

FATAWA STOCKS, SHARES, INDICES, ETC. 2016

From: Esam, OnIslam.net

Sent: Thursday, January 21, 2016

Question: Stock market

Salam Ustazna,

Can I buy shares in the Canadian or USA market if the company's activity is halal like oil and gas tech companies and is there any regulation?

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

As a principle, YES, this is permissible. Please be aware of the following few points:

1. All companies that have a Halal main line of business may have subsidiaries that may not be as Halal. For instance, almost all car producers have finance subsidiaries that are based on interest. We need to be aware of that.
2. All companies in US and Canadian markets deal with Riba (interest) one way or the other. Same also applies on companies in the Muslim majority countries except for those that commit themselves to the Islamic conducts of business.
3. This is why some scholars suggest setting some criteria to minimize the evil is such investments (companies of which main line of business should not have more than 5% income from Haram, should not have more than 30% of its assets investment on interest basis and should not have more than 30% dependence on interest loans in its liabilities).
4. Speculation on shares or commodities or currencies is Haram, some behaviors are speculative by definition such as day trading. But in general one should invest for the long run, weeks, months and years not days.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Asad

Sent: Thursday, March 10, 2016

Subject: About margin account with a conventional stock broker

Respected Dr. Monzer Kahf,

Assalamu Alaykum!

I have a question with regards to margin account. Say, I have a margin account with a conventional stock broker, but never incur any interest in the trading. I buy the Shari'ah compliant stock using the cash. When I sell the stock, the settlement period is 3 days, but the broker makes the cash available, immediately after selling, to buy another stock without any

interest charge. Is this practice of maintaining the margin account permissible under Shari'ah or Islamic law?

Thanks for sharing your valuable knowledge. Wassalam,
Asad

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Asad

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

What you describe: having facility to use money of sold share immediately is permissible as long as it is given with no interest.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Asad

Respected Dr. Monzer Kahf,

Assalamu Alaykum!

I have some concern with regards to speculation:

Does the practice of applying the fundamental and the technical analysis (charts, earning, and news etc.) to buy the Shari'ah compliant stock and then to sell it within a week or longer, or even on the same day come under speculation? Is any part or form of this kind of trading disliked or prohibited in Islam?

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Asad

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

In my opinion buying, with help of technical and fundamental analysis for the purpose of quick sale is speculation. In other words I do not approve of trading shares for the sole purpose of watching prices and then clicking orders. Buying share should be for investing in particular company or industry. then one may decide to sell for any reason that sometimes may happen to be short (e.g., if you felt you made a mistake in buying you may sell very quickly).

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Asad

Respected Prof. Dr. Monzer Kahf,

Assalamu Alaykum!

Jazaka Allah Khair for your prompt response. It has been very beneficial. I would truly appreciate if you could address these points as well.

1) Would looking at fundamental and technical analysis (chart etc.) would be fine if one is examining the suitability of the investment rather than "quick sale"?

Yes, of course, when one takes an action one is supposed to use all and any obtainable info about it, analyze it carefully and then make a decision.

2) How long should be the investment horizon (or duration) so as to not come under speculation? For example, what if one intends to hold a stock for a week or longer, would it come under speculation?

There is definitely no time-frame, it is the attitude of either chasing prices or investing and being a partner in this company to earn from it.

3) Do you suggest any master degree program in Islamic Finance that I can pursue online from Canada? I have an undergraduate degree in Electronic and Communication Engineering.

No. I don't think there is a non-commercial MSc in finance on line.

May Allah (SWT) immensely reward you for educating me on this subject. Wassalam, Asad

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Asad

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please see my answers below the questions:

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Asad

Respected Prof. Dr. Monzer Kahf,

Assalamu Alaykum!

I truly appreciate your response on the subject of speculation. This aspect confuses me a bit. I would describe a scenario. For example, I run a shop or store. My goal is to sell all the items at a higher price than their respective buy prices. I buy an item for my store at a cheaper price from point A, "speculating" that I would be able to sell it at a higher price to another person. Later, as per the plan, I sell it quickly within a moment to another person. Is this trading acceptable? If yes, why can this not apply to stock trading?

Jazaka Allah Khair for patiently replying to my queries. InShaAllah, this would be my last query on the subject. Wassalam,

Asad

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Asad

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I wonder why did you miss the HUGE difference between them!

In selling an item to people who use it you are providing service, this is the name of the game in trade. In clicking on your computer for prices of shares you are only speculating neither trading (providing a service) nor investing. That is the difference between a share and apple or dog food!

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Umaima

Sent: Wednesday, March 30, 2016

Subject: Query- shares

Respected Dr. Monzer,

Assalam Alaykum and Good morning. This is your student Umaima from QFIS. I have a little query on which I require your clarification. Some authors/scholars have said that shares are based on the principle of mudarabah while others claim that these are based on the concept of musharakah. I would like to have your stand on it. Many thanks and sorry for any inconvenience.

