

418618 - Dealing in forex and what may be regarded as being like the immediate exchange

the question

I have a question about the immediate exchange when trading in the forex. For example, I have \$1000 in an account with a broker, and I got involved in trading in some type of currency. After that, I concluded that deal and I made \$20 straight away. When I closed the deal on the Meta Trader platform – which is a platform that is only for trading currencies and is connected to the broker – I checked my account with the broker, and I found the \$20 that I had earned from the deal. Can this be regarded as being like the immediate exchange?

Detailed answer

When dealing with the forex and trading in currencies, two conditions are stipulated:

1. The deal should be done with currency that is actually in your possession, and it is not permissible to take margins or leverages from the broker, because that is a loan, and it is not permissible to combine a loan with the brokerage that is charged by the website. That is because of the report narrated by at-Tirmidhi (1234), Abu Dawud (3504) and an-Nasa'i (4611) from 'Amr ibn Shu'ayb, from his father, from his grandfather, who said: The Messenger of Allah (blessings and peace of Allah be upon him) said: "It is not permissible to arrange a loan combined with a sale." Classed as sahih by at-Tirmidhi and al-Albani.

This includes all contracts in which a fee is paid, such as brokerage or acting as an agent in return for a fee.

A statement to that effect was issued by the Islamic Fiqh Council, in which it says:

Secondly: For the broker to stipulate to the customer that his business should be done through him will lead to combining a loan and the fee (brokerage). This comes under the heading of combining a loan and a sale, which is prohibited according to Islamic teachings, as the Messenger (blessings and peace of Allah be upon him) said: "It is not permissible to arrange a

loan combined with a sale...” Narrated by Abu Dawud (3/384) and by at-Tirmidhi (3/526), who said: It is a hasan sahih hadith.

In this case, he will have benefitted from his loan, and the jurists are agreed that any loan that brings a benefit comes under the heading of riba, which is prohibited. End quote.

Please see the answer to question no. [125758](#) .

2. It is stipulated that the exchange must take place on the spot, in the meeting in which the deal was drawn up, even if that is done in a way that may be deemed as such, such as when money enters the accounts of both parties instantaneously.

If the money has entered your account and you are able to withdraw it, transfer it and dispose of it, and the other party is able to do likewise, then the required exchange has been accomplished.

But if the money enters the broker’s account, or your account with the broker, and you are not able to withdraw it until after leaving the meeting in which the deal was drawn up, then the exchange has not taken place.

It is not sufficient for the amount to appear in the account, without the ability to withdraw it.

Please see the answer to question no. [327070](#) .

And Allah knows best.