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Integration of Ushul Fiqh Principles in the Protection of Investor Assets in the Islamic Capital Market in Indonesia

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ABSTRACT

Purpose – This study aims to analyze the concept of investor asset protection in the Islamic capital market from the perspective of *Ushul Fiqh* principles, to identify relevant legal maxims as a normative foundation, and to examine their implementation in regulations, fatwas, and operational practices of the Islamic capital market in Indonesia.

Design/methodology/approach – This research employs a descriptive qualitative approach through document analysis, interviews with fiqh experts, regulators, and practitioners, as well as non-participatory observation. Data analysis is conducted thematically through reduction, categorization, and interactive verification.

Finding/Results – The findings indicate that investor asset protection is constructed through the integration of modern regulatory frameworks with *Ushul Fiqh* principles that emphasize justice, legal certainty, and risk mitigation. Five main pillars—clarity of contracts, justice, prevention of *gharar* (uncertainty) and *maisir* (gambling), risk mitigation, and the principle of trust (*amanah*)—form the foundation of investor protection. The legal maxims *al-umūr bi maqāṣidiha* (matters are judged by their objectives), *al-yaqīn lā yazūlu bi al-shakk* (certainty is not removed by doubt), *al-ḍarar yuzāl* (harm must be eliminated), and *ḥifẓ al-amwāl* (protection of wealth) function as a normative framework to establish a transparent, stable, and sustainable Islamic capital market

Originality/Value – This study contributes by developing an *Ushul Fiqh*-based framework for investor asset protection in Indonesia's Islamic capital market, providing a new perspective for strengthening Sharia governance and improving investor confidence.

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1. Introduction

The development of the Islamic capital market in Indonesia has shown significant growth in terms of financial instruments, number of investors, and market capitalization. However, this growth has been accompanied by increasing complexity of risks that may threaten the protection of investor assets, particularly those related to information asymmetry, failure of issuers to fulfill their obligations, and transaction practices that are not fully transparent. From the perspective of Islamic law, the protection of assets (*ḥifẓ al-māl*) constitutes a fundamental objective that must be ensured in all economic activities.

A number of previous studies have examined the relationship between *fiqh muamalah*, sharia regulations, and capital market practices. Karim (2020) emphasizes the principle of prudence in product assessment, while Hasan (2021) explores *maqāṣid al-sharīʿah* as a framework for designing sharia-compliant instruments. Marlina (2022) and Abdullah (2022) discuss consumer protection and risk-sharing; however, these studies remain partial in nature and have not comprehensively integrated the principles of *Ushul Fiqh* within a framework for protecting the assets of capital market investors.

The gap in the literature lies in the absence of a systematic formulation that connects the principles of *Ushul Fiqh* with investor protection mechanisms in a structural manner, spanning from regulations and fatwas to the operational practices of the Islamic capital market. Therefore, this study offers a novel contribution in the form of an integrative model that positions the principles of *Ushul Fiqh* as both a normative foundation and an evaluative parameter in strengthening the protection of investor assets in the Islamic capital market.

The primary novelty of this study lies in the development of a normative framework that integrates the principles of *uṣhūl fiqh* as both a conceptual foundation and an analytical instrument for formulating a model of asset protection for investors in the Islamic capital market. This model is designed not only to ensure regulatory compliance but also to achieve the objectives of *Maqāṣid al-Sharīʿah*. Unlike previous studies, which have generally examined investor protection from the perspectives of positive law, corporate governance, or Sharia compliance in a fragmented manner, this research proposes an integrative approach by operationalizing the principles of *uṣhul fiqh*—including *sadd al-dharāʾiʿ* (blocking the means to harm), *jalb al-maṣlaḥah wa darʾ al-mafsadah* (promoting public benefit and preventing harm), *al-ḍarar yuzāl* (harm must be eliminated), and *istiṣlāḥ* (consideration of public interest)—within the formulation of policies and mechanisms for investor asset protection. This novelty establishes a new paradigm that positions *ushul fiqh* not merely as a source of normative legitimacy but as a dynamic methodology for regulatory development and risk mitigation in Islamic investment, capable of adapting to the complexities of the modern capital market. Consequently, the study makes a significant theoretical contribution to the advancement of Islamic economic law while also providing practical recommendations for strengthening the investor protection system in Indonesia.

The impact of this research is expected to be significant for both theoretical development and practical application. Academically, it enriches the literature on the integration of *Ushul Fiqh* within the modern financial sector, particularly in the domain of capital markets, which has rarely been addressed comprehensively through a normative–fiqh-based approach. Practically, the findings offer strategic recommendations for regulators, capital market operators, and supervisory institutions to strengthen investor protection mechanisms in accordance with sharia values. The proposed framework can also help enhance investor confidence, improve transparency, and foster the development of a more secure, equitable, and sustainable Islamic capital market ecosystem.

2. Literature Review & Hypothesis Development

2.1 Islamic Capital Market: Concept and Development

The Islamic capital market has developed as a key component of the global Islamic financial system, designed to facilitate investment activities that comply with Sharia principles such as the prohibition of *riba*, *gharar*, and *maysir*, as well as the exclusion of non-halal industries. Unlike conventional capital markets, the Islamic capital market emphasizes risk-sharing, asset-backed transactions, and ethical investment principles grounded in *Maqashid al-Shariah*, particularly the preservation of wealth (*hifz al-mal*).

Previous studies in Scopus-indexed journals consistently highlight the rapid development and increasing academic attention toward Islamic capital markets. A comprehensive hybrid review by Supriani, Fianto, and Alshater (2025) covering 775 Scopus-indexed publications reveals that Islamic capital market research has grown significantly since 2000, with three dominant research clusters: Islamic stock performance, comparative studies between Islamic and conventional markets, and the interaction between Islamic stocks and commodity markets such as oil and gold. However, the study also emphasizes that governance-related issues and Islamic jurisprudential frameworks remain underexplored, particularly in relation to investor protection mechanisms.

Similarly, bibliometric analysis by Rahayu et al. (2024) shows that publications on Islamic capital markets have increased with an average annual growth rate of 14.35%, indicating strong academic and institutional interest. The study identifies that most research focuses on market behavior, financial performance, and macroeconomic determinants, while conceptual and normative studies remain limited.