Best regards,

Umaima

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Umaima

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Voting shares cannot be other than Sharikah al 'Aqd, this is Musharakah. Non-voting shares are Mudarabah (preferred shares are normally non-voting shares). But non-voting shares that are given any financial privileges are not permissible in Shari'ah.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Umaima

Sent: Wednesday, March 30, 2016

Subject: RE: Query- shares

Respected Dr. Monzer,

The following link provides information on 2 classes of common stock and involve the element of voting rights:

<http://www.investopedia.com/ask/answers/05/070405.asp>

Bacha & Mirakhor (2013, p. 219) in their book "Islamic Capital markets: A comparative Approach" identify that equity investment through stock ownership is essentially a *Mudarabah-type* arrangement, given the features and entitlements from its ownership. According to the authors, the stock ownership entitlements include, right to receive dividends; right to new shares, bonus etc.; right to attend and participate in AGMs/EGMs and; right to vote on or grant proxy to vote on important issues.

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Umaima

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Two things I collect from your email and Investopedia (although it is not a dependable scientific source):

1. There are no shares of no voting rights, but there are classes of size of voting rights, some have one vote some may have up to 10 votes or more.
2. Mirakhor and his co-author are completely incorrect in thinking that common shares are Mudarabah. You know that the difference between Mudarabah and Musharakah in participation in management only. If a shareholder participates in Management he is a partner not Rabb al Mal in Mudarabah. The point that many investors do not go the General Assembly meetings is irrelevant as long as they have the right.

Comment: I think the issue of voting classes should be discussed from Fiqh point of view: while it is understood that in Mudarabah Rabb al Mal does not vote and issuing non-voting shares is permissible being a contractual matter, lower voting rights for equal money-contributors is an issue that may contain a form of injustice by treating the equal unequally. Can equal contributors have different voting rights? This is different from either zero or one. And I have no opinion on it yet.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Marwan

Sent: Saturday, May 14, 2016

Subject: RESP/RSP/Mortgage

السلام عليكم اخ منذر

I want you opinion on weather is is halal or haram for the following:

1. To invest money in a " registered education savings plan "for my sons education fund?

It is not Haram to invest in registered education saving plan. It is like other investment you should select funds that have no bonds, interest securities or Haram companies. Even with that you still need to estimate each year the amount of return that comes from Haram and give it away to charity. This is called the purification principle. Same applies to question No. 2

2. To invest in a 401 I think is equivalent of our Canadian RRSP" registered retirement savings

plan."

3. Mortgage

Mortgage is interest-based. It is Haram unless in case of necessity.

Thank you,

Marwan

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Marwan

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please see my answers below the questions:

Wa Allahu A'lam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Dr.

Sent: Wednesday, May 25, 2016

Subject: Investment in shares

As-Salamu Alaykum wa Rahmatu Allah wa barakatuh

Dear Dr. Monzer, please help replying this brother.

Jazakumu Allah Khayran

Imam Dr.

----- Forwarded message -----

From: **Kasim**

Dear imam

Assalamu Alaykum Warahmatullah

I hope you are well

Below is an email from the bank. I have locked in investment.

They gave me two options

As you know we are to avoid any interest related investment.

Is it possible to please check these two categories and advice me which one is the best option Islamically.

Jazaka Allahu Khairan.

Kasim

Thanks for let me know your decision!

I also want to take this opportunity to review your current RRSP investment, you have holding our managed balanced fund for nearly 1 year but the performance is not very well, you are currently **loss \$1,000**, I still want to invite you to the branch, I can review with you our current best product for you, we have lower risk fund, we also have marked-lined GIC, please review the attachment and let me know if you want to switch your current holding to a better product.

1. Market-Linked GIC, that's 100% safety investment, if you lock your money for 3 year or 5 years, you will get up to 3% or 4.5% annual return.
 2. Income fund, this fund have not lose money since 2008 financial crisis, the average return between 2009-2015 is 4.6% annually, it's a good time to buy
- If you want, we can have a meeting to talk about the RRSP investment options. I'm looking forward to hear back from you.

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Dr.

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please inform the questioner that the first option of locking the money for 3 to 5 years is apparently interest-based which is Haram.

The second option seems to be OK with the following purifying condition: since all funds run in Canada and the USA invest in different kinds of shares without applying the Shari'ah criteria for share selection which exclude companies whose main line of business not permissible and companies which are over-ridden by interest transactions (and very often they also invest part of the funds in interest bearing bonds) we have always to apply the principle of purification. This principle means that we need to make calculation (educated guess whenever it is not possible) of the non-permissible part of their income and give that away to charity. This is usually done by looking at the detailed investments of the fund, in what shares and securities and estimating a % of Haram content in them. This % should be given every year to Muslim charity. You may give it from same fund when you liquidate which requires keeping track of that year after year or from other resources on yearly basis so that you keep your money in this investment pure when you take them at retirement.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Zeeshan

Sent: Friday, July 15, 2016

Subject: Equity based Mutual Funds

Assalam o Alaykum Sheikh,

I would very much appreciate your guidance on investing in mutual funds. I have invested my retirement funds into Mix of 100% equity based funds in industries that look halal such as pharma, tech etc. I am assuming I have avoided interest/usury this way. Pls let me know if you agree.

In addition, if you think it is not a permissible strategy, please shed light on how sharia based Mutual funds avoid that.

I just feel I have better variety and more options when I invest in equity based Mutual funds.

Would really appreciate your expert opinion. Jazaka Allah Khairan

Zeeshan

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. ZEESHAN

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Equity in general is permissible especially when you compare it with bonds funds which are pure interest.

