THE DEVELOPMENT OF THE STOCK EXCHANGES IN SAUDI ARABIA, KUWAIT AND QATAR FROM A LEGAL PERSPECTIVE

a Thafar M Alhajri, b Abdullah Alshebli

ABSTRACT

Objective: The objective of the article is to trace the historical development of laws relating to trading in securities in countries whose legal system is based on Shariah law and Islamic law principles. Countries such as Saudi Arabia, Kuwait and Qatar base their legal systems on Shariah law but have had to develop their financial markets and stock exchanges in a way that attracts foreign investors and stimulates economic growth. This article sets out how the various legal systems have developed in response to differing circumstances in each country.

Method: The authors used a study-analysis method in preparing this article. The article is styled as a historical research paper based on the extensive research and expert opinion of the authors. For the theoretical framework the authors used a comparative legal analysis of the laws enacted by different countries to highlight the different approaches taken in response to financial scandals and abuses. It will show that despite having a common legal framework based on Shariah law, each country has developed at its own pace and in response to its own circumstances.

Result: The article highlights the different approaches taken by different countries when enacting laws regulating financial markets and stock exchanges, even though they are based on Shariah law and Islamic legal principles. The article highlights the value of Islamic Law in some instances but also shows that there is no one-size-fits-all approach that can be taken. This article addresses the problems associated with a lack of regulation of financial markets and rapid growth in economic activity in the GCC countries, and how lawmakers have responded to these challenges.

Conclusion: The article is unique in its study of various modern laws enacted by countries that apply Sharia law. This article sets out how legal systems based on Shariah law can still develop efficient financial markets and stock exchanges but highlights how the lack of regulation can lead to abuse and financial scandals.

Keywords: Stock Exchange, Sharia law, GCC countries.

Received: 28/08/2023
Accepted: 27/11/2023
DOI: https://doi.org/10.55908/sdgs.v1i1.2379
RESUMO

Objetivo: O objetivo do artigo é traçar o desenvolvimento histórico das leis relacionadas à negociação de valores mobiliários em países cujo sistema jurídico é baseado na lei da Sharia e nos princípios da lei islâmica. Países como a Arábia Saudita, o Kuwait e o Qatar baseiam seus sistemas jurídicos na lei da Charia, mas tiveram que desenvolver seus mercados financeiros e bolsas de valores de uma maneira que atrai investidores estrangeiros e estimula o crescimento econômico. Este artigo descreve a forma como os diferentes sistemas jurídicos evoluíram em resposta a circunstâncias diferentes em cada país.

Método: Os autores utilizaram um método de estudo-análise na preparação deste artigo. O artigo é denominado como um trabalho de pesquisa histórica baseado na extensa pesquisa e opinião especializada dos autores. Para o quadro teórico, os autores usaram uma análise jurídica comparativa das leis promulgadas por diferentes países para destacar as diferentes abordagens adotadas em resposta a escândalos financeiros e abusos. Demonstrará que, apesar de ter um quadro jurídico comum baseado na lei da Charia, cada país se desenvolveu ao seu próprio ritmo e em resposta às suas próprias circunstâncias.

Resultado: O artigo destaca as diferentes abordagens adotadas por diferentes países ao promulgar leis que regulamentam os mercados financeiros e as bolsas de valores, embora elas sejam baseadas na lei da Shariah e nos princípios legais islâmicos. O artigo destaca o valor da Lei Islâmica em alguns casos, mas também mostra que não há uma abordagem única que possa ser adotada. Este artigo aborda os problemas associados à falta de regulamentação dos mercados financeiros e ao rápido crescimento da atividade econômica nos países do CCG, e como os legisladores responderam a esses desafios.

Conclusão: O artigo é único em seu estudo de várias leis modernas promulgadas por países que aplicam a lei Sharia. Este artigo define como os sistemas jurídicos baseados na lei da Sharia podem ainda desenvolver mercados financeiros e bolsas de valores eficientes, mas destaca como a falta de regulamentação pode levar a abusos e escândalos financeiros.