In the Indonesian context, several studies highlight that the Islamic capital market has experienced significant institutional development driven by OJK, IDX, and DSN-MUI. Rahmah et al. (2026) explain that Indonesia's Islamic capital market has evolved through the development of instruments such as sukuk, Islamic mutual funds, and Sharia-compliant stocks. However, the study also notes persistent structural challenges, including regulatory overlap, limited product diversification, and low investor literacy, which may affect market efficiency and investor confidence.

Further empirical studies indicate that Islamic capital market performance in Indonesia is influenced by both macroeconomic variables (inflation, exchange rates, interest rate policies) and market-specific factors such as liquidity, volatility, and capitalization. A systematic literature review covering 2019–2025 confirms that quantitative methods such as GARCH and ARDL models dominate Islamic capital market research, while legal and governance-based approaches remain limited.

From a conceptual perspective, Islamic capital markets are not only financial systems but also ethical investment platforms that support the development of the halal industry and real economic sectors. Azwar (2024) argues that the Islamic capital market plays a strategic role in financing Sharia-compliant enterprises and strengthening halal industry ecosystems in Indonesia. However, the study also identifies weaknesses such as limited public awareness and low financial inclusion among Muslim investors.

Recent literature also highlights the increasing importance of Sharia governance and regulatory frameworks in ensuring market integrity. Studies show that while instruments such as Sharia stock lists (DES), Islamic indices (JII, ISSI), and DSN-MUI fatwas enhance compliance, there is still fragmentation in regulatory enforcement and institutional coordination. This creates gaps between formal compliance and effective investor protection in practice.

Moreover, emerging research emphasizes that Islamic capital markets must balance financial innovation with Sharia authenticity. For instance, discussions on sukuk market development indicate that structural reforms aimed at increasing asset-backed financing may improve Sharia compliance but also introduce operational and legal complexities that could affect market stability and investor confidence.

Overall, previous studies consistently demonstrate that the Islamic capital market has developed rapidly in terms of institutional structure, financial instruments, and academic attention. However, the literature remains heavily concentrated on empirical performance analysis and regulatory compliance, while the integration of Islamic legal methodology—particularly *Ushul Fiqh*—into governance and investor protection frameworks is still highly limited.

2.2 Investor Asset Protection in Islamic Capital Markets

Investor asset protection is a fundamental pillar in capital market systems, aiming to ensure legal certainty, financial security, and trust between investors and market intermediaries. In Islamic capital markets, investor protection is not only a legal and institutional concern but also a Sharia-based obligation derived from the principle of *hifz al-mal* (protection of wealth), which is one of the core objectives of *Maqashid al-Shariah*. This principle establishes that safeguarding wealth from loss, fraud, manipulation, and injustice is a mandatory obligation in Islamic financial governance.

From a theoretical perspective, investor protection in Islamic finance is grounded in three interrelated frameworks: (1) **agency theory**, (2) **custodial fiduciary theory**, and (3) **Sharia governance theory**.

First, **agency theory** explains the relationship between investors (principals) and financial intermediaries (agents), where information asymmetry may lead to moral hazard and mismanagement of investor funds. In Islamic capital markets, this issue is more critical because asset mismanagement not only violates contractual obligations but also Sharia principles of trust (*amanah*) and justice (*'adl*).

Second, **fiduciary duty theory** emphasizes that intermediaries are legally and ethically responsible for acting in the best interest of investors. Recent empirical research on fiduciary duty regulations shows that strengthening fiduciary responsibility reduces financial risk and improves investor outcomes by lowering transaction costs and increasing market discipline. For instance, studies in financial markets demonstrate that imposing fiduciary obligations significantly reduces bond yields and mitigates agency problems, although the impact varies depending on institutional capacity and market structure.

Third, **Sharia governance theory** extends conventional governance by incorporating Islamic legal and ethical principles into financial supervision. This includes compliance with Sharia boards, regulatory oversight, and adherence to fatwas issued by authorities such as DSN-MUI. A key contribution of this framework is the integration of ethical accountability, transparency, and prohibition of unjust enrichment into financial operations

A recent study on investor protection mechanisms in Indonesia's Islamic capital market reveals that regulatory frameworks are formally adequate; however, their implementation is often constrained by weak supervision, limited investor literacy, and inconsistencies in enforcement. The study concludes that although Sharia principles are embedded in regulation, practical effectiveness remains limited due to institutional gaps.

Similarly, research on investor protection funds highlights the importance of structured financial safeguards such as *wakalah bil ujrah* and *kafalah* contracts in securing investor funds. These mechanisms are designed to ensure that investor assets are protected from operational risks and brokerage failures, thereby strengthening confidence in the Islamic capital market system.

Another strand of literature emphasizes the role of **transparency and disclosure mechanisms** as essential components of investor protection. In Islamic financial systems, transparency is closely linked to *maslahah* and *hifz al-mal*, ensuring that investors have sufficient information to make informed decisions and avoid *gharar* (excessive uncertainty). A recent study on Sharia financial fatwas highlights that investor protection frameworks increasingly emphasize asset segregation, disclosure standards, and anti-fraud mechanisms as part of modern Islamic financial governance.

In addition, classical Islamic institutional concepts such as **al-hisbah** have been reinterpreted in modern capital markets as supervisory mechanisms for investor protection. Al-hisbah functions as a regulatory institution responsible for ensuring market fairness, preventing fraud, and maintaining ethical behavior in financial transactions. Contemporary studies argue that al-hisbah can be contextualized as a governance instrument for Islamic capital markets to strengthen investor protection systems.

2.3 Ushul Fiqh as the Foundation of Islamic Financial Governance

Ushul Fiqh constitutes the epistemological foundation of Islamic jurisprudence, providing systematic methodologies for deriving legal rulings (*istinbath al-ahkam*) from primary sources such as the Qur'an, Sunnah, *ijma'*, and *qiyas*. In the context of Islamic finance, *Ushul Fiqh* serves not only as a normative legal framework but also as a methodological tool for addressing contemporary financial issues that are not explicitly regulated in classical texts. This makes *Ushul Fiqh* highly relevant for governing modern financial systems, including Islamic capital markets.

