



Shariah Applications for the Islamic Market

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In the Name of Allāh,

the Entirely Merciful, the Especially Merciful

Praise is due to Allāh, Lord of the worlds, may the blessings and peace be upon our master Muḥammad, the last of prophets, on his family, and all his companions.

Resolution No. 74 (5/8)

Shariah Applications for the Islamic Market

The Council of the International Islamic Fiqh Academy of the Organization of the Islamic Conference, holding its 8th session in Bandar Seri Begawan, Brunei Darussalam, on 1-7 Muḥarram 1414h (21-27 June 1993),

Having examined the research papers submitted to the Academy concerning Shariah Applications for the Islamic Market, as a continuation to the discussions on Islamic financial markets and securities in the previous sessions, particularly at the seventh session in Jeddah,17

Having reviewed the symposia organized by the Academy on the same issues, in order to develop adequate legitimate instruments given that the latter represents mechanisms that can absorb the cash-flow available in Muslim countries and achieve developmental objectives, mutual solidarity, balance and complementary between Muslim countries,

Having listened to the discussions on ways to benefit from the various modes, namely shares, ṣukūk and special contracts, for the full realization of an Islamic market based on Shariah principles,

Resolves

First: Shares

The International Islamic Fiqh Academy issued resolution no. 63 (1/7) on *Financial Markets (Shares, Options, Commodities and Currencies)*, elucidating Shariah rulings applicable to them and the method in which they can be utilized for the realization of the Islamic Financial Market.

Second: Ṣukūk

1. Muqāraḍah bonds and Investment Bonds were the subject of the Academy resolution 30 (5/4) on *Muqāraḍah Bonds*.
2. Leasing bonds, or hire-purchase bonds, were the subject of the Academy resolution 44 (6/5). These bonds can therefore play an effective role

• Resolution 63 (1/7).



in the Islamic financial market in terms of benefits.

Third: Salam (Forward Buying Contract)

Since Salam (forward buying) contract covers a wide range in its terms and conditions, it is advantageous for the buyer in investing his surplus funds for profit, as well as the seller in securing adequate commodity prices. The Academy resolution no. 63 (1/7) is thereby reiterated to the effect that a commodity which is subject of a forward contract cannot be sold until it is received. The same resolution states that “a commodity purchased through a Salam (forward buying) contract cannot be sold before it is received.”

Fourth: Istiṣnāʿ (Manufacturing Contract)

Istiṣnāʿ contracts were subject of the Academy resolution no. 65 (3/7).

Fifth: Bay Ajal (Deferred Sale)

Deferred sale is another mode of investment that facilitates purchasing transactions. It benefits both the purchaser who gets immediate access to the commodity while paying later and the seller who secures higher prices. This results in a broader distribution and availability of commodities for the society.¹⁸

Sixth: Wad and Muwaʿada (Promise and Mutual Promises)

The Academy issued resolution nos. 40-41 (2-3/5) on promises and mutual promises in Murābahah to the purchase orderer.

Recommendation



Calling on researchers, scholars, and economists to prepare studies and research on the topics that have not been discussed in depth, in order to elicit their applicability and draw on them in a Shariah-compatible way for the benefit of Islamic financial market. These topics include:

1. Mushārah Bonds with all their
 2. Formulation of leasing or hire-purchase
 3. Compensation for Salam debt, consensus settlement, discount, partnership, discount, reconciliation, etc.
 4. Mutual promise in other than Murābahah sales, particularly in currency
 5. Debt
- Resolutions 51 (2/6) and no. 64 (2/7).
1. Sulḥ (honorable settlement) in the financial market (compensation,).
 - 2.

Indeed, Allāh is the Giver of success.