Palavras-chave: Bolsa de Valores, Lei Sharia, países do CCG.

1 INTRODUCTION

In recent years there has been substantial economic growth in the GCC countries. These countries base their legal systems on Sharia law and Islamic legal principles but have had to develop their financial markets and stock exchanges in a way that attracts foreign investors and stimulates economic growth. This article sets out how the various legal systems have developed in response to differing circumstances in each country. The objective of the article is to trace the historical development of laws relating to trading in securities in countries whose legal system is based on Shariah law and Islamic law principles, with a view to highlighting both the positive and negative implications of such development.
The listing of Saudi Aramco on the Saudi stock market and the hosting of the FIFA Football World Cup by Qatar in 2022 have led to substantial foreign investment in the GCC countries. When considering the development of financial markets and areas in which lawmakers should enact regulations it is always wise to consider the history of the markets and the problems that have arisen in the past.

This article will set out the lessons that can be learned from various crises and other developments that will highlight areas that legal systems should be equipped to deal with in the future.

2 THEORETICAL FRAMEWORK

The Development of the Saudi, Kuwait and Qatar Stock Exchanges

The discovery of oil and natural gas caused significant political, economic, and cultural developments in the countries of the Arabian Gulf. Consequently, these countries achieved a modern status virtually overnight.

The leaders of the Kingdom of Saudi Arabia, the State of Kuwait, the State of Qatar, the United Arab Emirates, the State of Bahrain and the Sultanate of Oman met on 25th May 1981 and reached a cooperative framework joining the six states known as the GCC.

Among the GCC’s basic objectives are the formulation of similar regulations in various fields, such as economics, financial affairs, commerce, customs, communications, education and culture. Notwithstanding these goals, the GCC countries do not have a unified approach to their financial markets. This is due in part to the fact that the Gulf stock exchanges are not as developed as stock exchanges in other countries. For instance, the London stock exchange opened in 1773 whereas the first GCC stock exchange opened two centuries later in 1977. In addition, the establishment of public companies differs from one gulf country to another.

As a result, each financial market has developed at its own pace and in response to different circumstances and problems. This has led to the legal systems being affected by a multifaceted interplay of economic, social, and political factors. This article will therefore address each country and its development separately.

Saudi Arabia

The Saudi Stock Market is one of the largest markets in the Gulf region. During 2020, the value of the market capitalization in Saudi Arabia was about 2.4 trillion U.S.
dollars. After the listing of Saudi Aramco this figure almost doubled. At one point, Saudi Aramco had a market cap of over $2 trillion. This made it the world's second most valuable company by market cap.

However, the Saudi stock market does not have a long history. The first public company in Saudi Arabia was only established in 1934. For the most part, the stock market was informal until the mid 1980s. By 1983, there were only 38 public companies. By 2005 that number had increased to 77 companies. Today there are 203 companies on the Saudi Stock Exchange.

In 2001, a new system known as the Tadawul, or formal stock exchange was created. This resulted in a rapid increase in transactions per day. Before that, trading took place through local banks. In 2017, The Saudi Parallel Market or Nomu was launched as a parallel equity market with lighter listing requirements to provide companies an alternative platform for public listing.

During the period 2002 to 2006, there was a large increase in trading on the Saudi Market Index (TASI), which increased by approximately 563%. Whether this dramatic increase was the result of real structural economic factors, or just irrational is unknown.

However, after this period, a huge drop occurred. The rise proved to be a false increase, which cost many people their investments. Some experts said that the most important reason for this false increase was that the Saudi market lacked proper laws and regulations to govern the stock exchange. This was clear when the index dropped from 21,000 points in the middle of February 2006 to approximately 9,500 points just two months later without any change in the underlying economic factors.

The Saudi legal system is based on Sharia law. The constitution is unwritten and unclear, in contrast to the constitutions of the other Gulf countries. Sharia law can be supplemented by the King, who has the power to issue royal decrees when necessary. This is especially important in areas like securities markets where economic requirements differ from Islamic traditions. As a result, business law and laws dealing with investments and international trade have increased greatly in terms of legal decrees that codify these subjects. A good example of this is the Company Law which was issued in 1965 and amended in 1978 by royal decrees.