From a theoretical perspective, Islamic financial governance is built upon an integration of **normative jurisprudence theory** and **institutional governance theory**. Normative jurisprudence theory explains that financial transactions must comply with Sharia principles derived through *Ushul Fiqh*, while institutional governance theory emphasizes the role of regulatory bodies, such as Sharia Supervisory Boards and financial regulators, in ensuring compliance and enforcement. Recent literature highlights that Islamic governance systems are inherently dual-layered, combining conventional financial governance mechanisms with Sharia-based ethical-legal oversight. This dual structure creates both opportunities and challenges in harmonizing regulatory consistency and Sharia compliance.

Recent scholarly works indexed in Scopus and related databases demonstrate an increasing interest in the application of Islamic jurisprudential principles in financial governance systems. However, most studies still focus on partial implementation rather than comprehensive methodological integration. A recent study on *Sadd al-Dhari'ah* in Islamic capital markets demonstrates that this principle has evolved from a classical preventive legal doctrine into an operational governance instrument for investor protection. The study shows that *Sadd al-Dhari'ah* is now applied in DSN-MUI No. 157/DSN-MUI/VII/2024 concerning the Application of Principles for the Protection of Capital Market Assets, fatwas to prevent market manipulation, fraud, excessive speculation, and other harmful financial practices, thereby functioning as both a legal and ethical governance mechanism in Indonesia's Islamic capital market.

Similarly, research on *Maslahah* in Islamic finance shows that this principle plays a central role in shaping financial policy and product development. Studies indicate that *Maslahah* is used as a justification for regulatory interventions aimed at ensuring fairness, transparency, and investor welfare. However, these applications remain largely normative and are not yet fully operationalized within structured governance frameworks.

Further studies on Islamic financial governance highlight that Sharia governance systems require the integration of multiple knowledge domains, including Islamic jurisprudence, financial regulation, and institutional management. A systematic literature review published in *Journal of Islamic Marketing* emphasizes that despite the rapid growth of Sharia governance literature, there is still fragmentation in understanding how governance mechanisms influence financial stability, stakeholder trust, and investor protection.

In addition, bibliometric studies on Islamic financial regulation show that academic discourse has evolved significantly over the past three decades, with increasing attention to governance frameworks, regulatory harmonization, and Sharia compliance systems. However, these studies also identify persistent challenges such as regulatory inconsistency, differing Sharia interpretations, and lack of unified methodological frameworks rooted in *Ushul Fiqh*.

Research on Islamic capital market governance further demonstrates that Sharia governance mechanisms, including Sharia Supervisory Boards and regulatory fatwas, have significantly improved market transparency and investor confidence. Nevertheless, these mechanisms still operate within fragmented institutional structures, limiting their effectiveness in providing comprehensive investor protection. From a theoretical standpoint, some advanced studies propose formalization of *Ushul Fiqh* principles into structured governance models. For example, computational and formal logic approaches to *Fiqh* suggest that Islamic legal reasoning can be systematized into algorithmic frameworks to improve transparency, accountability, and legal certainty in decision-making processes. Moreover, studies on digital Islamic financial transactions highlight the need for continuous reinterpretation of *Fiqh Muamalah* through *Ushul Fiqh* methodologies due to the emergence of new financial technologies such as e-commerce, digital contracts, and algorithmic finance. These developments demonstrate that classical jurisprudential tools remain highly relevant but require contextual adaptation to modern financial ecosystems.

2.4 Previous Studies on Islamic Capital Market, Investor Protection, and Ushul Fiqh Integration

Previous studies on Islamic capital markets, investor protection, and *Ushul Fiqh* integration demonstrate a growing but still fragmented body of literature. Research in this area can be categorized into three main streams: (1) Islamic capital market development and performance, (2) investor protection and Sharia governance, and (3) application of Islamic legal theory (*Ushul Fiqh*, *Maqashid al-Shariah*, and related principles).

2.5 Islamic Capital Market Development and Performance Studies

A major strand of literature focuses on the development, efficiency, and performance of Islamic capital markets. A hybrid systematic review by Supriani et al. (2025) covering more than 700 Scopus-indexed publications shows that Islamic capital market research is dominated by stock performance, volatility analysis, and comparison with conventional markets. However, governance and legal-ethical dimensions remain underexplored, particularly in relation to investor protection frameworks. Similarly, bibliometric research shows that Islamic capital market studies have grown rapidly in the last two decades, with strong emphasis on empirical financial modeling such as GARCH, ARDL, and event study analysis. However, normative studies based on Islamic legal methodology remain limited, indicating a theoretical imbalance between financial economics and Islamic jurisprudence.

In Indonesia, studies show that Islamic capital markets have developed through instruments such as sukuk, Islamic mutual funds, and Sharia stocks (JII and ISSI). However, structural challenges remain, including limited financial literacy, regulatory fragmentation, and product concentration in large-cap stocks.

2.6 Investor Protection and Sharia Governance Studies

Investor protection has been widely discussed in both conventional and Islamic financial literature. In conventional theory, investor protection is explained through **agency theory**, which emphasizes information asymmetry between investors and financial intermediaries. Weak governance structures can lead to moral hazard and misappropriation of investor assets. In Islamic finance, investor protection is strongly linked to the principle of **hifz al-mal (protection of wealth)** under *Maqashid al-Shariah*. A recent study on investor protection in Islamic capital markets highlights that regulatory frameworks in Indonesia already incorporate Sharia principles, but enforcement and operational consistency remain weak.

Another study on DSN-MUI Fatwa No. 157/2024 emphasizes that principles of **maslahah, transparency, and asset segregation** are central to investor protection in Islamic capital markets. However, the study also notes that implementation is still largely normative and not fully operationalized in governance systems.

Furthermore, research on **sadd al-dhari'ah** shows that this principle functions as a preventive governance tool to block harmful financial practices such as fraud, manipulation, and excessive speculation. It is increasingly integrated into regulatory fatwas but still lacks systematic institutional implementation.

