

## **My question is on options...**

**One of our brothers/sisters has asked this question:**

**Brother, salaam u alaikum,**

**My question is on options trading. In options, you are actually purchasing the right to buy a stock at a future date for a fixed price (regardless of the current price in the market). If you exercise the option, you buy at the price set in the past, otherwise, you do nothing and the option expire (and you lose what you paid for the option).**

**Is this type of trading allowed in Islam?**

**Salaam u alaikum.**

**Answer:**

**Options stock trading**

**According to the view of most scholars in Islam, investment in shares and/or the stock market in its essence is permissible in Islam, provided the following guideless are**

honored:

**The three main factors that make a stock haraam according to the scholars is as follows:**

- 1. The company should not deal in a product which is declared haraam in its essence in Islam. Eg. alcohol, prostitution, usury, pork, etc.**
- 2. The company should not deal in a product which is used to harm a muslim country. Eg. Arms manufacturing in a pagan country, etc.**
- 3. Only the pure buying, holding, and selling of lawful stocks is termed permissible by the scholars. All types of other derivative transactions like buying 'options', 'shorting' the stock, buying 'calls', selling 'calls', buying 'puts', selling 'puts', or 'straddles', or any other variations and derivatives are not lawful.**

**Burhan**

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