In 2003, the Capital Market Law was passed. This law was issued to “create a transparent, fair and regulated market that keeps pace with the current developments in other international financial markets”. The Law has been designed to “regulate and
develop the capital market, regulate the issuance of securities and supervise its transactions as well as supervising authorized persons licensed by CMA”. Furthermore, it aims to protect investors and citizens from illegal practices.

The CMA has full powers and authority to regulate and supervise all the activities of the Tadawul. Apart from the Capital Market Law and its regulations, the rules and regulations of the Capital market Authority are binding on companies listed on the stock market. In addition, corporate governance regulations and market regulations are set out in the CML.

Whilst the laws and regulations related to the financial markets are extensive, there have been stock market crashes that have negatively affected the people of Saudi Arabia. The stock market crash of 2006 caused a loss of one trillion Saudi riyals and led to the bankruptcy of many middle-income traders. The crash was the result of panic selling and the general index lost approximately 144.5 billion riyals of its market value in just one day. As a result, many have proposed significant changes to the laws and regulations of the financial markets to ensure that similar crisis do not occur in the future.

Kuwait

For most of its history Kuwaiti people have lived very simple lives. However, once a vast supply of oil was discovered and exports began in 1946, the lives of the Kuwaiti people changed dramatically. Before the discovery of oil, the Kuwaiti economy relied on the pearl trade, maritime transport, and fishing. Land trade and real estate were the main forms of wealth during the transitional period. However, since 1946 oil has dominated the Kuwaiti economy and has ultimately displaced traditional activities.

After the period of transition to the oil economy, public companies began to be set up in Kuwait. The first Kuwait public company established was the National Bank, set up in 1952. The National Cinema Company and the Kuwait Oil Tankers Company were established in 1954 and 1957 respectively.

In 1960, the Commercial Companies Act No. 15 was passed to encourage people to invest in the stock market and the government established thirteen public companies. This law was the first to organise the issuance of shares by companies and subscribers to these shares.

This was followed by the Law No. 32 in 1970 which was enacted to regulate the negotiation and transaction of company securities. At that time, there were not many companies, and there was a lack of sufficient knowledge about dealing in securities. This
law was enacted before the Kuwait Stock Exchange was created. Law No. 32 gave the Minister of Commerce and Trade the power to issue the necessary rules to regulate the trading of securities of Kuwaiti firms. Making rules was based on the opinion of the Market Committee (MC). The first market committee was established in 1976.\textsuperscript{xiii}

In April 1977, the Kuwait Stock Exchange opened, which was an important first step along the path of trading securities in Kuwait. The stock exchange was opened to replace unofficial unregulated stock exchanges.

Kuwait was the first country in the region to establish a legal framework for its stock exchange. In 1983, the Kuwait Stock Exchange became an independent body recognised by Emiri Decree No. 20/1983. During that same year, Emiri Decree No. 35/1983 was passed, which included stock exchange objectives, the listing and acceptance of securities, stock exchange membership, dealing in securities, stock exchange administration, stock exchange budget and financial accounts, disputes and arbitrations, and disciplinary action.

Between 1977 and 1980, the continued prosperity of the market and the legal decisions and regulations of that time did not match the amount of liquidity in the market. The Kuwait Stock Exchange was ranked among the top eight markets in the world in terms of the value of shares traded in 1980. In 1977, ministerial resolution No. 31 was issued, which aimed to prohibit the creation of new public companies, and the resolution was in place until 1979. This resolution was one of the principal reasons for the Suq Almanakh Crisis, as will be discussed later. After the Suq Almanakh\textsuperscript{xiv} Crisis in 1983, the Kuwaiti legislature issued the Emiri Decree Organising Kuwait Stock Exchange No. 35, which sought to protect public savings and investors’ interests.

