

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

(Series of Questions Addressed to Eminent Scholar Ata Bin Khalil Abu Al-Rashtah
Ameer of Hizb ut Tahrir through his Facebook "Fiqhi" Page)

Answer to Question

The Forex

To Sulayman Murabit

(Translated)

Question:

Assalamu Alaikum wa Rahmatullah wa barakatuh.

Honourable Sheikh

I hope you are in good health.

I am writing to seek clarity on an important matter regarding modern financial trading, specifically in the currency (Forex) market. With new technology, trading has developed in different forms, and I would like to briefly explain the background before asking my question.

There are generally two types of trading models today.....etc)

Answer:

Wa Assalamu alaikum wa Rahmatullah wa Barakatahu,

What I know about Forex is that "Forex is an abbreviation for "Foreign Exchange," meaning the exchange of foreign currencies with each other. It's a huge global market for trading currencies with the aim of profiting from price fluctuations." We previously answered a similar question on October 14, 2024, and I will quote what was said about currency trading therein:

[*- Trading in gold and silver: As for gold and silver, selling and buying them for each other or for cash must be done hand to hand, as in the hadith narrated by Al-Bukhari and Abu Dawud on the authority of Omar: «الذَّهَبُ بِالْوَرِقِ رِبَاً إِلَّا هَاءَ وَهَاءَ» "Gold for silver is usury except hand to hand," meaning hand to hand. Therefore, buying gold for silver or for cash is not valid except by hand to hand.

And because after we have learned how to trade online, the exchange does not happen immediately, but rather it may take hours or days, therefore it is not permissible to buy gold and silver with an electronic card via the Internet unless the card is deducted from the account immediately when buying gold or silver, i.e. hand to hand, so do not receive the gold or silver except at the time the amount is deducted from your account. And since there is no immediate exchange in trading online, but rather after a day or two, then it is not permissible.

*- Trading in stocks and bonds is forbidden because stocks belong to joint-stock companies that are invalid according to Islamic law, and because bonds are linked to usury. We have detailed the subject of joint-stock companies in the book, The Economic System, as well as in The Turbulence of the Stock Markets other books. We have mentioned in the booklet, The Turbulence of the Stock Markets, a summary of the matter as follows:

"As for the Shari'ah rule pertaining to the dealing in these shares and in securities, whether buying or selling, it is forbidden. This is because these shares are those of a company that is unlawful according to Shari'ah. They are in fact certificates of bills which contain mixed sums from a lawful capital and unlawful profits made from an unlawful transaction. Each bill represents the value of a share, and this share represents part of the assets that belong to the unlawful company. These assets have been mixed with an unlawful transaction which Shari'ah has prohibited. Thus, it is illicit money, whose buying and selling becomes unlawful, and dealing in such money is also illicit. This is also the case for bonds, in which money is invested with interest, and so is the case for bank shares and similar, since they all contain sums of illicit money; thus their buying and selling is unlawful, because the money contained in them is illicit." END QUOTE.

*- Trading paper currencies on the Internet, such as the dollar and the euro, is forbidden because there is no hand-to-hand exchange, which is necessary in exchanging money. Hand-to-hand exchange,

as it applies to gold and silver, also applies to paper money on the grounds of currency, i.e. using them as prices and wages. We mentioned the following in the Answer to Question on 11/07/2004:

[Dealing with paper currencies

Yes, what applies to gold and silver in terms of usury and other monetary rulings applies to them. This is because the realization of the reason (cash, i.e. its use as prices and wages) in these papers makes them take the rulings of money.

Therefore, buying usurious items with these papers applies to what was mentioned in the hadith (hand to hand), i.e. it is not a debt.

