(including any debt referred to in section 328A(5B)(a))”;
 - (ii) after paragraph (bb) there were inserted—
 - “(bba) the quaternary non-preferential debts;”;
 - (iii) for paragraph (bc) there were substituted—
 - “(bc) the debt referred to in section 328A(5C)(a);”;

- (c) in modified section 328C (provisions generally applicable in distribution of joint and separate estates)—
- (i) in subsection (3), after “(5B)(a)” there were inserted “, (5C)(a) ”.
 - (ii) in subsection (4), for “and tertiary non-preferential debts” there were substituted “, tertiary non-preferential debts and quaternary non-preferential debts ”.
 - (iii) in paragraph (8)(b), after “(5B),” there were inserted “ (5C), ”.

- F1** [Schedule 1](#) was substituted by [S.I. 2002/2708](#) and amended by [S.I. 2014/3486](#), [S.I. 2017/540](#) and [S.I. 2018/1244](#); there are other amending instruments but none is relevant.
- F2** [Schedule 2](#) was substituted by [S.I. 2005/1516](#) and amended by [S.I. 2005/1516](#), [S.I. 2014/3486](#) and [S.I. 2018/1244](#); there are other amending instruments but none is relevant.
- F3** [Schedule 4](#) was amended by [S.I. 2014/3486](#), [S.I. 2017/1119](#) and [S.I. 2018/1244](#); there are other amending instruments but none is relevant.
- F4** [Schedule 7](#) was amended by [S.I. 2014/3486](#), [S.I. 2017/1119](#) and [S.I. 2018/1244](#); there are other amendments but none is relevant.

Commencement Information

- I1** Reg. 121 in force at 28.12.2020 but shall cease to have effect on IP completion day, see [reg. 1\(4\)](#)

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to The Bank Recovery and Resolution (Amendment) (EU Exit) Regulations 2020. Any changes that have already been made by the team appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to :

- Regulations power to modify conferred by [2023 c. 29 s. 3Sch. 1 Pt. 2](#)
- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)