The Suq al-Manakh was an unofficial stock exchange market in Kuwait. There were 70 brokers, and the market was open 24 hours a day. The process of trading relied on “jobbers” (market makers), who wandered around brokers’ offices to order or offer shares for sale or purchase. People were prepared to pay up to 15 million dinars (approximately 50 million U.S. dollars at the time) for buying office space in the stock exchange to operate as brokers.\textsuperscript{xv} During this period the Suq al-Manakh was considered a third major market, after the stock markets in the United States and Japan and ahead of the markets in the UK and France because it transacted a vast number of trades.\textsuperscript{xvi} The market became so attractive that millions of Kuwaiti Dinars were routinely transacted without even examining the credit history of the purchaser, mainly because the people in
Suq al-Manakh trusted each other. Gulf companies and many Kuwaiti public companies invested around 80% of their capital in the market.\textsuperscript{xvii}

The Suq al-Manakh Crisis crash occurred in July of 1982.\textsuperscript{xviii} However, events leading up to the crash already began in 1976, when some Kuwaiti investors started to engage in the practice of establishing public companies in other Gulf countries.\textsuperscript{xix} During this period, the Suq al-Manakh was allowed to trade stocks from Gulf companies, especially from the UAE and Bahrain.\textsuperscript{xx} Because of the ban on the establishment of new Kuwaiti public companies during that time, Kuwaiti investors set up new public companies in other Gulf countries and traded with their shares.

The situation reached crisis point when most investors did not have sufficient liquidity to fulfil their obligations. Up to that point the trading was based on confidence and no credit checks were done. Some investors had bought and sold securities by using post-dated cheques. This practice inflated securities prices. Most traders were in possession of post-dated cheques. The crisis began to surface when one of the major traders could not cash in his post-dated cheques and then tried to resolve this by asking his debtors to pay their debts. His debtors in turn went to their debtors to cover their positions. This situation prompted the traders involved to cash their post-dated cheques hurriedly, even before the cheques had matured. Approximately 89 billion U.S. dollars were introduced in the market. However, there was not enough money to cover the total amount of post-dated cheques collected. As a result, future deals were based on the shares traded in the market. In fact, the Suq al-Manakh was based on the hope of continuously increasing security prices and on the use of post-dated cheques.\textsuperscript{xxi}

Whilst there was no single reason for the crash, three reasons were thought to be part of the problem. The first was the absence of government involvement. At that time, there was a perfect speculative atmosphere because of the lack of any legal framework and the unofficial nature of the Kuwaiti market. The second reason was the availability of risky financing tools. For example, the speculator would give a trader a post-dated cheque in payment for shares, because there was no money in the bank to cover that cheque at the time of the transaction. Speculators hoped that they would make enough profit by the time his cheque was due and would use the shares as collateral to borrow money from the bank.\textsuperscript{xxii} Some companies transferred their activities to trade in markets to make an enormous profit without any real investment. The third reason is that shares
from gulf countries were not subject to any supervision by the Kuwaiti Central Bank, the Ministry of Commerce, or any other governmental or quasi-governmental entity.

Even after the crash ended, its effects remained for a long time. For example, eight persons known as the ‘Knights al-Manakh’ owed around $100 billion, which amounted to approximately 70% of all debts. This meant that they owed approximately four times the Kuwait national budget, which at that time was around $18 billion. Not only did the crisis impact traders and ordinary people, but some MPs and even the Royal Family, ministers and others, and in turn all members of the community were affected.

Because of the crash, the Kuwaiti market lost its good reputation, and many foreign banks were unwilling to trade with Kuwaiti companies. In addition, the Kuwaiti government spent approximately $3 billion to help small investors because they had got involved without adequate protection from the law.

The collapse of the Suq al-Manakh took place in August of 1982, which marked the beginning of the end of the unregulated market. The crisis helped the government realise that there was a need to regulate activities involving securities. Between 1983 and 2010, several laws were passed to regulate the stock exchange. In 1990, the Kuwaiti legislature issued laws organising the trading of securities and the establishment of investment funds. In 2000, Law No. 20 was enacted to allow non-Kuwaiti investors to own shares in Kuwaiti shareholding companies, because the legislature believed in attracting foreign investors not only to benefit from their funds by also their expertise.