The subject is as follows:

The Messenger (saw) says: **مَثَلًا، وَالْمَلْحُ بِالْمَلْحِ، مَثَلًا، وَالذَّهَبُ بِالذَّهَبِ، وَالْفِضَّةُ بِالْفِضَّةِ، وَالنُّبْرُ بِالنُّبْرِ، وَالشَّعِيرُ بِالشَّعِيرِ، وَالتَّمْرُ بِالتَّمْرِ، وَالْمَلْحُ بِالْمَلْحِ، مَثَلًا،** «الذَّهَبُ بِالذَّهَبِ، وَالْفِضَّةُ بِالْفِضَّةِ، وَالنُّبْرُ بِالنُّبْرِ، وَالشَّعِيرُ بِالشَّعِيرِ، وَالتَّمْرُ بِالتَّمْرِ، وَالْمَلْحُ بِالْمَلْحِ، مَثَلًا، فَإِذَا اخْتَلَفَتْ هَذِهِ الْأَصْنَافُ فَبِيعُوا كَيْفَ شِئْتُمْ إِذَا كَانَ يَدًا بِيَدٍ» **"Gold is to be paid for by gold, silver by silver, wheat by wheat, barley by barley, dates by dates, and salt by salt, like for like and equal for equal, payment being made on the spot. If these classes differ, sell as you wish if payment is made on the spot."** (Narrated by Al-Bukhari and Muslim on the authority of Ubadah bin Al-Samit, may Allah be pleased with him.)

The text is clear when these usurious (riba) categories differ, that the sale is as you wish, i.e. like for like is not a condition, but the exchange is a condition. The word "categories" was mentioned generally in all usurious categories, i.e. the six, and nothing is excluded from it except by a text, and where there is no text, the ruling is that wheat is permissible for barley or wheat for gold, or barley for silver, or dates for salt, or dates for gold, or salt for silver... etc. No matter how different the exchange values and prices are, but hand to hand, i.e. it is not a debt. And what applies to gold and silver applies to paper money by virtue of the common cause (cash, i.e. its use as a price and wages).] End.

By studying how this online trading in buying and selling gold is done, it became clear that the collection or settlement is delayed for a day or two... from the date of the contract, and this is contrary to the agreed-upon condition of exchange, which the Prophet (saw) stipulated in his saying: "Hand in hand." Al-Bukhari narrated on the authority of Al-Bara' bin Azib, who said: We asked the Prophet (saw) about that, and he said: «مَا كَانَ يَدًا بِيَدٍ فَخُدُّهُ وَمَا كَانَ نَسِيئَةً فَذَرُوهُ» **"Take what was from hand to hand and leave what was on credit."** Muslim narrated on the authority of Malik ibn Aws ibn al-Hadathan that he said: I came and said: Who is exchanging dirhams? Talhah ibn Ubaydullah said while he was with Umar ibn al-Khattab: Show us your gold, then come to us when our servant comes and we will give you your money. Umar ibn al-Khattab said: No, by Allah, you must either give him his money or return his gold to him, for the Messenger of Allah (saw) said: «الْوَرِقُ بِالذَّهَبِ رِبًا إِلَّا هَاءَ وَهَاءَ...» **"Gold and silver are usury, except for this and that..."**

Accordingly, it is not permissible to trade the euro, dollar, and other forms of currency over the Internet because there is no immediate exchange)] (End of quote from the answer.)

I hope this is sufficient, and Allah Knows Best and is Most Wise. [11 Rabi' al-Thani 1446 AH - corresponding to 14/10/2024 CE]

Therefore, since the trading, as explained above, is invalid, the contract to perform the aforementioned work is also invalid.

This is what I consider most likely in this matter, based on my knowledge of Forex. However, if your question concerns a new situation, please state it clearly so that we may answer you, Allah willing.

I hope this is sufficient, and Allah Knows Best and is Most Wise.

Your brother,

Ata Bin Khalil Abu Al-Rashtah

8 Dhul Qi'dah 1447 AH

Corresponding to 25/04/2026 CE

The link to the answer from the Ameer's Facebook page:

<https://www.facebook.com/AtaAboAlrashtah/posts/122133682635129051>