But also equity in America has several reservation: you know the rules: 1) main line of business should be permissible, this means excluding shares of banks, insurance, real estate most food and food retailers, entertainment, etc. and 2) the financial criteria that companies of permissible main line of business should not be heavily dependent on interest or investing in it. The latter is set at a) no more than 5% income from Haram, no more than 30% assets locked in Haram, and no more than 30% leverage.

Additionally, you have to apply the purification principle: every penny from Haram is Haram and if it is mixed with others then that much should be given to charity. This is because Haram, no matter how small, does not become ok even when it is a minority..

In equity mutual funds the above is difficult

SO: a) select such equity funds that have least of the Haram shares, b) estimate the % of haram in dividends and capital gain and give it to charity.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Aamir

Sent: Wednesday, August 03, 2016

Subject: Kitchener Masjid follow-up

Dr. Monzer,

Thank you for your talk in Kitchener Masjid last night. I've had questions for the past 10+ months that I've been wanting to get answered that were all resolved last night.

I had one follow-up question for you.

Since we can't invest in bonds, could you suggest 2-3 fixed-income investments that are viable for Canadian Muslims (other than investing in housing coops)? I would ideally like to invest in sukuks but as far as I know they are not sold in the Canadian market.

Thank you very much,

Aamir

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. AAmir

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

To the best of my knowledge there is no Shari'ah compliant fixed income fund available in Canada, check with Br., his department may have accessibility to fixed income Sukuk. Remember the return on Sukuk highly follows return of bonds, I.e., now it is very low. It seems that IHC in Canada gives much higher return now.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Bernerdine

Sent: Wednesday, August 03, 2016

Subject: RE: Islamic Finance questions

Assalamu Alaykum Dr. Monzer,

Thank you kindly for your seminar on Sunday at Masjid Toronto. It definitely opened up my eyes and my mind to the knowledge you shared with us.

I have a couple of questions:

1. I work for the CIBC bank and they have this program called Employee Share Purchase Plan. For every dollar you put into the plan, they add \$0.50 up to a maximum of course and invest it. What would you advise me to do with my investments into this plan?

If this is for buying the shares of the bank, it is definitely not permissible to buy anyshare of this bank because its main line of business is not permissible.

2. Is it permissible to have a conventional mortgage for an office premises that my husband uses to run his business?

The Fatwa in this regard is restricted to buying a residence for the family not for investment, this also means that no relaxation of the prohibition of interest for any business or investment.

3. Are we allowed to contribute to Registered Education Savings Plans whereby you contribute to education savings and the Government of Canada also contributes some money dependent on how much you contribute? This is used for children's fees when they go to college and university.

It is permissible to participate in this plan. You should select, within it funds that have the least of interest and Haram shares (where the main line of business is not permissible like banks) and you still should apply the principle of purification as we discussed it.

4. You mentioned that you helped draft up a finance agreement for TD Bank for a school financing project. Is that like a mortgage agreement?

Yes it is a mortgage modified to be Shari'ah compliant.

I was the girl from a Catholic family that reverted to Islam and I am trying my best to promote Islamic Finance and Banking in CIBC. We spoke briefly and what I gather from the seminar it is quite simple to offer Islamic mortgages to the Muslim population. You said you would be willing to come speak and guide the executives on how to go about offering Islamic mortgages. Kindly let me know the best way to communicate with you and as you do not live in Canada, what your schedule is like for the next few months? I am sure we would need to give you advance notice to come meet with us or could this be done via Live Meeting and conference calls?

May Allah bless and reward you for this effort. I am professor in Hamad University in Qatar. This requires me to be in Qatar for all the school year. My home is in Southern California, and I am now there until the end of my summer vacation on Aug. 14.

I shall be more than happy to help. I think if the bank is willing let us start by communicating by emails, may be during the Semester break in Dec or Jan we can arrange for a trip to meet in Toronto.

Jazaka Allah for your help. May Allah bless you and your family for all your hard work in educating us on Islamic Finance and helping guide us do all that is permissible and ordained by Allah s.w.t. Salaam...

Bernerdine

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Sr. Bernerdine

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please see my answers below the questions:

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Ashfaq

Sent: Sunday, August 07, 2016

Dear Brother Monzer Kahf,

Assalamu Alaykum wa Rahmatullah wa Barakatuh.

I pray to Allah (swt) for your health, happiness and vigor in Islamic spirits. Aameen.

Jazaka Allah Khair for your below response. I may come back to you in the future to seek your guidance on some specific Sukuks. For stocks, you prescribed some criteria that are expressed in terms of % of assets. Just a clarification, do the assets include only tangible assets or intangible (e.g. goodwill, deferred costs etc.) as well? Wassalam

Ashfaq

My Answer:

The denominator is always taken as the market capitalization of the company which includes intangible assets.

Prof. Dr. Monzer Kahf

From: Ashfaq

Brother Dr. Monzer

Just forgot to add one point under **"Sukuk"** – please also prescribe the broad criteria for screening of Sukuks in terms of determining their compliance with Shariah tenants.

Jazaka Allah Khair

Ashfaq

From: Ashfaq

Sent: August-03-16

Subject: Shari'ah Investment Related Questions

Assalam O' Alaykum Brother Dr. Monzer Kahf

I attended your lecture yesterday at Kitchener Masjid that was quite informative/enlightening – Jazak Allah Khair.

