

111879 - Ruling on subscribing to the Middle East Specialist Cable company

the question

What is the ruling on subscribing to the Middle East Specialist Cable company?.

Detailed answer

The activities of the Middle East Specialist Cable Company are basically permissible, as it produces industrial cables, control cables, cables for use in fire-fighting, fire-resistant cables, information transfer cables, and high tech cables that are used in oil, gas and petrochemical projects, electrical power stations, desalinization plants and other industrial projects.

But the accounts of this company show that it deals with riba-based loans, which makes it come under the heading of what are called “mixed companies”, i.e. companies whose activities are basically permissible but they engage in some haraam transactions.

Most contemporary scholars have stated that it is haraam to buy shares in these companies.

This was stated in a fatwa issued by the Standing Committee for Issuing Fatwas in the Land of the Two Holy Sanctuaries, and also in a statement issued by the Fiqh Council.

Shaykh Dr. Muhammad ibn Sa’ood al-‘Usaymi was asked about buying shares in this company, and he said: I have studied the shares prospectus and the accounts of this company which are published in the shares prospectus, and it became clear that this company deals with

riba-based loans, even though they have some financing that is based on Islamic muraabahah.

As the company has taken out riba-based loans and has withdrawn money openly on the basis of riba, I do not think that it is permissible to buy shares in it. But I am pleased to hear that there is a trend in the company towards Islamic finance, and I pray that Allaah will help them to move in this direction. I advise them to avoid seeking finance from riba-based banks even if it is via so-called muraabahah. There is a great deal of evidence that the way muraabahah is applied by the riba-based banks is contrary to the well known fatwa. May Allaah help us all to do that which He loves and which pleases Him, and grant us a halaal provision and help us to avoid haraam by His grace and bounty.

And Allaah knows best. May Allaah send blessings and peace upon our Prophet Muhammad and all his family and companions. End quote.

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