


Analysis of Fatwas by the National Sharia Board-Indonesian Council of Ulama on the Stock Market

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Abstract

This research aims to analyze the fatwas issued by the National Sharia Board-Indonesian Council of Ulama (Dewan Syariah Nasional Majelis Ulama Indonesia, abbreviated DSN-MUI in Bahasa Indonesia) concerning activities in the stock market. This study focused on the characteristics and general development of these fatwas. This study adopts a normative approach to examine whether the DSN-MUI fatwas related to the stock market. The data utilized in this study are of a secondary nature, encompassing fatwa information issued by the DSN-MUI. These data were further analyzed using a descriptive-qualitative approach and content analysis, particularly pertaining to fatwas. The results of this research indicate that the fatwas issued by the DSN-MUI serves varying purposes across different periods. These fatwas sometimes emerged as a response to questions about business matters or as a reaction to recent developments in stock market products. Another finding of this study is that the fatwas issued by the DSN-MUI followed a specific pattern in its structure, starting with verses from the Quran and Hadith of the Prophet, followed by Fiqh principles, opinions of classical and contemporary scholars, and concluding with the National Sharia Board's stance on the specific topic. The development of these fatwas reflects the gradual (tadarruj) principle within Islamic jurisprudence regarding legal action.

Keywords: Fatwa; Indonesian Council of Ulama; National Sharia Board; Stock Market



INTRODUCTION

The history of the Indonesian stock market dates to the colonial era. Stock trading began in the 19th century. *Cultuur Maatschappij Goalpara*, a plantation company in Batavia, and *Het Centrum*, a newspaper company from Djoejacarta, issued shares in 1882 and 1886, respectively. The *Amsterdamse Effectenbueurs* opened its branch in Batavia (now Jakarta) with the primary goal of financing agricultural business expansion. Established on December 14, 1912, in Jakarta, the expansion continued with new branches in Surabaya on January 11, 1925, and Semarang on August 1, 1925 ([Nasarudin et al., 2014](#); [Widoatmodjo, 2015](#); [Rahman, 2019](#)).

Stock market development continued in the era of independence, with greater attention from the government, especially in the late 1980s. The more open economic policies of the New Order regime also had an impact on the stock market, where foreign companies were allowed to have local businesses of up to 49%. To boost the stock market, the New Order implemented policies, such as tax incentives, the establishment of special government bodies to regulate the market, and other facilities related to stock issuance ([Sunaryo, 2019](#)).

Islamic products in the Indonesian capital market began with the issuance of Sharia mutual funds by PT. *Manajemen Investasi Danareksa* on July 3, 1997. PT. *Manajemen Investasi Danareksa* launched the Jakarta Islamic Index on July 3, 2000, allowing Muslim investors to buy and sell Sharia-compliant stocks ([Huda & Nasution, 2007](#); [Huda et al., 2013](#); [Mardani, 2017](#)).

The National Sharia Council - Indonesian Ulema Council (DSN-MUI) is the official body issuing fatwas related to the Islamic financial institutions in Indonesia. Established in 1998 as part of the MUI, the council is recognized by Bank Indonesia for Sharia considerations in financial products ([Antonio, 2015](#); [Sjahdeini, 2018](#)). On April 18, 2001, the National Sharia Council issued guidelines for investments in

Sharia mutual funds (Manan, 2012; Soemitra, 2018). To date, the National Sharia Council has issued twenty four fatwas related to stock market activities.

This research aims to analyze the fatwas issued by the National Sharia Council regarding stock market activity. This study was limited by the general characteristics and development of fatwas. The reason for this research objective is that the stock market plays a crucial role in the economy. The stock market facilitates the acceleration of capital needed for development. However, Indonesian Muslims' attention to investing in the stock market is perceived to be low, despite its potential for profit and legal position from an Islamic perspective. There is still a prevailing view among many in society that equates stock with gambling and speculation.

In the context of Indonesia, the country with the largest Muslim population, the contribution of Muslims to the stock market is essential for the economy. Moreover, Muslims have a greater opportunity to choose investments in companies in line with Sharia screening. Therefore, decision making regarding the permissibility of investing in the stock market is urgent. Fatwas issued by the National Sharia Council concerning the stock market, which played a significant role in this context. Fatwas, as the basis for modern economic activities, must be considered among the critical factors influencing Muslims' decisions to invest.

