

## **Lecture 26**

### **Key Differences Between Share Certificate and Share Warrant**

The following are the major differences between Share Certificate and Share Warrant:

1. A share certificate is the documentary evidence which proves the possession of the shares. A share warrant is the document of title which states that the holder of the instrument is entitled to the shares.
2. The issue of share certificate is compulsory for every company limited by shares but the issue of a share warrant is not compulsory for every company.
3. A Share Certificate is issued against the shares, regardless of the fact that the shares are fully paid up or partly paid up. Conversely, Share Warrant is issued by the public company only against fully paid up shares.
4. Share Certificate can be issued by both public and private companies, whereas Share Warrant is issued only by the public limited company.
5. Share Certificate is to be issued within 3 months of the allotment of shares, but there is no such time limit specified in the Companies Act for the issue of Share Warrant.
6. A share certificate is not a negotiable instrument. As opposed to share warrant, is a negotiable instrument.
7. For the issue of a share warrant, prior approval of Central Government is a must. On the other hand, Share Certificate does not require such type of approval.
8. A share certificate can be originally issued, but a share warrant cannot be issued originally.