

Examrace

Participatory Notes vs Promissory Notes YouTube Lecture Handouts

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Title: Participatory Notes vs Promissory Notes

Promissory Notes

- A promissory note is a financial instrument that contains a written promise by one party (the note's issuer or maker) to pay another party (the note's payee) a definite sum of money, either on demand or at a specified future date. A promissory note typically contains all the terms pertaining to the indebtedness, such as the principal amount, interest rate, maturity date, date and place of issuance, and issuer's signature.
- Although financial institutions may issue them (see below) , promissory notes are debt instruments that allow companies and individuals to get financing from a source other than a bank. This source can be an individual or a company willing to carry the note (and provide the financing) under the agreed-upon terms. In effect, promissory notes can enable anyone to be a lender

Promissory Note	
Place of residence	Date
I, _____ (Maker's name) _____ agree and promise to pay _____ (Payee's name) _____, or order the sum of (€ _____) Euros for value received, with interest at the annual rate of _____ % payable on/after _____ (Date) _____.	
_____ (Maker's signature)	

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- Company sold products but not yet collected payments for it
- Company to become low on cash
- Ask creditors to accept promissory notes
- Or ask bank for a promissory note to be paid back in future

Participatory Notes

- Participatory notes also referred to as P-Notes, or PNs, are financial instruments required by investors or hedge funds to invest in Indian securities without having to register with the Securities and Exchange Board of India (SEBI) . P-Notes are among the group of investments considered to be Offshore Derivative Investments (ODIs) . Citigroup (C) and Deutsche Bank (DB) are among the biggest issuers of these instruments.
- Foreign institutional investors (FIIs) , issue the financial instruments to investors in other countries who want to invest in Indian securities. An FII is an investor or investment fund registered in a country outside of the one in which it is investing.

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