THEORETICAL FRAMEWORK

In language, the term "fatwa" refers to a verdict or legal opinion. In Islamic terminology, fatwa has various meanings that generally refer to its linguistic sense. For instance, Al-Qarafi mentions that fatwa is an "explanation of Allah's law in matters that are permissible and forbidden." Al-Jurjani believes that "issuing a fatwa means providing a legal explanation for a specific issue." Meanwhile, Ibn Hamdan Al-

Harani Al-Hanbali defines fatwa as "a Sharia legal explanation based on evidence for those who seek guidance on a particular matter" ([Al-Bakry, 2017](#)).

Modern scholars like Macdonald ([2012](#)) define fatwa as "a formal legal opinion given by a mufti or canon lawyer of standing, in response to a question submitted to them, either by a judge or a private individual." This means that judges can make legal decisions based on this legal opinion and individuals can regulate their personal lives accordingly. When a mufti issues a fatwa, they also need to refer to existing legal precedents ([Macdonald, 2012](#)).

Fatwa is essentially one option for making legal decisions in Islamic jurisprudence. All legal schools of thought in Islam acknowledge the permissibility of issuing fatwas through competent muftis. Fatwas can cover questions related to religion, ethics, or legally binding matters ([Kuske, 2006](#)). In the Sunni tradition, those deemed capable of issuing fatwas are called muftis, whereas in the Shia tradition, they are known as mujtahids. If a person seeks a fatwa from a mufti or mujtahid but finds the answer insufficient, they have the right to seek another opinion from a different mufti or mujtahid ([Kuske, 2006](#)).

Islamic finance, one of the fastest-growing industries globally, has expanded to various countries, each with its own jurisdiction. These jurisdictional differences pose challenges to the development of Sharia-compliant financial products that operate seamlessly in different countries ([Sundararajan, 2011](#)). One consequence of these jurisdictional differences is the presence of various official authorities governing Islamic finance in different countries. Sometimes, institutions regulating the legality of Islamic finance fall directly under the authority of the central bank or the stock exchange, but their positions may vary.

The impact of these jurisdictional differences on one side and the need for the expansion of Islamic financial products has given rise to the phenomenon known as "fatwa shopping" among Islamic finance practitioners. Simply put, fatwa shopping means "the effort to find a fatwa or an official legal opinion that aligns with the needs of an individual or group" (Azmat et al., 2014; Oseni et al., 2016). In addition to jurisdictional differences, fatwa shopping can also result from a trend of seeking fatwas from well-known muftis, which can be easier in relation to new products from an Islamic financial institution (Oseni et al., 2016). On the one hand, fatwa shopping is recognized for its ability to expedite the growth of Islamic finance, especially in the development of new products. However, on the other hand, it has the potential to lead to conflicts due to differing fatwas in one region compared to another. Therefore, more robust regulations on fatwa shopping are needed to ensure the protection of Islamic economic stakeholders (Oseni, 2017).

LITERATURE REVIEW

Previous works by Indonesian scholars on fatwas issued by the National Sharia Council (DSN-MUI) primarily focused on banks (Nasrodin, 2009; Hidayah, 2011; Rahmi, 2014; Fauzan, 2019), pawnshops (Aminuddin, 2010; Sodriyatun, 2010; Subagiyo, 2014), hajj savings (Hadi & Widyarini, 2011; Ajib, 2013; Sopa & Rahmah, 2013; Tho'in & Prastiwi, 2016; Hakim, 2018), trade (Fathoni, 2013; Pary et al., 2021), and insurance (Ridwan, 2014; Hidayat & Zaki, 2015; Isnaini, 2016; Mubarrak, 2016; Muslim & Hadiwinata, 2018; Sarpini, 2019; Indra et al., 2022). To the best of our knowledge, studies of fatwas in the stock market are limited.

Mohammad (2012) analyzed fatwas issued by the National Sharia Council regarding the general principles of Islam in the stock market. The findings indicate that fatwas was produced using three

methods: bayani (descriptive), qiyasi (analogical), and taqriri (following agreed-upon opinions). The fatwas also emphasized Hanbali jurisprudential thought or contemporary Muslim scholars with direct access to these issues.