I did ask few questions but some of them couldn't be properly addressed/discussed and few ones couldn't be raised due to shortage of time / provide other brothers the opportunity to ask their questions. As advised by you, I am summarizing below few points where I need your guidance / support:

Sukuk – Shari'ah Compliance

I did raise question on the Shari'ah compliance of various Sukuk being offered in the Middle East. You also echoed my concern that all of the Sukuk don't meet the Shari'ah criteria and to form an opinion one needs to go into the details. Additionally if an individual has not the required skills he should consult the experts to advise on the Shari'ah compliance aspect and you indicated to suggest the names of few experts. **Would you please provide me few names of such experts who could advise on this subject.**

I do not know of any person who studied all the issued Sukuk and has that assessment available in his mind or computer. This is a job of asset management persons not academicians. You really need to check with asset managers who are investing in the Middle East. The criteria are simple to ask about: what assets do Sukuk represent and are they purchased from the obligor (who is lease-buying it). This applies to most Sukuk. For other characteristics you may check with me or Dr. Mabid aljarhi (both are academicians)

Lump Sum Pension Payments

I also raised another question on the discounting element of the Lump Sum Pension payments to which you sought some more details that couldn't be shared yesterday due to want of time. I now provide some details here:

I was employed with a MNC that has an unfunded & non-contributory Pension Plan (PP). At retirement, the employee has 3 choices (a) to opt for monthly payments, (b) get Lump Sum cash that is discounted at prevalent treasury bills discount rate to compute the Present Value and (c) combination of both. If someone opts for Lump Sum upfront encashment and the present value is calculated using a certain discount rate **so my question was by agreeing to discounting mechanism, is one indirectly committing to an interest (Riba) that is prohibited in Islam?** I did opt for the lump sum option and one of the principal reasons for this decision was to eliminate the uncertainty risk of future monthly payments since the PP is unfunded and could be terminated at the discretion of the employer or as result of its bankruptcy in the future.

The three options are permissible. The use of interest in the second and third is merely for calculating the amount of gift (it is in fact a grant because it is not contributory and not funded). No problem in using interest for such calculation. I can tell I will give you a gift calculated on interest or on the amount say a gambler wins.

Investment in Stocks

You advised that investment in stocks of those companies is OK whose primary business involves Halal/ permissible activities and if some small portion of their earnings belong to non-permissible activities that portion should be estimated and paid out to charity. That aspect is

clear but my question is on the finance sourcing of such companies as most of the companies resort to leverage and use interest based external debt to fund their activities. Since they engage in Interest (Riba) in some form, **what is your perspective on this angle i.e. where primary activities/source of earnings is Halal but they partially engage in interest based borrowing?**

The whole matter here rests on the principle of tolerance. We tolerate such companies out or removing the hard inconvenience from Muslims. The criteria include: leverage of no more than 30% of assets, income no more than 5% and assets used in Haram including interest is no more than 30% , three of them after the test of main line of business. This is what is adopted by AAOIFI.

List of Dow Jones Islamic Companies

Yesterday, you also did mention that there are around 600 companies listed at Dow Jones that have been classified as Shariah Compliant and such list is available on the net. I did an intensive search today on google but I couldn't get the list of such companies – at best I could get was the Index or few funds and some sites claimed to have such list in a link but once you open the link you get an error message (Not Found). I believe you may know any particular site that does have such list so **would appreciate if you could send me such link i.e. list of Shariah Compliant Companies** (assuming the site is active as well).

Companies may change position from time to time according to the three tests above. DJ sells this info and usually financial and investment advisers buy this info and use them in profit making. This is their business...

Franchises that serve some Non Permissible Items

This question was raised by some other brother. Take the example of Tim Hortons – its primary business is coffee (which I believe is OK from Permissibility standpoint) but it also deals with some items that has pork or non zabiha meat products which represent a small portion of their business. As far as I understand from yesterday's discussion, **such kind of franchise business is not permissible. Is my understanding correct?**

Non Zabiha is not part of this because it is controversial. For some schools of Fiqh, it is permissible. If you own the franchise you should exclude any prohibited item and many Muslims who contract such business do that and franchise companies know that. If you are the manager of a franchise shop, not owner also you should not accept to sell any such items, if you are simply an employee in such a place, you still do not sell it (even as a cashier) and you should always leave this action to another non-Muslim employee but your salary for the work you provide is permissible (this does not apply to a general manager because a M. is responsible for all operations in a shop).

Use of Interest Income

In the past I did place some funds in interest bearing deposits that I have been advised to pay out being non-permissible. I have been advised it can't be given to Masjids but to the needy people. I need some clarity here as to **what are the permissible uses of this interest income?**

The fact is: such interest money is not yours, yet it is much better to maximise the benefit from it for recipients (poor and needy, preferably Muslims) there are several trust worthy charities in Canada including Islamic Relief International, even the local Masjid with info that this is not to spend on the Masjid construction, but in fact it is OK to use for cleaning material and bathroom tissue.