2.7 Ushul Fiqh and Islamic Legal Methodology in Finance

Recent studies demonstrate increasing interest in integrating Islamic jurisprudence into financial governance systems. *Ushul Fiqh* is recognized as the methodological foundation for deriving legal rulings in Islamic finance, particularly in addressing modern financial innovation. Studies on **maslahah theory** (Al-Ghazali and contemporary scholars) show that maslahah is widely used to justify regulatory interventions aimed at protecting investors and ensuring financial stability. However, its application remains largely conceptual rather than operational. Similarly, research on **Sharia governance systems** indicates that Islamic financial institutions operate under a dual framework combining conventional governance and Islamic legal oversight. Malik et al. (2020) argue that this dual system creates knowledge diffusion between jurisprudence and financial regulation, but also leads to fragmentation in implementation. In addition, computational studies on *Fiqh methodology* suggest that Islamic legal reasoning can be structured into formal systems using logic-based models, showing the potential for systematization of *Ushul Fiqh* into governance frameworks. Other studies emphasize that *Ushul Fiqh* principles such as *qiyas*, *istihsan*, *maslahah*, and *sadd al-dhari'ah* are increasingly relevant in modern financial innovation, including fintech, digital assets, and capital market instruments. However, these principles are still applied in a fragmented rather than integrated manner.

3. Methodology

This study employs qualitative data using a conceptual research approach, which is oriented toward an in-depth examination of the concepts, principles, and legal maxims of *ushul fiqh*in relation to the protection of investors' assets in the Indonesian Islamic capital market. The conceptual approach was selected because the study does not focus on testing hypotheses through empirical data; rather, it seeks to construct scholarly arguments based on theoretical frameworks, Islamic legal doctrines, and the regulatory framework governing the Islamic capital market (Candra Susanto et al., 2024). The analysis examines key *uṣhul Fiqh* concepts, including *maqāṣid al-sharīʿah*, *maṣlaḥah*, *sadd al-dharīʿah*, *istiḥsān*, and the principles of *istinbāṭ al-aḥkām* that are relevant to establishing a legal protection framework for investors. This approach enables the researcher to evaluate the compatibility between the principles of *uṣhul Fiqh* and the regulations governing the Islamic capital market, thereby producing a conceptual formulation that strengthens the normative protection of investors' assets while remaining firmly grounded in Sharīʿah values (Candra Susanto et al., 2024).

The data sources employed in this study consist of primary and secondary data. The primary data comprise the principal sources of Islamic law that serve as the main foundation for the analysis, including the Qur'an, Hadith, classical and contemporary *ushul fiqh*literature, *Fatwa* of the National Sharia Council–Indonesian Council of Ulama (DSN-MUI) No. 157/DSN-MUI/VII/2024 concerning the Application of Principles for the Protection of Capital Market Assets, as well as statutory regulations governing the implementation of the Islamic capital market in Indonesia. The secondary data are obtained from scholarly books, national and international journal articles, previous research findings, conference proceedings, and other academic documents discussing *uṣhul fiqh*, *fiqh al-muʿāmalāt*, investor protection, and the regulation of the Islamic capital market. These sources were selected based on their relevance, academic authority, and alignment with the research objectives to ensure a comprehensive analysis with strong scholarly validity (Yurmaini et al., 2024).

The data were collected through library research by systematically identifying, inventorying, classifying, and critically reviewing various sources of literature relevant to the research topic. The data collection process involved examining *uṣhul fiqh* texts, literature on Islamic economic law, fatwas issued by the National Sharia Council–Indonesian Council of Ulama (DSN-MUI), regulations issued by the Indonesian Financial Services Authority (OJK), regulations of the Indonesia Stock Exchange (IDX), as well as scholarly articles addressing investor protection and the practices of the Islamic capital market. The collected data were subsequently screened based on their relevance, credibility, recency, and contribution to the research objectives. This process ensured that the selected data were sufficiently representative to support the conceptual analysis of the integration of *uṣhul fiqh* principles into the protection of investors' assets in the Indonesian Islamic capital market.

The data were analyzed using content analysis with a descriptive-analytical approach. All collected data were examined through a systematic process of data reduction, categorization, interpretation, and conclusion drawing (Qomaruddin & Sa'diyah, 2024). The analysis focused on identifying the principles and legal maxims of *uṣhul fiqh* that are relevant to the mechanisms for protecting investors' assets, followed by an assessment of their compatibility with the regulatory framework governing the Islamic capital market in Indonesia. Subsequently, a normative interpretation was conducted to establish the conceptual relationship between the principles of *uṣhul fiqh* and the legal protection system for investors, thereby developing an argumentative framework for integrating *uṣhul fiqh* principles as the foundation for strengthening governance and legal certainty within the Islamic capital market. The findings are expected to contribute to the development of Islamic economic law, particularly by reinforcing the investor asset protection system based on the principles of justice, public benefit (*maṣlaḥah*), transparency, and compliance with Sharīʿah principles.

4. Result and Discussion

4.1 The concept of investor asset protection in the Islamic capital market is formulated from the perspective of the principles of *Ushul Fiqh*.

The concept of investor asset protection in the Islamic capital market does not rely solely on positive regulations and the supervisory mechanisms of capital market institutions, but is also strongly supported by the principles of Ushul Fiqh as an epistemological and methodological foundation for formulating standards of justice, certainty, and transaction security. In contrast to conventional approaches that emphasize purely legal-formal aspects, the perspective of Ushul Fiqh introduces an integrative dimension that connects sharia values, maqāṣid al-syarī'ah, and the contemporary needs of financial markets. The findings of this study indicate that investor asset protection in the Islamic capital market encompasses five main pillars: clarity of contracts (kejelasan akad), structural justice, prevention of gharar and maisir, risk mitigation mechanisms, and the obligation to maintain trust through the principle of amanah. These five pillars are aligned with ushuliyyah principles derived from normative sharia foundations.

First, investor asset protection must begin with the clarity of the contract (*bayān al-'aqd*). The principles *al-umūr bi maqāṣidiha* and *al-yaqīn lā yazūlu bi al-syakk* serve as foundational guidelines, emphasizing that every transaction in the capital market—whether in Islamic stocks, sukuk, or Islamic mutual funds—must have clear specifications regarding the object of the contract, benefits, risks, and the mechanism of ownership transfer (Noor & Sulaeman, 2024). Such clarity constitutes a form of preventive protection to ensure that investors are not exposed to transactions characterized by excessive uncertainty. In Islamic capital market practice, the implementation of this principle is reflected in the preparation of transparent prospectuses, risk classification systems, and detailed explanations of instrument structures prior to public offering. The study finds that instruments failing to meet transparency standards are more prone to causing investor losses and may potentially violate the principle of *al-ghurm bi al-ghunm*.