Mudzhar (2013) analyzed 82 fatwas issued by the National Sharia Council, where 17 of them deal with issues related to banking, insurance, the capital market, and pawnshops. The findings show that fatwas consistently referenced the Quran and Hadith and often referred to consensus, analogy, and the views of scholars. He criticized the fatwas for providing "confirmation" to conventional financial instruments using legal devices and some contracts prohibited by the Prophet.

Suryaningsih (2019) examined the regulation of Islamic mutual funds under Indonesian positive law based on Capital Market Law Number 8 of 1995 concerning the Capital Market and Financial Services Authority Regulation Number 19/POJK.04/2015 concerning the Issuance and Requirements of Sharia Mutual Funds and other technical regulations. Specifically, this article also discusses Sharia mutual funds, as regulated in the National Sharia Council's Fatwa Number 20/DSN-MUI/IV/2001 on Investment Guidelines for Sharia Mutual Funds. This research found that, normatively, Sharia mutual funds require a strong foundation in the context of specific regulations in Indonesian positive law.

METHOD

This research employs a normative approach to examining fatwas issued by the National Sharia Council regarding the stock market. This approach solely views fatwas as legal products from the perspective of norms (Hadisuprpto, 2010; Sonata, 2015). In this research, fatwas are positioned as a legal product issued by an official legal body, namely the National Sharia Council. Fatwas issued by the

National Sharia Council does not directly become binding positive laws but must go through legislative regulations. Nonetheless, fatwas issued by the National Sharia Council still holds a crucial position as material for the formation of legal regulations related to Sharia economics in Indonesia.

The data used in this research were secondary, consisting of data on fatwas issued by the National Sharia Council. The fatwas related to the capital market as follows:

1. Fatwa No. 20/DSN-MUI/IX/2001 on Investment Guidelines for Sharia Mutual Funds
2. Fatwa No. 32/DSN-MUI/IX/2002 on Sharia Bonds
3. Fatwa No. 33/DSN-MUI/IX/2002 on Sharia Bonds Mudarabah
4. Fatwa No. 40/DSN-MUI/X/2003 on the Capital Market and General Guidelines for the Application of Sharia Principles in the Capital Market
5. Fatwa No. 41/DSN-MUI/III/2004 on Ijarah Sharia Bonds
6. Fatwa No. 59/DSN-MUI/V/2007 on Convertible Mudarabah Sharia Bonds
7. Fatwa No. 65/DSN-MUI/III/2008 on Sharia Pre-emptive Rights (Hak Memesan Efek Terlebih Dahulu)
8. Fatwa No. 66/DSN-MUI/III/2008 on Sharia Warrants
9. Fatwa No. 69/DSN-MUI/VI/2008 on Sharia Sovereign Bonds (SBSN)
10. Fatwa No. 70/DSN-MUI/VI/2008 on Methods for Issuing SBSN
11. Fatwa No. 71/DSN-MUI/VI/2008 on Sale and Lease Back
12. Fatwa No. 72/DSN-MUI/VI/2008 on SBSN Ijarah Sale and Lease Back
13. Fatwa No. 76/DSN-MUI/VI/2010 on SBSN Ijarah Asset To Be Leased

14. Fatwa No. 80/DSN-MUI/III/2011 on the Application of Sharia Principles in the Mechanism of Equity Securities Trading in the Regular Market of the Stock Exchange
15. Fatwa No. 94/DSN-MUI/IV/2014 on Sharia Securities Repo (Repo Surat Berharga Syariah)
16. Fatwa No. 95/DSN-MUI/VII/2014 on Sharia Sovereign Bonds (SBSN) Wakalah
17. Fatwa No. 124/DSN-MUI/XI/2018 on the Application of Sharia Principles in the Implementation of Securities Transaction Custody and Settlement Services and the Management of Integrated Investment Infrastructure
18. Fatwa No. 127/DSN-MUI/VII/2019 on Sukuk Wakalah bi al-Istitsmar
19. Fatwa No. 131/DSN-MUI/X/2019 on Waqf Sukuk
20. Fatwa No. 135/DSN-MUI/V/2020 on Stock
21. Fatwa No. 137/DSN-MUI/IX/2020 on Sukuk
22. Fatwa No. 138/DSN-MUI/V/2020 on Application of Sharia Principles in the Clearing Mechanism and Guarantee of Settlement of Exchange Transactions for Equity Securities on the Stock Exchange
23. Fatwa No. 140/DSN-MUI/VIII/2021 on Sharia Securities Offering Through Information Technology-Based Crowdfunding Services Based on Sharia Principles (Islamic Securities Crowd Funding)
24. Fatwa No. 154/DSN-MUI/V/2023 on Sharia Exchange Traded Fund (ETF)