Where to Place Surplus Funds that are Shari'ah Compliant

Here is my last question for the time being. I am retired person and has some savings that I want to invest in Shari'ah Compliant avenues that could generate a reasonable income to (a) cover the Zakat and (b) some kitchen expenses. **I need your advice on the viable options here.**

This is the job of investment advisors like Br. Khaled Sultan in London, ON, not mine. One thing I know is the Islamic Housing Cooperative (headed by Bervez Nasim); it's been there for about 35 years and proved making some reasonable return and providing good service.

In the end, I would like to apologise on the number of questions; however, you being a subject matter expert, I seek your guidance brother, In case you want some details or you are too busy to respond in writing, you may call me at these #; landline: +1 905 821 8135, cell #; +1 416 708 0856. Alternatively, please advise me your best available time so that I can call you at the # that you gave yesterday (714 406 6971)

Jazak Allah Khair.

Ashfaq Ahmad

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Ashfaq

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Please see my answers below your questions

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Ali

Sent: Sunday, August 21, 2016

Subject: Selling share at a loss

Assalamu Alaykum Brother Monzer

I pray that you are well.

I have a question in relation to stocks and shares. I purchased shares in an investment bank (European Islamic investment bank - EIIB) which was Shari'ah compliant and had a Shari'ah supervisory board, but last year it acquired another business and changed its name to Rasmala plc. On the website it says they deal in Shari'ah and conventional investments and they don't have a Shari'ah supervisory board.

I purchased shares worth £17,000 (about \$21,000) and now it is worth £10,000. I made the investment for the long term with the belief that I was investing in a Shari'ah-compliant company but suddenly they have changed course and become non-Shari'ah-complaint. I feel betrayed by them and made it known to them.

The question is: is it obligatory on me to sell the shares at a huge loss or can I wait till the share price rises and sell to recover what I paid for it? I ask this only because I believed I was investing in a shariah compliant company and now they have changed course without any notification. There are a lot of other people complaining regarding this on internet forums.

Your advice is greatly appreciated.

Ali

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Ali

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

This is a serious problem. In fact it is a complete betrayal of shareholders to change the direction of the bank in such a way. it is unfortunate to hear that. I do not think that Shari'ah would like you to lose by any sudden sale as a result of such change. In funds when close to that happen (a company loses its status as permissible say by taking excessive loans) manager phase out the exit smoothly. I think if there is hope in any reasonable tile, say a year to recover this loss, you may stay course until recovering but if such hope becomes dim there will be no sense of staying on.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Wael

Sent: Friday, September 16, 2016

Subject: Investing RRSP and pensions in Full time school

As-Salamu Alaykum wa Rahmatu Allah wa barakatuh

Dearest Dr. Monzer, hopefully this message reaches you while you're in the best of your health and iman, and so are all your family members.

Dear Doctor, brothers in Horizon Academy Institution, a non-for-profit organization located in Calgary, Alberta, Canada, which does focus on education and leadership, have a plan to start a full-time Islamic school. To fund the school's construction and other costs, they have an idea to encourage community members to invest their money on this project. They are looking for your eminence's opinion (fatwa) regarding the way they suggest for funding this project. Below (and the file is attached too) is the description they sent me to forward to your eminence:

"Horizon Academy (Full Time Elementary School)

Background

Horizon Academy Institute is a non-profit organization that has been in existence for the last 10 years as a registered charity in Alberta. Our school is accredited by Alberta Education as private school teaching heritage Arabic Course to high school students. We have been successfully providing a weekend school for about 400 children in subjects such as Arabic, Islamic social studies and Leadership. In addition, we also provide adult leadership training on an ongoing basis to the community. Our board members are a diverse and committed group of community members who volunteer their time and effort to offer highest quality of education to our youth.

Project Basics

As part of our long term growth strategy, we have identified a need for a Full time Leadership based Elementary School which teaches excellent academics and imparts Arabic and Islamic

Studies education. In order to make this goal a reality, we want this project to be investment focused rather than donations based. Following is the structure that we are proposing and would need to get Islamic Shari'ah Financing Approval:

1. Horizon Academy has identified a piece of land zoned for school for construction of an elementary school. The total cost of land and school is approximately \$10.5m (\$4.5 for land, \$6m for building a school)
2. A new company will be formed that is tasked with raising capital from investors. A minimum of 150 investors will ensure that this company is registered for taking RRSP, RESP and TFSA investments (These are Canadian retirement saving funds whereby investors can offset tax obligation for investing in long term funds). All costs related to formation of this company will be paid by Horizon Academy.
3. Horizon Academy will enter into an agreement with this new company whereby Horizon will purchase the land and building from the company at a predetermined fixed price (\$14.25m). This fixed price will be paid over 12 years in unequal installments. (Below table shows the above amount split over years).
4. Horizon Academy will be able to meet the above payments by charging tuition fees from students. Additionally, private schools are also eligible for operational costs funding from Alberta government.
5. The new company will be formed only for this investment purpose and as such when the payments above have been made, then this company will be closed down.

We require, from your eminence, opinion on the above mentioned transaction and if it meets the requirements from a Shariah perspective. Looking forward to hearing from you very soon and please do not hesitate to contact us for any further information."

Jazakum Allah Khayran

Dr. Wael

----- Forwarded message -----

From: Sohaib

Assalam Alaykum Dr Wael

Pray you are well. As discussed during your trip to Calgary, I am attaching a one page document which highlights our school project investment opportunity. Please share it with Dr Monzer Kahf and I would be grateful if you could CC me on the email so we can answer any questions promptly.