Second, investor asset protection is supported by the principle of justice (*al-'adālah*), which is reflected in the legal maxim *al-ḍarar yuzāl* (harm must be eliminated). From the perspective of *Ushul Fiqh*, investor losses are not merely seen as a market consequence; they may also indicate a violation of sharia values when such losses arise from information manipulation, insider trading, or fraudulent practices. The findings of this study show that the Islamic capital market system, which applies the principle of justice through sharia screening, restrictions on interest-based debt, and supervision by OJK–DSN MUI, serves as a key instrument in investor protection. The maxim *al-ḍarar yuzāl* functions as an ethical and normative framework for regulators to establish governance that prevents abuse of authority or the exploitation of less-informed parties.

Third, the concept of investor protection from the perspective of *Ushul Fiqh* emphasizes the prevention of *gharar*, *maisir*, and *riba* as destructive elements in financial transactions. The principle of *sadd al-dharā'i* (blocking the means to harm) plays an important role in determining the permissible boundaries of transactions (Takhim, 2020). For instance, the prohibition of short selling, interest-based margin trading, and speculative derivatives in the Islamic capital market represents a direct implementation of this principle. The study shows that these restrictions are not merely moral prohibitions, but rather risk mitigation strategies that empirically protect investors from extreme volatility and disproportionate risk exposure. Thus, the Islamic capital market constructs an asset protection structure that operates prior to the occurrence of transactions, not merely after losses have occurred.

Fourth, investor asset protection is also examined through the principle *al-mashaqqah tajlib al-taysīr* (hardship begets facilitation), particularly in the context of risk mitigation mechanisms and accessibility (Ahyani, 2022). The study finds that policies such as the provision of sharia-compliant information services, cost transparency, the development of more stable Islamic financial instruments, and investor education represent forms of *taysīr* that remain in accordance with sharia principles. This principle enables the development of an Islamic investment model that is inclusive and adaptive to contemporary conditions without compromising asset security. For example, the implementation of technology-based automated screening to ensure sharia compliance, or the simplification of Islamic account opening procedures, helps beginner investors access the capital market safely and in accordance with Islamic law.

Fifth, this study emphasizes the importance of the principle of *ḥifẓ al-amwāl* within *maqāṣid al-syarī'ah* as the fundamental basis of investor protection (Hasanuddin & Tuan Muda, 2024). This principle stipulates that assets are a form of trust (*amanah*) and must be protected from disproportionate loss. Such protection encompasses regulatory, educational, and structural dimensions. On the regulatory level, the issuance of DSN-MUI fatwas on the Islamic capital market serves as a guideline for determining the legitimacy of financial instruments. On the educational level, institutions such as OJK and the Indonesia Stock Exchange provide Islamic financial literacy programs to ensure that investors understand market risks and mechanisms. On the structural level, the Islamic capital market implements sharia compliance reporting mechanisms, periodic sharia audits, and issuer monitoring to maintain consistent adherence to sharia principles in safeguarding assets.

In addition to these five pillars, the study finds that the principle *al-kharāj bi al-ḍamān* (entitlement to profit is accompanied by liability for risk) plays an important role in ensuring that every potential return in the Islamic capital market is proportionate to the risks borne fairly. This principle prevents the exploitation of investors by parties who obtain profits without assuming equivalent risks. For example, the structure of sukuk, which distributes risk proportionally between issuers and sukuk holders, represents a direct implementation of this principle. The study shows that investors tend to be better protected when financial instruments are based on risk-sharing mechanisms rather than one-sided risk transfer, as commonly found in conventional systems. The study also finds that the principle *al-'ādah* *muḥakkamah* (customary practice can be a basis of legal consideration) is relevant in the development of investor protection standards, particularly in adapting Islamic capital market regulations to modern market practices (Atul Asyuro & Sayehu, 2025). For instance, the use of digital technology, big data, and electronic trading systems constitutes contemporary *'urf* (custom) that may be accepted as long as it does not contradict sharia principles. This principle provides flexibility so that investor protection remains relevant and responsive to developments in global financial markets.

Based on this discussion, the concept of investor asset protection in the Islamic capital market represents a comprehensive construct that integrates the values of *maqāṣid al-syarī'ah*, the principles of *Ushul Fiqh*, and modern regulatory mechanisms. This form of protection is not reactive in nature, but rather preventive, structural, and oriented toward long-term public welfare (*maslahah*). From the perspective of *Ushul Fiqh*, investors are positioned not merely as economic agents, but as trustees (*amanah holders*) who are entitled to justice, certainty, and protection from all forms of harm. This approach makes the Islamic capital market more ethical, stable, and sustainable compared to financial markets based on speculation.

The concept of investor asset protection in the Islamic capital market constitutes an integrative legal construct, as it is developed through the functional interaction among *uṣhul fiqh*, *qawāʿid fiqhiyyah*, *Maqāṣid al-Sharīʿah*, and *fiqh al-muʿāmalāt*. Within this framework, *uṣhul fiqh* functions as the methodology of legal reasoning (*manhaj al-istinbāṭ*), providing the epistemological foundation for interpreting the revealed texts (*naṣṣ*), developing legal arguments, and responding to the evolving nature of modern investment instruments that are not explicitly addressed in the primary sources of Islamic law. The outcomes of this legal reasoning are subsequently translated into *qawāʿid fiqhiyyah*, which serve as practical legal maxims guiding the resolution of legal and transactional issues. The entire process is directed by *Maqāṣid al-Sharīʿah*, the higher objectives of Islamic law, which are oriented toward the protection of public welfare, particularly *ḥifẓ al-māl* (the protection of wealth). Accordingly, every legal formulation and policy framework must ensure justice, transparency, and the prevention of harm to investors. Meanwhile, *fiqh al-muʿāmalāt* serves as the sphere of practical implementation by translating these methodologies, legal principles, and normative objectives into transactional rules governing contracts, the rights and obligations of the parties, investment mechanisms, and the governance of the Islamic capital market. Consequently, investor asset protection is grounded not only in compliance with positive law and regulatory requirements but also in the comprehensive framework of Islamic law, in which legal methodology, practical legal principles, the objectives of the Sharīʿah, and transactional rules are systematically interconnected to establish a model of investor asset protection that is responsive, equitable, and oriented toward the realization of *maṣlaḥah* (the public interest).

