

4. Preferential Payments (Amendment) Bill 2016 – Second Reading approved

Mr Anderson to move:

That the Preferential Payments (Amendment) Bill 2016 be read a second time.

The President: Under these circumstances, Hon. Members, we will move now to Item 4 on our Order Paper, the Preferential Payments Bill. I call on the Hon. Member, Mr Anderson.

Mr Anderson: Thank you, Madam President.

There was no comment made at First Reading stage on the Preferential Payments Bill, so I will just recap for Hon. Members what we are all about.

The Preferential Payments (Amendment) Bill will amend the preferred creditor regime to place deposit amounts eligible for compensation under the Isle of Man Depositor Compensation Scheme, above all other preferred creditors, except liquidator expenses and secured creditors. This will ensure that for the future when the Depositor Compensation Scheme is triggered then a rapid payment can be made to depositors.

The latest international standard regarding the Depositor Compensation Scheme require payments to depositors to be made within seven days from the default of a bank. This will also address recommendation 3R-2 of the Report of the Select Committee on Kaupthing Singer & Friedlander (Isle of Man) Limited, which stated:

We recommend that Government consider all options to enhance the position of and speed of repayment to depositors in the review of the Depositors' Compensation Scheme.

Madam President, I beg to move that the Preferential Payments (Amendment) Bill be read for a second time.

The President: The Hon. Member, Mr Henderson.

Mr Henderson: I beg to second, Eaghtrane, and reserve my remarks.

The President: The motion is that the Preferential Payments (Amendment) Bill 2016 be read for a second time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Preferential Payments (Amendment) Bill 2016 – Clauses considered

The President: Clause 1.

Mr Anderson: Madam President, the Preferential Payments (Amendment) Bill will amend the Preferential Payments Act 1908. Clause 1 gives the Bill its short title.

Madam President, I beg to move that clause 1 stands part of the Bill.

The President: The Hon. Member, Mr Henderson.

Mr Henderson: Gura mie eu, Eaghtrane. I beg to second and reserve my remarks.

The President: The motion is that clause 1 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 2.

Mr Anderson: Madam President, this clause amends the Preferential Payments Act 1908 to give preferential creditor status to eligible deposits within the rules of the Depositors' Compensation Scheme Regulations 2010 as amended, ahead of other preferred creditors after liquidated expenses and secured creditors. Eligible depositors or the Depositor Compensation Scheme where it has paid compensation to the depositors, will receive preferential payment up to the level of compensation provided for in the Depositor Compensation Scheme.

A new section is also inserted into the Act which will allow Treasury by order, subject to the approval of Tynwald, to add to vary or reduce the types of debts which are to be afforded preference to other debts. It also provides Treasury with the power to recognise a depositor compensation scheme of another jurisdiction as a preferred creditor if the scheme is equivalent, or similar to the Isle of Man Depositors' Compensation Scheme.

Madam President, I beg to move that clause 2 stands part of the Bill.

The President: The Hon. Member, Mr Henderson.

Mr Henderson: Gura mie eu, Eaghtyrane. I beg to second and reserve my remarks.

The President: The motion is that clause 2 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 3.

Mr Anderson: Madam President, clause 3 provides for the expiry of the resulting Act once all of its provisions are in operation. This will not affect the amendments made by the resulting Act.

Madam President, I beg to move that clause 3 stands part of the Bill.

The President: The Hon. Member, Mr Henderson.

Mr Henderson: Gura mie eu, Eaghtyrane. I beg to second and reserve my remarks.

The President: The motion is that clause 3 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

That concludes consideration of Item 4, Hon. Members.