As you are aware, we want his opinion if the investment proposal meets Islamic shariah principles.

Jazaka Allah Khair for your efforts and let me know if you need further information.

Sohaib

My answer:

Dear Brothers Dr. Wael and Mr. Sohaib

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

This is a rather great IDEA, if we can implement it right. Of course the devil is in the details...

Let me put forward the following points to make matters clear:

- It is permissible to buy a building on the plans, before it is constructed,
- It is also permissible to rent the same for a fixed or variable rental amount over a definite period,

- Securing a buyer before one actually builds is permissible as long as there are adequate assurances that the building is going to be constructed. And of course sale is intended to be for profit, i.e., above cost of construction and land,
- Sale on a deferred price or on installments at a higher than the cash-payment price is permissible, the rule is “إن للزمن نصيباً من الثمن”
- Fairness of pricing is a Shari’ah requirement. This means that setting a price outside the market limits is not acceptable. The implication of this in the context of our markets in the USA and Canada is the following: when the installment price is set (i.e., the contract contains financing) the difference between the cash price and the deferred one should be comparable to the prevailing interest rate in the market, this is important to avoid any Ghabn (over pricing) or being unjust to the seller.

Tapping on retirement funds and their like is a great idea. These funds are long term by definition. But because of their nature and the government strict regulations on them we must be extra careful in providing strong guarantees of the cost and profit in using these funds. Using them to build schools in Alberta (in contrast to Toronto) where the government assures subsidies to private schools is very good especially if you can put a lien (mortgage on this government subsidy as a guarantee for payment to the retirement funds),

You must notice that the company that accepts retirement fund must be a permanent company not to be dissolved after completing one project. This is necessary to maintain these funds and continue investing them and responding to their disbursement when the time comes. Why dissolving it after one project? I think this company must be run very professionally to the benefit of these long term funds and funds should be diversified and used only in projects of assured profit and protected capital such as through the proposed kind of sale (provided pricing is fair) which is Murabahah or Ijarah that ends with ownership.

Finally, please take me as one of the 150 investors in this company (established and run by professionals) if US citizens are permissible to be in it.

Best Regards,

Wassalam

Prof. Dr. Monzer Kahf

From: Haroon

Sent: Friday, September 16, 2016

Subject: Trading stocks on margin

Thank you for your kind answer. I also have one another question which is: that trading on margin in stocks is halal or haram? And can you please tell me halal markets of the world. It is because I am good at reading markets and can make profits from them. Thank you

Haroon

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Haroon

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Buying a stock on full or partial credit if there is no interest to be paid is permissible. On the other hand short-selling a stock is not permissible even if there is no interest involved.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Haroon

Sent: Sunday, September 18, 2016

Subject: Re: margin in stocks

Thank you for your kind answer, but one other question came to my mind which is that why margin trading in forex is haram while it's is halal in stocks? Thank you

Haroon

My Answer:

Because the Prophet, pbuh, imposed additional condition on trading currencies by saying what means, hand to hand; all price must be paid at time of receiving the other currency. Besides, forex itself is not permissible.

Wassalam

Prof. Dr. Monzer Kahf

From: Furqan

Sent: Friday, September 09, 2016

Subject: ETF's in Islam

Dear Dr. Monzer,

Salam,

Hope you are doing well. I have a question regarding ETF's. Are they allowed in Islam? How about if we trade technology or pharmaceutical based ETF's?

Many thanks for your time and help. Best,

Furqan

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Furqan

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

ETF is like any other mutual fund, the fact that it is traded on the board does not make a difference from Shari'ah point of view.

The permissibility of a specific mutual fund depends on the shares which compose its content. If the shares are permissible, it is permissible.

In mutual funds we look at the share individually and take the majority percentage for the total fund in such a way that permissible funds should have very low % on non-permissibility. But always we must apply the principle of purification because the cleanest funds normally still have some elements of non-permissibility.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rab al Alamin
Wassalam
Prof. Dr. Monzer Kahf

From: Furqan

Many thanks for your answer. Could you tell me how can we perform purification on mutual funds/ ETF?

Furqan

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Furqan

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

You need to estimate the % of Haram income (e.g., interest, sale of liquor as in airlines, weapons companies like Boeing, banks, insurance companies, and the like) out of each share in the fund, of course for banks and other companies of Haram main line of business you take the whole company. Then subtract that from the total fund. This applies to dividends as well as to capital gain. And you donate to charity same %.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Furqan

Thanks again. I appreciate your help. Another question I have is that is about day trading. Some people argue that the shares are settled in a day these days (meaning you own the stock as soon as you buy it and you dont have to wait for settlement for t+2 days. Do you know if that's true and whats your opinion on that? Also, do you know the settlement time for NASDAQ, S&P 500 (I.e. can we trade stocks on a daily basis? Best,

Furqan

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Furqan

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

My opinion is that day trading in stocks and in commodities and currencies is purely speculative. I consider it not permissible.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Furqan

Thanks again for your answer. So a 3-4 day holding of stocks is fine in your opinion?