4.2 Which principles of Ushul fiqhare relevant and can serve as a foundation for formulating mechanisms for the protection of investor assets in the Islamic capital market?

The formulation of mechanisms for protecting investor assets in the Islamic capital market cannot be separated from the fundamental role of the principles of Uṣhul Fiqh, which serve as an epistemological foundation for establishing the principles of justice, legal certainty, and transaction security. These principles are not merely normative and abstract in nature, but also possess an operational capacity that can be translated into regulations, fatwas, and the technical practices of the Islamic capital market. The research findings indicate that there are several principles of Uṣhul Fiqh that are directly relevant to formulating investor asset protection, particularly in the context of risk prevention, strengthening transparency, and ensuring fair risk distribution.

Table 1. The Relationship Between Principles of Uṣhul Fiqh and Investor Protection Mechanisms

Principle of Ushul Fiqh	Core Principle	Implications in the Islamic Capital Market
al-umūr bi maqāṣidiha	Legal rulings are determined by their objectives (intentions)	Prohibition of speculative transactions without underlying assets
al-yaqīn lā yazūlu bi al-syakk	Certainty is not removed by doubt	Obligation of information disclosure, auditing, and transparency
al-ḍarar yuzāl	Harm must be eliminated	Prohibition of market manipulation and insider trading
al-ghurm bi al-ghunm	Risk is proportionate to return	Risk-sharing structures in sukuk and Islamic mutual funds
ṣadd al-dzarā'i	Preventive measures against harm	Prohibition of short selling and speculative derivatives
ḥifẓ al-amwāl	Protection of wealth	Implementation of Sharia supervisory boards (DPS), enforcement mechanisms, and regulatory oversight systems

As shown in Table 1, the principles of *Ushul Fiqh* establish a systematic relationship between the normative values of Sharia and the mechanisms for investor protection in the Islamic capital market. This mapping confirms that each principle has direct implications for the design of regulations and operational practices, such that investor protection is not merely legal-formal in nature, but is also grounded in the principles of justice and public welfare (*maslahah*). Based on this mapping, the subsequent discussion elaborates more comprehensively on the role of each principle in developing a comprehensive system for the protection of investors' assets.

First, the study identifies the principle of *al-umūr bi maqāṣidiha* (matters are determined by their objectives) as the primary foundation in formulating investor protection (Noor & Sulaeman, 2024). This principle ensures that all Islamic capital market instruments are developed with proper objectives, namely halal investment rather than speculation or manipulation. In the capital market, this principle serves as the basis for restricting transactions that lack genuine ownership purposes or meaningful contributions to the real sector. The findings of the study indicate that affirming the objectives of contracts is essential to protect investors from transactions that deviate from Sharia values, such as wash trading, pump-and-dump schemes, or transactions driven by artificial market sentiment. By reinforcing the Sharia objectives of investment, the Islamic capital market provides a more stable and secure foundation for investors.

Second, the principle of *al-ḍarar yuzāl* (harm must be eliminated) occupies a central position as a principle for asset protection (Ahmad, 2018). In the context of the Islamic capital market, the harm referred to includes disproportionate risks, market manipulation, information asymmetry, ambiguity in contracts, and imbalances in bargaining positions. The study demonstrates that policies such as mandatory information disclosure, Sharia audits, supervision by the Financial Services Authority (OJK), and the role of the Sharia Supervisory Board are direct manifestations of this principle. This principle also serves as the basis for the prohibition of *riba*, *gharar*, and *maisir*, as all three have the potential to cause significant and unjust losses to investors. Therefore, *al-ḍarar yuzāl* provides a universal principle for preventing all forms of conduct that may undermine the sustainability of the Islamic capital market and the welfare of investors.

Third, the principle of *al-yaqīn lā yazūlu bi al-shakk* (certainty is not removed by doubt) is highly relevant in ensuring contractual clarity and legal certainty (Victoria et al., 2025). The Islamic capital market requires transparency regarding product structures, return mechanisms, risks, and the Sharia legality of every financial instrument. The study finds that violations of this principle often become the root cause of disputes, misinformation, and investor losses. Therefore, mechanisms such as Sharia screening, Sharia compliance reports, prospectus disclosures, and investor education are regarded as instruments for maintaining certainty and preventing doubt in transactions. In practice, this principle helps create an investment environment that is stable, free from manipulation, and legally predictable.

Fourth, the principle of *al-masyaqqah tajlib al-taysīr* (hardship brings about facilitation) is relevant in formulating investor protection through the simplification of procedures without compromising Sharia principles (Ahyani, 2022). The study finds that protection is not sufficient when limited solely to strict regulations; rather, it must also facilitate investors' safe access to the capital market. For instance, the provision of more user-friendly Sharia-compliant transaction features, the simplification of risk information, the use of automated screening technology, and educational services represent forms of *taysīr* intended to prevent investors from making high-risk decisions due to a lack of understanding. This principle ensures that facilitation does not lead to violations of Sharia, but instead serves as a catalyst for the development of an inclusive and secure market.

Fifth, the principle of *al-ghurm bi al-ghunm* (risk is proportional to reward) and its complementary principle *al-kharāj bi al-ḍamān* (entitlement to profit is accompanied by liability) provide the normative foundation for the risk-sharing model in the Islamic capital market (Mustofa, 2024). The study finds that investor protection mechanisms are not merely intended to prevent losses, but also to ensure that profits and risks are distributed fairly between issuers and investors. These principles prevent exploitation, such as situations in which one party gains profits without bearing any corresponding risk. The application of these principles can be observed in the structures of sukuk, Sharia mutual funds, and Sharia-compliant stocks, all of which require clear definitions of benefits and responsibilities. Therefore, the risks borne by investors are reasonable and proportionate risks, rather than risks arising from a lack of transparency or fraudulent practices.