In 2000, the stock exchange market capitalisation was US $35 billion, and the value of trading was US $22 billion, making the Kuwaiti Stock Exchange the second largest in the Arab world. This prompted the government to make even more changes to the operation of the stock exchange. In 2005, Emiri Decree No. 158 was issued concerning the amendment of some articles of the decree organising the Kuwaiti Stock Exchange.

Before 2010, the Ministry of Commerce and Trade (MOCI), the Central Bank of Kuwait (CBK), the Market Committee (MC) and the Kuwait Stock Exchange (KSE) were responsible for regulating and supervising securities markets. But there was still a lack of a comprehensive law creating and organising the stock exchange and the lack of a single body with responsibility for regulation. There was no comprehensive and holistic legal system, the lack of which created misunderstanding and the inability to resolve
serious systemic problems. In 2010, the Capital Markets Authority Law was enacted to address these problems.

The Kuwait legal system is based on Shariah law which is viewed as sacred. It has four main sources: the Quran, the Sunna, the Ijma, and the Kiyas. In the last century, Islamic countries converted from Islamic law to modern law. In 1938, judges had to follow a civil code known as the ‘Mejelle’, which was written by the Ottoman Empire between the nineteenth and the twentieth century. It consists of collections of a civil code of Islamic law, containing 1,851 Articles based on the Hanafi Islamic School.

In the same year, the first council was elected to represent the people.

In 1961 the Constitution of Kuwait was enacted. Article 2 of the Kuwaiti Constitution provides that ‘the religion of the state is Islam and Islamic Sharia is a principal source for legislation’. Whilst Sharia law is the principal source of law, it is not the only source of Kuwaiti law. Kuwaiti law includes many codes, such as civil, commercial, company and criminal codes. However, the relationship with Sharia remains. For example, in civil cases, if a situation is not included in the code, the judge must look to Sharia law. Presently, there are other sources of law, which can contradict Sharia. For example, Commercial law allows for the payment of interest or Riba, something prohibited in Shariah law.

The Kuwaiti legal system is similar to the Egyptian and French codes, which are known as the ‘Latin System’. In 1804, the Napoleonic code was widespread in western and southern Europe and Latin America. Samiha Qalyoobi criticised the process of the development of laws in Kuwait and gave an example of the Kuwaiti Company Law, which was adopted from the French Company Law in 1960. French Company Law has changed eight times since it was enacted; Kuwait’s Company Law was not changed until 2012.

As a result of the slow pace of development of the law in Kuwait, especially those related to securities markets, many unscrupulous individuals have taken advantage of the stock market at the expense of others. However, the Capital Markets Authority now has authority to regulate the markets and to prosecute individuals who breach the rules and regulations of the stock market. However, law makers need to constantly monitor the markets and trends in the financial industry to ensure that the law can address any shortcomings that may be exploited.

Qatar
The Qatar Stock Exchange also does not have a long history. It was founded in 1995 (previously Doha Securities) under Law No. 14.

On September 14, 2005, Act No. 33 of 2005, as amended by Legislative Decree No. 14 of 2007, established the Qatar Financial Markets and the Doha Securities Market. Under this law, the Qatar Financial Markets Authority (QFMA) holds the legislative and regulatory framework, while the executive role is held by the Qatar Exchange with respect to trading shares, the transfer of ownership, and making financial settlements between brokers.\textsuperscript{xl}

The Qatar market entered a new phase with the issuance of Law No. 33 in 2009, which transferred the Doha Securities Market to a joint stock company under the name of the Qatar Exchange. This transfer was intended to bring about a shift in the structure that would help with the transition to a global exchange and to operate according to the latest systems. The market opened with 17 companies and has since increased to 42 companies.\textsuperscript{xli} On the 7th of August 2012, Qatar passed a new Law No. 8 of 2012 regarding the Qatar Financial Markets Authority, which repealed the law of 2005 and subsequent amendments.

