

Stock brokerage

This is a service which the company provides to its clients through which it allows these customers to trade in buying and selling stocks in order to benefit from their annual returns, or to practice Speculation in stocks to benefit from the price differences.

- **The Sharia rules:**

The Company must abide by the controls governing the investment and trading in the stocks of the joint stock companies as stated below:

1. It is permissible to invest and trade in shares of joint-stock companies of permissible purposes and activities according to the terms and conditions of sale.
2. It is permissible to invest and trade in shares of joint-stock companies of activities and purposes that are prohibited in Shariah, such as the companies which trade in wines, tobacco , pork, gambling, usury banks, commercial insurance companies, obscenity and immoral films companies, mutual funds which invest in usury debentures, and companies specialized in trading in and dealing with debts..
3. It is not permissible to participate in establishing companies which statute provides for dealing in activities or purposes that are prohibited in Shariah.
4. It is permissible to invest and trade in shares of joint-stock companies which purposes and activities are permissible but some of its transactions might be tainted with prohibited matters such as dealing with usurious borrowing or lending but under certain controls, due to the fact that most of the present companies' transactions are afflicted, and to eliminate the disconcertion, and take into consideration the public necessity. Such controls include the following:
 - a. The permissibility of dealing in shares of such companies is restricted to the investment need of the trader. If there are joint-stock companies that already fully comply in avoiding dealing in usury, it should be sufficed with other companies that are not complying.
 - b. The total amount borrowed by the company, whether being a long-term or short-term loan, shall not exceed (30%) of the aggregate market value, unless it is less than the book value taking into consideration that usury borrowing is prohibited regardless of the amount borrowed. The market value is to be taken from its average value for each quarter of the year.
 - c. The amount of return resulting from an illicit element, shall not exceed (5%) the aggregate revenue of the company whether such

revenue result from investing with a usury interest or from practicing a prohibited activity or from owning an illicit element or otherwise. If certain revenues were not disclosed then diligence should be practiced to not exceed the aggregate revenue with precaution observed.

- d. The illicit element which tainted these companies must be disposed of, and it is not permissible to benefit from this element in any way.
- e. The shares of such companies must be disposed of if their statuses have been changed to the extent that , the Shariah rules become no longer applicable to them by selling their shares when possible, provided that the waiting period shall not exceed ninety days from the date of being informed about this change.
- f. It is important to dispose of the illicit element which was mixed with profits of such companies.

- **Stock Trading Channels:**

- a) Local Stocks Trading through the banking telephone.
- b) Local Stocks Trading through SMS.
- c) Local Stocks Trading through the Internet.

- **The Sharia rules**

1. The company must abide by the sharia rules issued via the Sharia Board, regarding the investment and trading in the stocks.
2. The company must stop trading in the shares of companies violating the Sharia Board rules.
3. Some customers based on sharia rules may be exempted from paying the trading fees, wholly or partially, as they maintain investment accounts.
4. The company is entitled to take determined amounts of fees against the sell or purchase of transactions and other transactions in the local or global stocks.
5. The company must use, only the forms and agreements approved by the Sharia Board.
6. The company shall have the right to allow trading in the rights issue for the customers, and charge commissions provided that such trading is compatible with aforementioned sharia rules for trading and investment in stocks, as this falls under the type of permissible brokerage.