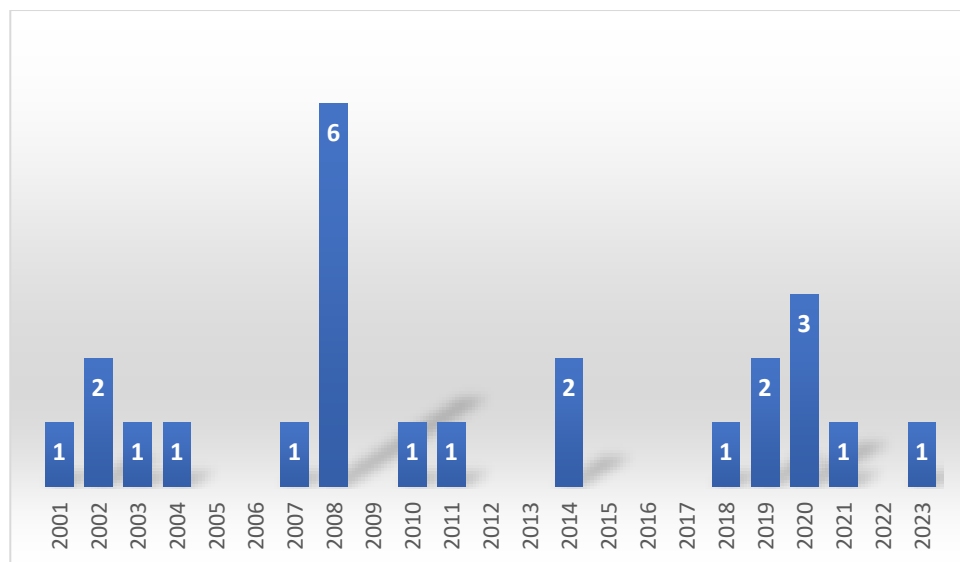
In addition, the other data used are relevant studies on fatwas. These data were subsequently analyzed using a descriptive-qualitative approach and content analysis, especially concerning fatwas.

RESULTS AND DISCUSSION

The results of this study indicate that fatwas issued by the National Sharia Council (DSN-MUI) have different purposes over different time periods. Fatwas sometimes emerged as a response to questions about business matters or as a reaction to recent developments in stock market products. In recent years, many fatwas have been associated with sukuk. This is attributed to the increasing demand for sukuk from private companies and the government, which requires Sharia legal clarity. [Figure 1](#) illustrates the trend of fatwas per year issued by the DSN-MUI.

Figure 1

Trend of Fatwas Issued by DSN-MUI per Year



Indonesia, with its DSN-MUI, has a centralized pattern in terms of fatwas in the financial sector. This is in line with Malaysia and Saudi Arabia as the two countries with the world's largest sharia products and market shares. In Saudi Arabia, fatwas regarding Islamic finance and issues therein have been determined by religious authorities, *Al-*

lajnah al-Daimah Li al-Buhus al-Ilmiyah Wa al-Ifta, for a long time (Bakhrom, 2020; Irawan et al., 2020). As time passed, the role and power in the process of issuing fatwas also changed. The final authority to issue fatwa is determined by the King of Saudi Arabia (Saudi Gazette, 2022).

Meanwhile, in Malaysia, fatwas were issued by the Jawatankuasa Fatwa Majlis Kebangsaan, which has the authority to issue laws or fatwas. Fatwas issued by the Jawatankuasa Fatwa Majlis Kebangsaan in Malaysia is considered the government's official view on issues related to Islamic religion. The process of issuing a fatwa in Malaysia is explained in the state decree that explains the procedures for issuing a fatwa. This is important because it regulates compliance and differences in practices and methods for issuing fatwas in Malaysia (Ab Rahman, 2019; Ibrahim et al., 2019; Mustapha, 2021).