To date, Qatar has had three constitutions. The first constitution provided that the religion of the state is Islam, and that Islamic Sharia is the principal source for its legislation. Qatari Law No.16/71 was passed in 1971 and amended by Law No. 10/82 in 1982, which enacted civil and commercial laws.

The third and current Qatar constitution was ratified in 2004. It is clearer than the two previous constitutions. It came with new ideas, such as the fact that Qatar is a hereditary Emirate that has been ruled by the Al Thani family.\textsuperscript{xlii} It mentions that Sharia law is one of the main sources of legislation\textsuperscript{xliii} but it is not the only source. The constitution mentions several principles. For example, article 18 states that “the Qatari society is based on the values of justice, benevolence, freedom, equality, and high morals”.

The stock market in Qatar is governed by Law No. (8) Of 2012 of Qatar Financial Markets Authority. The act established the Qatar Financial Markets Authority and gave it regulatory, supervisory and control powers to regulate the financial markets, particularly the stock exchange. In addition, there are laws aimed at combating Money Laundering\textsuperscript{xlv}, Corporate Governance Codes and the Qatar Financial Markets Authority rules and regulations that are used to supervise the financial markets. Notwithstanding
these laws and regulations, the Qatar stock market has been rocked by corruption scandals related to the FIFA World Cup as well as such offences as insider trading. In April 2022, two senior corporate executives were convicted on charges of insider trading on the Doha stock exchange. Initially 30 people were accused, but charges against the others were dropped after they agreed to pay back money made by illegally trading. As with the financial markets in Saudi Arabia and Kuwait law makers need to remain vigilant in enacting laws to protect investors and to punish wrongdoers, but also to enforce these rules when the need arises.

3 RESULTS AND DISCUSSION

As can be seen from the information above, each financial market has developed at its own pace and in response to different circumstances and problems. As a result, the legal systems governing these financial markets have developed in their own manner.

The legal systems of each country are affected by multiple factors including economic, social, and political factors. Previously, the legal systems of the GCC countries were rooted mainly in tribal custom, and tribal elders performed adjudicative functions. The Quran, the Sunnah (the prophet's traditions), the Ijma (consensus of Muslim jurists), and the Qiyas (judgment upon juristic analogy) were the main sources of Sharia Islamic law, which was widespread in the region and was the source of authority in the entire area.

However, the discovery of oil and natural gas created a new economic, social and political order which could no longer rely solely on customs and Sharia Islamic law. The GCC countries, with the exception of Saudi Arabia, decided to adopt the Egyptian-French model as a basis for their national legal systems. However, the legal systems of GCC countries continue to be influenced by Islamic law.

This article has discussed the historical developments of the stock exchanges and their legal frameworks in Saudi Arabia, Kuwait and Qatar. Since these countries do not have a long history and experience with regulating stock exchanges there is still much work to be done in establishing an advanced regulatory framework.

After the Suq al-Manakh crisis, the Kuwaiti government recognised the need to regulate the stock market. Similar actions were taken in Saudi Arabia and Qatar after the need for proper legislation was identified. In particular, the establishment of Capital
Market Authorities to oversee the financial markets in these countries was a major step in proper regulation.

4 CONCLUSION

Although Saudi, Kuwait and Qatar have different legal systems, today these countries have specific laws for securities markets. Shariah law does not provide for the complex legal requirements of trading in securities and therefore these countries have needed to adopt new legislation to address these issues. Whilst much work has been done in shoring up these regulations, there is still room for improvement. In future, scholars should consult laws and regulations pertaining to stock markets and financial markets in more developed countries such as the UK, Europe and the USA. This will lead to improvements in the law and regulations surrounding financial markets.
REFERENCES


Amid Salam, Managing crisis in the Arab and global stock exchanges and sustainable development (Abu Dhabi 2002)


Essam Albahja, Legal Encyclopaedia for the stock exchange in the Arab legislations (dar el gamaa el jadida 2009).


Jassim Al-Sadoun, Manakh Crisis and the Crisis of the Almanakh (Rubaiaan Company for Publishing and Distribution 1984).