Furqan

My Answer:

It is still the spirit of speculation. Speculation is an attitude that is not acceptable in my understanding of Shari'ah'

Prof. Dr. Monzer Kahf

From: Furqan

I understand. How much time do you think is advisable to hold on to a stock before we sell it?

My answer:

It is the spirit not the time. If you are a speculator you hit buttons, if you are an investor you look at many other factors

Prof. Dr. Monzer Kahf

From: Furqan

Thanks again. I see that you teach at Hamad bin Khalifa University. I am also based in Qatar. Do you teach any courses/seminars on investing? I would love to attend.

Best,

Furqan

My answer:

No, I teach Islamic finance contracts and Islamic insurance and the like

Prof. Dr. Monzer Kahf

From: Furqan

ok.

Thanks again for all your help and guidance. I have another question. Many of the islamic mutual funds around list all the shariah conditions that are in practice, but many of the companies that they invest in have debt to asset ratio greater than 33%. Would 'purifying' them be enough to satisfy the shariah criteria?

Also, if I want to invest in these companies with greater than 33% debt to asset ratio, how do I purify my earnings? Best,

Furqan

My Answer:

Dear Br. Furqan

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

The marked is a statement that needs evidence.

The rule is those companies are not permissible to invest in.

Also purification is by calculating the % of Haram earning (out of dividends and capital gain) and giving it to charity. For capital gain apply same % as in assets

Wassalam

Prof. Dr. Monzer Kahf

From: Furqan

Sent: Monday, October 03, 2016

Subject: Debt to Equity ratio in Screening stocks

Dear Dr. Kahf,

Hope you are doing well. I would like to get some advice from you. Following is my question.

I am trying to understand the Shari'ah screening process for equities. One of the screening criteria is as follows:

1- "Total interest-bearing debt divided by market capitalization of shareholders equity>30%"
Just for me to understand, I am calculating this from the yahoo finance website for 'Dollar General (DG)'.

So, from yahoo finance, I go to balance sheet and I add short term debt and long term debt (1379, 000 + 2969175,000=2970554000 which is 2.97 Billion). The market cap for this stock is 19.72 Billion. So, I divide 2.97/19.72=0.15 which is less than 30%. Hence, this stock is OK from this screening criterion. Am I looking at this correctly? Kindly, help.

Thanks again for your time and help.

Best,

Furqan

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Furqan

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Yes according to those who say market value. In my opinion it is total assets that matters because total assets are financed by interest loans in case of leveraging or interest-bearing debts are part of the total assets not part of market capitalization.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Mohamed

Sent: Monday, October 10, 2016

Subject: Advice about binary option

Salamu Alaykum Dr Kahf,

My name is Dr Mohamed Abdelhady, a physician who lives in Melbourne Australia. You've been referred to me by Sheikh Rafat Najm, a renowned Islamic scholar in New Zealand.

I've been exploring options for stock/ forex trading and binary option came to my attention. It appeals to me because it is short term and needs less experience as compared to the regular trading.

I would appreciate your valuable opinion with regards to being halal or not. As I've been reading contradicting views. Looking forward to hearing from you.

Kind regards,

Mohamed

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Mohamed

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

Investment means providing a product, a trade or a service to the society. It aims at increasing the size of goods and services available to human beings.

Speculations is clicking on a keyboard with results in one loses what another one gains. This does not add food on the table...

Accordingly the OIC (organization of Islamic Cooperation) Islamic Fiqh Academy after studying some of the speculative tools in the market ruled that: option, although they are financial rights, are not permissible to buy, own, sell and trade. Indexes are even worst from this point of view because they are not financial rights to begin with so are warrants and several other contracts that unfortunately exist in most Western markets.

Also speculation of currencies as done in the forex trading is not permissible as the Prophet, pbuh, mentioned that sale of currencies must be accompanied with full (physical) delivery of both currencies at time of contract exactly.

Please stay away from speculation and all speculation tools.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Prof. Dr. Monzer Kahf

From: Stasya

Sent: Friday, October 21, 2016

Subject: Questions about Islamic Wealth Management

Dear Monzer Kahf,

I am writing Master thesis about Implementation of Islamic Wealth Management in Europe and it would be a pleasure to get your expert opinion for few questions:

1. What are the main advantages of Islamic Wealth Management comparing with traditional wealth management?

It is to be always real, i.e., related to the real market, no virtual assets, no virtual transactions and no placement of assets in usages that do not create value in the real sense (this means no purchase or sale of debts).

2. How relevant today, in your opinion, is the problem of the development of Islamic Wealth Management in the world? And why?

With the excessive financialization and repetitive crises, it is very relevant because it is more immune to these traps.

3. What are the main obstacles for active implementation of Islamic Wealth Management?

The common desire for a quick buck and shortage of support from laws and regulations which are fundamentally designed to support interest and virtual transactions.

4. What factors of the legal regulation are the main obstacles to the development of Islamic Wealth Management?

You may know the Grisham law “bad currency drives good currency out of the market”. Bad laws that permit bad practices drive good practices out of the market. the presence of virtual financial assets itself drives good practices out of the market, when you allow gains by bribing an officer why should people spend hard work to make profit? this is the effect of corruption. It is what poisons the finance market.

5. What measures do you think is need to be taken for the active development of Islamic Wealth Management in the world?

Removing the fake competitors; virtual assets/contracts and debt trading.

