

126726 - Ruling on selling shares by instalments whilst leaving them in the name of the original owner

the question

I want to sell shares by instalments to one of my colleagues. For example, I have 100 shares in a company, which I bought for 50 riyals and now they are worth 40 riyals. Is it permissible to sell them for 60 riyals by instalments? Please note that the shares are in my personal portfolio, and they cannot transfer them to his portfolio except by selling them. Thank you.

Detailed answer

There is nothing wrong with selling permissible shares by instalments, such as if the value of the shares is 40 riyals and you sell them for 60. It does not matter if the shares remain in your name, but you should document the sale in such a way that will protect the rights of both the seller and buyer.

Dr. Muhammad al-'Usaymi (may Allaah preserve him) was asked: Is it permissible to sell shares that are in my portfolio to a young man, giving him the freedom to choose the time of sale or to leave them in the portfolio?

He replied: it is permissible in principle, but I do not advise it, because of the likelihood of conflict and dispute between you and him, and of the sale not being documented in the event of death, and of the buyer not being able to acquire what he bought. But if you do that, the buyer should not sell to anyone, because he can never transfer them to his portfolio. Rather he has to ask you to sell them in the market at the time that he wants. End quote.

From the shaykh's website.

And Allaah knows best.