Joseph Schacht, An Introduction to Islamic Law (Oxford University Press 1964)

Khaled Helmy, Legal Regulation of the Securities Market in Egyptian and Klemens Katterbauer, Hassan Syed, Sema Yilmaz Genc, Laurent Cleenewerck, Insolvency and Bankruptcy based on Islamic Principles within China – A Data-Driven Analysis and Framework (Revista de Gestão Social e Ambiental, 2023)


Monzurul Hoque, Saudi stock exchange market crash was predictable (2006. Paper presented to the Conference of Securities Markets and Stock Exchanges, United Arab Emirates University-College of Sharia and Law).


http://www.al-ayoub.org/legal.html

http://en.wikipedia.org/wiki/Souk_Al-Manakh_stock_market_crash


https://www.saudiembassy.net/legal-and-judicial-structure-0#

http://www.youtube.com/watch?v=oNN2PpACmwk

---


ii The first stock exchange was opened in Kuwait in 1977. The Bahrain stock exchange was established in 1987.


iv Monzurul Hoque, *Saudi stock exchange market crash was predictable* (2006. Paper presented to the Conference of Securities Markets and Stock Exchanges, United Arab Emirates University-College of Sharia and Law) 1.


viii https://www.saudiembassy.net/legal-and-judicial-structure-0#


xiv Selling and buying animals, such as goats and sheep, was the main function of this market.


xviii It was like the Wall Street crash of 1929, which was the most famous crisis during the period 1921-1929. Fida Darwiche, *The Gulf Stock Exchange Crash: The Rise and Fall of The Suq al-Manakh* (Croom Helm London 1986) 86.

xix The Government’s position on incorporating new companies and raising capital in 1976 led Kuwaiti investors to look for another country in which to set up companies. The investors entered direct negotiations with other Emirates to create these companies. These investors exploited the absence of any legal framework in the Gulf countries. For example, before the companies started their activities, the founders of these companies that were established in Gulf countries sold their shares despite the Kuwaiti law that prohibited all public company founders from selling their shares in the first three years to decrease manipulation. Enormous income was gained by the investors through the unlawful situation in Kuwait.


xxii Jesse Colombo, *Kuwait’s Souk Al-Manakh Stock Bubble.*


http://www.youtube.com/watch?v=oNN2PpACmwk

According to the explanatory note of Law No. 20 of 2000.


Collective Investment Scheme (CISs) was supervised by the CBK.

Book of God.


Consensus of researchers.

Reasoning by parallel.

Joseph Schacht, An Introduction to Islamic Law (Oxford University Press 1964) 114.

http://en.wikipedia.org/wiki/Mecelle

According to Article 1 of Kuwaiti Civil Law, amended in 1996.

Article 102 of the Commercial Code provides: (1) The creditor has the right to interest in a commercial loan unless the contrary is agreed; if the rate of interest is not specified in the contract, the interest due shall be the legal interest of seven per cent. (2) If the contract contains agreement on the rate of interest and the debtor delays in payment, then interest for delay shall be calculated based on the agreed rate. However, Article 547 of the Civil Code provides: (1) Loans shall be without interest. Any condition to the contrary shall be void, without prejudice to the loan agreement itself. (2) Any benefit stipulated by the lender shall be considered interest.


http://www.al-ayoub.org/legal.html


Alhajri, T., M., Alshebli, A. (2023). The Development of the Stock Exchanges in Saudi Arabia, Kuwait and Qatar from a Legal Perspective

xl http://www.mofa.gov.qa/details.cfm?id=216


xlii Article 8 states: ‘The rule of the State is hereditary in the family of Al Thani and in the line of the male descendants of Hamad Bin Khalifa Bin hamad Bin Abdullah Bin Jassim’.

xliii Article 1 states: ‘Qatar is an independent sovereign Arab State. Its religion is Islam, and Shari’ah law shall be a main source of its legislation. Its political system is democratic. The Arabic Language shall be its official language. The people of Qatar are a part of the Arab nation’.

xliv Law No. (20) of 2019 on Combating Money Laundering and Terrorism Financing