Thank you in advance,

Stacey

My Answer:

Dear Stasya

Please find my answers below the questions:

Kindest Regards,

Prof. Dr. Monzer Kahf

From: Imam Mosque

Sent: Thursday, November 17, 2016

Subject: RESP for kids, its interest and its investment

Dear Professor Monzer,

As-Salamu Alaykum Wa Rahmatullah.

I hope you are doing great and may Allah reward you for all what you do for His sake, amen.

Below is a question from one member of our community. I hope you have time to reply to it soon. Baraka Allah feekum dear Prof. Awaiting your reply soon.

Imam Dr.

Canada

----- Forwarded message -----

From: Yasser

SALAM ALAYKUM W RAHMATU ALLAH W BARAKATUH

Hope you are doing well inshallah

I have a question regarding the Registered Education Saving Plan (RESP) for the Kids education...

The bank is having some sort of investments with the RESP plan; it's more like investing in shares but grouped and managed by some people to make it lower risk

I have no idea about shares and how to do that but they ask me to contribute and I said I have to ask because I can't take interest or something has been invested in alcohol or pork, they recommended me this socially responsive fund (and I don't know what does this means :))

<http://fundinfo.rbcgam.com/mutual-funds/rbc-funds/fund-pages/rbf303.fs>

Can you please check this out and let me know if this is a good thing so I can proceed or not?!

We can discuss this further inshallah when I meet you...

JAZAKA ALLAH KHAIRAN shaikhna ...

Yasser

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rabb al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Imam Dr.

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I tried the website given but could not reach any detailed information about the shares invested in by the socially responsible funds offered by this company.

I know that socially responsible funds do not invest in weapons, sin companies (alcohol, porno, tobacco). This is the good aspect, but they invest in banks and insurance which are problematic from Shari'ah point of view.

I suggest that the questioner. Br. Ali, should check with Brother Khaled from, Ont. He works in Islamic solution for RESP and similar saving plans. He may know this fund or others much more than I do.

Wa Allahu A'lam

Wa Alhamdu Lillahi Rabb al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

From: Khalid

Sent: Monday, November 21, 2016

Subject: Certificates with fixed returns

Dear Dr. Monzer,

My name is Khalid, and I am an engineer from Egypt. While I was looking over the internet for an Islamic economy expert, I came across your webpage and a PDF Link to some of your fatwaa replies dated back to 2002.

Well, I do believe you have heard about the massive devaluation in the Egyptian pound after it was floated recently against the USD which was more than 50% devaluation. Once the devaluation happened, most of the non-Islamic banks advertised fixed certificates of deposits for customers with a yearly return (profit) of 20% which was attractive to just approach the excessive rate of inflation.

Riba is one of the major sins in Islam and I would like to definitely avoid it as every true Muslim shall do. On the other hands, Al Azhar Fatwaa for Muslims to deal with banks is different from Riba Al Jahiliya encouraged most of my family and friends to go with these certificates to try to coup with inflation.

I am currently dealing with Abu Dhabi Islamic Bank for over a year now which after the devaluation did open Sukok investment for 14.5% to 15% profit range which is lower than non-Islamic 20% profit.

My question to you, based on the above is it halal to go to the non-Islamic banks for the 20% profit to coup with the inflation in the country or it will be Riba and I should stay with Abu Dhabi Islamic Bank? Thanks in advance...

Best Regards,

Khalid

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Khalid

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

If the government of Egypt changed the way it deals with the currency, the Qur'an is still with no change... This does not make Riba permissible. In fact whatever interest you get on these (20%) will be lower than any expected devaluation of the currency. It is not even economical to put your money in such certificates. Put them in good stocks or in real goods such as buying wheat or date and store it in a public refrigerator. Or trade any other commodity such as computers and cell phones. These 20% certificates are Riba-based and prohibited inspite of the wrong statements made otherwise by some persons with "Amamah" who are in fact ignorant and give political Fatwa only. The OIC with its more than 200 Shari'ah and economic experts said clearly since 1985 that such certificates are prohibited.

Wa Allahu A'alam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards

Dr. Monzer Kahf

From: Farhad

Sent: Wednesday, November 23, 2016

Subject: Investing in shares

Assalamu Alaykum

I was referred to you by my friend and your son Baraa.

I was hoping you can answer a question I have about investing.

I'd like to know if using this stratghy is allowed for me to invest money in the market.

My strategy would be to find a good sound company in a permissible sector that has good growth. I would invest at a good time in the stock with the intention to sell when I have a 10% profit or to sell at a 4% loss. Whichever takes place first and not selling other wise, is this permissible and considered okay?

Appreciate your time and effort

Farhad

My Answer:

Bismillah al Rahman al Rahim

Alhamdu Lillahi Rab al Alamin, wa al Salatu wa al Salamu ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

Dear Br. Farhad

Assalamu Alaykum wa Rahmatu Allahi wa Barakatuh

I believe that setting a strategy for managing the downside is not a thing that Shari'ah dislikes. I don't go for the speculative spirit of going in and out. Why not keep only the out strategy and invest for longer run?

Wa Allahu A'lam

Wa Alhamdu Lillahi Rab al Alamin

Wassalam

Best Regards
Dr. Monzer Kahf