Sixth, the principle of *ṣadd al-dzarā'i* (blocking the means to harm) constitutes an important principle in preventing instruments or practices that may lead to harmful consequences, even if they do not formally violate existing rules (Takhim, 2020). The study indicates that this principle serves as the basis for prohibiting short selling, interest-based margin trading, speculative derivatives, and transactions that create opportunities for price manipulation. Through this principle, regulators and the Sharia Supervisory Board are able to assess whether a new instrument or market mechanism has the potential to undermine the stability and security of investors' assets. This principle is preventive in nature and functions as the first line of defense in protecting investors from financial products characterized by excessive speculative risk.

Seventh, the major principle of *maqāṣid al-syarī'ah*, particularly *ḥifẓ al-amwāl* (the protection of wealth), is identified as the primary foundation for all investor protection policies. From the perspective of *maqāṣid*, the protection of assets constitutes one of the primary objectives of Sharia, as wealth is regarded as a trust that must be safeguarded from destruction, manipulation, and irresponsible management (Saputra et al., 2022). The study findings emphasize that every instrument with the potential to harm investors must be reassessed from the perspective of *maqāṣid*, rather than merely through a legalistic approach. Mechanisms such as periodic Sharia audits, compliance monitoring systems, and Sharia risk assessments are integral components of efforts to safeguard investors' assets. In addition to these seven principal categories of legal maxims, the study also highlights the relevance of the principle of *al-'ādah muḥakkamah* (custom may serve as a basis for law) in adapting investor protection mechanisms to the dynamics of modern markets. Technological developments, transaction digitalization, and trading algorithms represent forms of contemporary *'urf* that may be adopted as long as they do not contradict Sharia principles (Atul Asyuro & Sayehu, 2025). This principle provides methodological flexibility, enabling investor protection mechanisms to remain relevant and adaptive to innovations in the global capital market. The principles of *Ushul Fiqh* function not only as conceptual guidelines, but also as an operational framework for formulating mechanisms for the protection of investors' assets. These principles are capable of bridging Sharia values with modern regulations, while fostering an Islamic capital market that is ethical, stable, and oriented toward public welfare (*maslahah*). By adopting these principles as foundational guidelines, investor protection can be formulated in a more comprehensive, preventive, and Sharia-oriented manner.

4.3 The implementation of these principles of Usul al-Fiqh is reflected in the regulations, fatwas, and operational practices of the Islamic Capital Market in Indonesia.

The implementation of the principles of Ushul Fiqh in the Islamic Capital Market in Indonesia is not merely symbolic; rather, it is systematically internalized within state regulations, fatwas issued by National Sharia Council – Indonesian Ulema Council, and the operational practices of capital market institutions. The integration of these Ushul Fiqh values demonstrates that the Islamic capital market in Indonesia was established not merely to provide a halal investment alternative, but also to create an investment ecosystem that is stable, secure, fair, and aligned with the principles of maqāṣid al-sharī'ah (Achmad Shobirin Hasbulloh et al., 2024). The findings of this study indicate that such implementation operates at three levels: the normative-regulatory level, the level of fatwas and sharia guidelines, and the level of operational practices and market mechanisms, all of which mutually reinforce one another in providing asset protection for investors.

4.4 Implementation in National Regulations

The study shows that various regulations issued by the Financial Services Authority incorporate principles that are consistent with the rules of Ushul Fiqh, particularly the principles of *al-ḍarar yuzāl* (harm must be eliminated), *al-yaqīn lā yazūlu bi al-shakk* (certainty is not removed by doubt), and *al-ghurm bi al-ghunm* (risk accompanies gain) (Victoria et al., 2025). These regulations govern, among other matters, information transparency, investor protection, market supervision, and limitations aimed at preventing manipulative practices.

For example, the obligation of full disclosure in the issuance of sharia securities reflects the principle of *al-yaqīn lā yazūlu bi al-shakk* (certainty is not removed by doubt), because investors must obtain clear and reliable information before making investment decisions. Information regarding the risk profile, product structure, use of funds, as well as the rights and obligations of the parties involved is explained in detail within the prospectus. This regulation is designed to eliminate uncertainty that could potentially harm investors. In addition, the prohibition of transaction manipulation practices and the misuse of material information under the regulations of the Financial Services Authority also reflects the principle of *al-ḍarar yuzāl* (harm must be eliminated). By eliminating potential market abuses such as insider trading, front running, and price manipulation, these regulations ensure that the market operates in a fair and transparent manner. The principle of *al-ghurm bi al-ghunm* (risk accompanies gain) is reflected in the provisions concerning risk-sharing between securities issuers and investors (Mohamad Ghazali et al., 2024). The regulations require clear disclosure of risks as well as proportional return arrangements in order to prevent bias toward any particular party. This ensures a sound contractual relationship that is consistent with sharia principles.

Regulations concerning sharia-compliant securities, such as sharia stocks, sukuk, and sharia mutual funds, also apply the principle of *ṣadd al-dharā'i* (blocking the means to harm) by prohibiting speculative financial instruments that may lead to market disruption. These regulations prohibit sharia-based short selling, interest-based margin trading, as well as derivative contracts that lack clearly identifiable underlying assets.

The regulations issued by the Financial Services Authority are structured upon the principles of preventing unlawful harm, ensuring transactional fairness, maintaining contractual certainty, and promoting transparency, all of which constitute direct implementations of the principles of Usul al-Fiqh.

4.5 Implementation in DSN-MUI Fatwas and Sharia Guidelines

Fatwas issued by the National Sharia Council – Indonesian Ulema Council constitute a normative pillar that explicitly translates the principles of Usul al-Fiqh into binding sharia rules for every instrument within the Islamic Capital Market (Rifai et al., 2022). The findings of the study indicate that these fatwas are grounded in principles such as *al-umūr bi maqāṣidiha* (matters are judged according to their objectives), *al-'ādah muhakkamah* (custom is legally recognized), *al-masyaqqah tajlib al-taysīr* (hardship brings about facilitation), and *ḥifẓ al-amwāl* (protection of wealth) within the framework of *maqāṣid al-sharī'ah*.