Other results show that fatwas issued by DSN-MUI cover various areas, primarily general stock market-related fatwas (six fatwas), mutual funds (two fatwas), Sharia bonds or sukuk (thirteen fatwas), and derivative products (four fatwas). The general stock market-related fatwas are: Fatwa No. 40/DSN-MUI/X/2003 on the Capital Market and General Guidelines for the Implementation of Sharia Principles in the Capital Market, Fatwa No. 80/DSN-MUI/III/2011 on the Implementation of Sharia Principles in the Mechanism of Trading Equity Securities in the Regular Stock Exchange, Fatwa No. 124/DSN-MUI/XI/2018 on the Implementation of Sharia Principles in the Implementation of Securities Transaction Storage and Settlement Services and the Management of Integrated Investment Infrastructure, Fatwa No. 135/DSN-MUI/V/2020 on Stock, and Fatwa No. 138/DSN-MUI/V/2020 on Application of Sharia Principles in the Clearing Mechanism and Guarantee of Settlement of Exchange Transactions for Equity Securities on the Stock Exchange.

These general stock market-related fatwas issued by DSN-MUI hold essential insights into the development of Sharia stock markets in Indonesia. The first fatwa issued in 2003 provided general guidelines for implementing Islamic principles in the stock market. This fatwa became the legal basis for independent Islamic investment in the stock market after the list of Sharia securities was introduced. The second was an enhancement of the first, focusing on the application of Islamic principles to the trading of financial assets in the form of shares on regular stock exchanges. The fatwa outlined specific rules for Muslim investors and introduced the concept and practice of online trading, which has become commonplace in stock exchanges. The third, fourth, and fifth fatwas completed the preceding fatwas by addressing the settlement of transactions in the stock market's current system. The last fatwa facilitates sharia securities offering through Islamic securities crowd funding, which is considered an innovative response to the current trend.

The first fatwa related to mutual funds is Fatwa No. 20/DSN-MUI/IX/2001 on the Guidelines for the Implementation of Investments in Islamic Mutual Funds. The fatwa is the first in this category and serves as the foundational fatwa for investing in the stock market through experienced financial managers. It allows investment in the stock market with the assistance of experts, namely investment managers who understand the risk and reward aspects of stock market transactions. At that time, there were no recognized stock screenings, so investment managers selected Sharia-compliant stocks for investment. Second fatwa related to mutual funds is Fatwa No. 154/DSN-MUI/V/2023 on Sharia Exchange Traded Fund (ETF). This fatwa defines Sharia ETF as sharia mutual funds in the form of Collective Investment Contracts whose investment units are traded on the stock exchange. This fatwa allows Sharia ETF transactions on the stock exchange as long as it follows Islamic law.

The remaining fatwas focused on Sharia bonds or sukuk, totaling 13 fatwas. These fatwas covered various aspects related to sukuk, including their issuance and utilization. The issuance of multiple sukuk fatwas indicates an increasing need for public funds by businesses, private companies, and the government, especially after the issuance of Law No. 19 of 2008 on National Sharia Securities. The types of sukuk issued vary according to the need for product innovation. In the early stages, sukuk was issued primarily by government-owned and private companies. In later developments, the government entered the capital market by issuing sukuk, following a similar trend in various countries worldwide.

The research findings indicate that sukuk have emerged as a widely utilized financial instrument within the Sharia economy for fundraising purposes. Sukuk are utilized by a diverse range of entities, including both governmental bodies and commercial enterprises, as a means of securing financial resources from the capital market. The provision of cash through sukuk plays a significant role in bolstering economic growth and facilitating infrastructural development (Abrorov, 2020; Barghouthi et al., 2020; Yıldırım et al., 2020; Aman et al., 2021).

The presence of fatwas and legislation endorsing sukuk in the sharia capital market instills a sense of ease and assurance among individuals and investors, thus encouraging their active involvement in this domain. This initiative represents a significant advancement in the establishment of a sharia-compliant capital market and the facilitation of increased engagement from various stakeholders in adhering to sharia principles inside financial products. Hence, the presence of this fatwa and sukuk effectively addresses the requirement for public finances and promotes the advancement of sharia economics within the Indonesian context.

