



HM TREASURY

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Mr Robert Horrocks
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28 June 2013

Dear Mr Horrocks,

Thank you for your email dated 18 June about promissory notes.

Although you have framed your enquiry as a Freedom of Information request, you are asking for advice on the nature and use of promissory notes. We are not therefore treating your enquiry as a Freedom of Information request, but are responding to the questions you raised.

I should add that the Treasury cannot give you legal advice. You should take your own independent legal advice. In general terms, however we can say:

You asked:

(i) Please can you tell me if a promissory note is an acceptable legal bill of exchange?

Please refer to the Stamp Act 1891 which gives the meaning of "bill of exchange". It says: "For the purposes of this Act the expression " bill of exchange " includes draft, order, cheque, and letter of credit, and any document or writing (except a bank note) entitling or purporting to entitle any person, whether named therein or not, to payment by any other person of, or to draw upon any other person for, any sum of money; and the expression " bill of exchange payable on demand " includes—

(a) An order for the payment of any sum of money by a bill of exchange or promissory note, or for the delivery of any bill of exchange or promissory note in satisfaction of any sum of money, or for the payment of any sum of money out of any particular fund which may or may not be available, or upon any condition or contingency which may or may not be performed or happen; and

(b) An order for the payment of any sum of money weekly, monthly, or at any other stated periods, and also an order for the payment by any person at any time after the date thereof of any sum of money, and sent or delivered by the person making the same



to the person by whom the payment is to be made, and not to the person to whom the payment is to be made, or to any person on his behalf.

Meaning of "promissory note"(1)For the purposes of this Act the expression " promissory note" includes any document or writing (except a bank note) containing a promise to pay any sum of money.

(2)A note promising the payment of any sum of money out of any particular fund which may or may not be available, or upon any condition or contingency which may or may not be performed or happen, is to be deemed a promissory note for that sum of money."

(ii) How should a person properly use a promissory note to be fully within the law?

The Treasury cannot give you legal advice.

(iii) Do you have an example/template of a promissory note? If so please can you send me a copy of an example template?

The Treasury does not hold this information.

(iv) Does a promissory note have to include any particular information and if so what information does a promissory note have to include?

Please refer to our reply to our reply to question (i) above.

(v) In what instances/situations can a promissory note be used?

A promissory note can be used in any circumstances in which the issuer and acceptor of the note agree to do so.

(vi) Do companies in the U.K. have to accept a promissory note as a legal bill of exchange or a commercial instrument?

Companies in the UK are not obliged to accept promissory notes.

(vii) What are the laws or regulations regarding if a company does not accept a promissory note?

See our reply to question (vi) above.

(viii) How would someone follow or take matters further with regards to a company not accepting a promissory note?

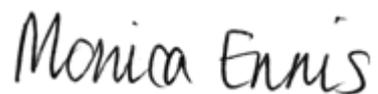
See our reply to question (vi) above.

(ix) Please can you send me all documentation/templates/articles by HM Treasury/examples relating or regarding promissory notes so that I can fully understand this matter further.

The Treasury does not hold this information.

You asked whether a promissory note is an acceptable bill of exchange.

Yours sincerely,

A handwritten signature in black ink that reads "Monica Ennis". The script is cursive and somewhat informal.

Monica Ennis

Correspondence and Information Rights

HM Treasury