The next set of fatwas focused on derivative products, including three fatwas, Fatwa No. 65/DSN-MUI/III/2008 on Shariah Rights of Preemptive Purchase (Hak Memesan Efek Terlebih Dahulu or HMETD), Fatwa No. 66/DSN-MUI/III/2008 on the Shariah Warrants (Waran Syariah), and Fatwa No. 94/DSN-MUI/IV/2014 on the Shariah Securities Repo (Repo Surat Berharga Syariah or SBS). The issuance of these fatwas is a logical consequence of product innovation and business maturity. Theoretical business growth implies that some derivative products are unavoidable because they serve the business needs. These fatwas represent the evolving nature of financial instruments and transactions in the Islamic financial landscape. They provide guidance on the application of Islamic principles to these specific financial products, ensuring that they comply with the Shariah law.

Another finding of this research is that the fatwas issued by the DSN-MUI followed a specific pattern in their structure. They typically begin with Quranic verses and Hadith (sayings and actions of the Prophet Muhammad), followed by legal maxims (*qaidah fiqhiyah*) and opinions of classical and contemporary scholars, and conclude with the National Sharia Board's (DSN-MUI) own conclusions on the specific topic. The Quranic verses and Hadith about the prohibition of riba (usury or interest), trade allowances, buying, and selling are the most dominant sources of law in fatwa considerations. The legal maxims (*qaidah fiqhiyah*) used are mostly related to general principles of *mashlahah* (public interest) in Islamic jurisprudence. Scholars' opinions are not limited to those from the Shafi'i school of thought, even though Indonesia is known to be predominantly influenced by Shafi'i jurisprudence. Opinions from contemporary scholars are also considered, including both individual scholars such as Wahbah Zuhaili and the collective opinions of scholars in Kuwait.

This finding shows that the DSN-MUI in issuing fatwas has a strong foundation from sources of Islamic law, such as the Koran and the Hadith of the Prophet. In addition, diversity in ulama opinions is considered, including views from various schools of thought and contemporary ulama. This shows that the fatwa issued by the DSN-MUI is based on harmony between legal sources and diversity of thought in Islam. These findings also demonstrate the efforts of the National Sharia Council to maintain the accuracy and enforceability of fatwas in the Indonesian context, which is dominated by the Shafi'i school of thought. Previous studies (Syafa'at & Afandi, 2020; Samsul, 2022; Iqbal et al., 2023) have also indicated that the Shafi'i school of thought has significantly contributed to fatwas issued by the DSN-MUI.

Another finding of this study is that the development of these fatwas demonstrates the principle of gradualism (*tadarruj*) in Islamic jurisprudence regarding legal action. Islamic jurisprudence is characterized by the gradual development of prohibitions, as seen in the case of the *riba*. The prohibition of *riba* starts with the Quranic rejection of *riba* as a form of mutual help in wealth accumulation among people, as mentioned in Surah Ar-Rum, verse 39. Subsequently, the Quran emphasized the threat to those who consume *riba*, particularly among the Jews, as stated in Surah An-Nisa, verses 160-161. The progression continues with the prohibition of *riba* in the form of compounding interest on debt, as seen in Surah Ali Imran, verse 130. Finally, the last set of verses on *riba*, found in Surah Al-Baqarah, verses 278-279, provide a comprehensive prohibition on all additions specified at the beginning of the contract.

This gradual implementation of prohibitions can be observed in the initial fatwa, which emphasizes the role of experienced financial managers in handling financial assets. This is reasonable because stock market transactions require expertise. Investment managers had the

education and expertise to understand the risks and rewards of trading on stock exchanges. After a few years, fatwas related to individual investment and trading. Subsequently, direct trading using online platforms was introduced. This gradual approach ensured that Islamic principles were applied in a manner that considered the complexities and advancements in financial markets. Such a graduation has been part of Islamic jurisprudence in many Islamic countries (Ahmed, 2013; Zubaidi, 2013; Belkheir, 2023).

Implications of the Study

The consequences of this study are that fatwas issued by the National Sharia Council (DSN-MUI) in relation to the stock market in Indonesia. First, it highlights the crucial significance of fatwas in influencing the framework of Islamic banking and investments within the nation. Both individual and institutional investors frequently depend on fatwas to guarantee that their financial actions are in accordance with Islamic standards. Hence, the significance of ensuring lucidity and coherence in these fatwas cannot be overstated, as they play a pivotal role in upholding trust and fostering confidence within the Islamic financial sector.

Additionally, the research underscores the dynamic evolution of fatwas over a period of time, as they adjust to the shifting dynamics of the stock market and financial instruments. Islamic jurisprudence's ability to adapt to contemporary financial advancements is exemplified by this demonstration of responsiveness. This study has the potential to stimulate additional discourse and deliberation within the DSN-MUI and among Islamic scholars, fostering an ongoing process of updating and enhancing these fatwas to effectively tackle evolving financial intricacies.

This research posits that there are potential avenues for the expansion of Islamic finance and investment alternatives within the realm of the stock market. Through a comprehensive analysis of fatwa

trends and patterns, stakeholders such as policymakers, financial institutions, and investors can discern specific domains with the potential to advance and incorporate Islamic financial products into the market. This strategic approach can attract a larger pool of participants and capital, thereby fostering future growth and development in this sector.

Limitations of the Study

Although this study provided interesting insights, it is important to acknowledge its limitations. First and foremost, the study largely centers on fatwas pertaining to the stock market, potentially limiting its scope within the broader domain of Islamic finance. Additional financial instruments and industries such as Islamic banking, insurance, and real estate possess their own respective fatwas that hold similar significance. However, these areas were outside the scope of the present study.

Additionally, this study is based on historical data that are limited to a specific timeframe, while the field of Islamic finance is subject to ongoing developments and changes. This study's cutoff date did not consider any subsequent fatwas or advancements in the subject. Hence, consistent surveillance and examination of fatwas would yield a more comprehensive understanding of the progressive dynamics of Islamic finances.

Recommendation for Further Study

To expand upon the findings of this study, future research endeavors should investigate many pathways. An initial investigation into the practical implementation of these fatwas, and the extent of consistency in their application among various financial institutions and market participants may yield significant insights. This research methodology encompasses surveys, interviews, or case studies to

gather data from professionals actively engaged in the Islamic finance industry.

Furthermore, a comparative examination of fatwas issued in Indonesia in relation to those issued in other countries that possess substantial Islamic finance markets, such as Malaysia or Gulf countries, has the potential to provide insights into regional disparities in Islamic financial practices and legislation. Finally, an examination of the effects of fatwas on the conduct of investors and financial institutions as well as their impact on the expansion of the Islamic finance industry in the stock market could yield a more comprehensive understanding of the tangible consequences of these religious edicts.

CONCLUSION

The research findings indicate that the fatwas issued by the National Sharia Council (DSN-MUI) in Indonesia encompasses a wide range of topics pertaining to Islamic financial products and the demand for Sharia-compliant financial instruments by corporations and government entities. The issuance of these fatwas was grounded in DSN-MUI's interpretation of Islamic jurisprudence and *ijtihad*, which is the process of legal research. The objective was to ensure that the movement of financial assets within the stock market adheres to the principles of *fiqh al-muamalah*, which pertain to Islamic economic law.

The present study provides an analysis of the attributes and progression of DSN-MUI fatwas pertaining to the stock market. Nevertheless, it is important to acknowledge that this particular study does not address fatwas pertaining to alternative financial instruments that could potentially impact the stock market. Hence, it is imperative to conduct additional research to examine alternative

financial instruments within the stock market that have not been addressed in this study.

Therefore, this study makes significant contributions by shedding light on the pivotal function of fatwas in the regulation of Islamic financial activity inside the Indonesian stock market. The use of Islamic principles in the stock market ensures compliance with the tenets of Islamic law and offers direction to Muslim individuals seeking to engage in stock market investments that align with religious convictions.

Author Contributions

Conceptualization: Y.A.; Data curation: Y.A.; Formal analysis: Y.A.; Funding acquisition: Y.A.; Investigation: Y.A.; Methodology: Y.A.; Project administration: Y.A.; Resources: Y.A.; Software: Y.A.; Supervision: Y.A.; Validation: Y.A.; Visualization: Y.A.; Writing – original draft: Y.A.; Writing – review & editing: Y.A.

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The study was approved by Program Studi Ekonomi Islam (S1), Universitas Islam Indonesia, Yogyakarta, Indonesia.

Informed Consent Statement

Informed consent is not required for this study.

Data Availability Statement

The data presented in this study are available at <https://dsnmu.or.id/kategori/fatwa/>.

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Conflicts of Interest

The author declares no conflicts of interest.

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