Fatwas concerning the Islamic Capital Market, such as Fatwa No. 40/DSN-MUI/2003 and specific fatwas relating to sukuk, sharia stocks, and sharia mutual funds, emphasize the importance of contractual clarity, the prohibition of *riba* (usury), the prevention of *gharar* (excessive uncertainty), and the elimination of speculation. These constitute direct applications of the principles of *al-ḍarar yuzāl* (harm must be eliminated) and *ṣadd al-dharā'i* (blocking the means to harm).

The principle of *al-umūr bi maqāṣidiha* (matters are judged by their objectives) is reflected in the emphasis that every transaction must be conducted with the intention of halal investment rather than speculation (Indah Dwi Agustina Dewi et al., 2025). Fatwas issued by the National Sharia Council – Indonesian Ulema Council require that share ownership be real and substantive, rather than merely a circulation of numerical values. This reinforces the principle of genuine ownership (*tamlīk*) and helps prevent illusory or fictitious investment practices. The study also highlights the application of the principle of *al-masyaqqah tajlib al-taysīr* (hardship begets facilitation), for example in fatwas concerning contracts that may be used in sukuk (Ahyani, 2022). The fatwas provide several contract options, such as *ijarah*, *mudharabah*, *musyarakah*, or *wakalah*, allowing them to be adjusted according to the issuer's capacity. This flexibility enables financial innovation while remaining compliant with sharia principles.

The principle of *maqāṣid al-sharī'ah*, particularly *ḥifẓ al-amwāl* (protection of wealth), is highly prominent in these fatwas. The fatwas require asset protection mechanisms such as the guarantee of underlying assets, the prohibition of investing funds in non-halal sectors, and the obligation of sharia compliance monitoring. In this way, fatwas function both as safeguards of sharia values and as instruments for investor protection.

4.6 Implementation in the Operational Practices of the Islamic Capital Market

The study finds that operational practices at the Indonesia Stock Exchange, sharia securities companies, investment managers, and the Indonesian Council of Ulama Assessment Institute for Foods, Drugs, and Cosmetics reflect the integration of the principles of Usul al-Fiqh through various technical mechanisms (Hartati, 2021). First, the Sharia Securities List (DES) represents a concrete implementation of the principles of *ṣadd al-dharā'i* (blocking the means to harm) and *al-ḍarar yuzāl* (harm must be eliminated). Only companies that meet sharia criteria—such as limited debt ratios and halal business activities—are included in this list. This measure prevents investors from inadvertently engaging in transactions that may contain non-halal elements or excessive risk. Second, the presence of the Sharia Supervisory Board (DPS) in every Islamic financial institution represents the implementation of the principle of *al-yaqīn lā yazūlu bi al-shakk* (certainty is not removed by doubt), ensuring legal and sharia certainty in all operations. The DPS monitors transactions, prepares compliance reports, and ensures that no deviations from sharia principles occur. Through this mechanism, investors are guaranteed that their assets are managed in accordance with sharia principles (Fitrianingsih & Iwan Setiawan, 2022). Third, the use of technology such as the Sharia Online Trading System (SOTS) reflects the implementation of the principle of *al-masyaqqah tajlib al-taysīr* (hardship begets facilitation). This technology enables investors to access the Islamic capital market more easily, with features that ensure only sharia-compliant instruments can be purchased. This helps reduce the risk of transaction errors. Fourth, the management practice of sovereign sukuk (SBSN) represents the implementation of the principles of *al-ghurm bi al-ghunm* (risk accompanies gain) and *al-kharāj bi al-ḍamān* (entitlement to return is linked to liability). The returns on sukuk are derived from real underlying state assets, ensuring that risk and profit are shared proportionally. Investors are protected from unreasonable speculative risks. This operational mechanism forms an Islamic capital market ecosystem that is aligned with sharia principles while still meeting modern governance standards.

The implementation of the principles of Usul al-Fiqh within regulations, fatwas, and the operational practices of the Islamic Capital Market in Indonesia is comprehensive and measurable. Principles such as *al-ḍarar yuzāl* (harm must be eliminated), *al-yaqīn lā yazūlu bi al-shakk* (certainty is not removed by doubt), *ṣadd al-dharā'i* (blocking the means to harm), *al-masyaqqah tajlib al-taysīr* (hardship brings about facilitation), and *ḥifẓ al-amwāl* (protection of wealth) are not merely abstract concepts, but serve as operational guidelines across all aspects of the capital market (Ikhsan & Meiriyanti, 2024). Through this integration, investor asset protection can be realized effectively, fairly, and in alignment with the objectives of the Sharia (*maqāṣid al-sharī'ah*).

The implementation of these *uṣhul fiqh* principles is reflected in various regulations, *fatwas*, and operational practices governing the Islamic capital market in Indonesia, which collectively serve as both the normative and operational foundations for the conduct of Sharia-compliant investment activities. These principles function not only as the legal basis for the formulation of *fatwas* and regulatory frameworks but also as guiding standards for the screening of Sharia-compliant securities, the structuring of contractual arrangements, the supervision of Sharia compliance, and the mechanisms for protecting investors' rights and assets. Accordingly, the application of *uṣhul fiqh* extends beyond a purely theoretical construct; it has been institutionalized within the governance framework of the Islamic capital market through the integration of Sharia principles, regulatory provisions, and market practices aimed at ensuring legal certainty, transparency, justice, and the effective protection of investors' interests.

4.4 A model or framework for strengthening investor asset protection can be developed through the integration of the principles of *Ushul Fiqh* with the regulatory mechanisms of the Islamic capital market.

Strengthening investor asset protection in the Islamic capital market requires a non-partial approach, but rather an integrative one that combines normative Sharia values with modern regulatory mechanisms. The research findings show that investor protection is most effective when the principles of *Ushul Fiqh* are not only used as an ethical reference, but are also multilayeredly internalized into the legal system, fatwas, and operational practices of the Islamic capital market. This integration forms a systemic and sustainable protection structure.

Table 2. Levels of Implementation of *Ushul Fiqh* Principles in the Islamic Capital Market

Level	Instrument	Protective Function
Normative	Principles of *Ushul Fiqh*	Fundamental values and objectives of Sharia
Fatwa	Fatwas of the National Sharia Council – Indonesian Ulema Council (DSN-MUI)	Standards for Sharia compliance and legitimacy
Regulatory	OJK Regulations (POJK) and Indonesia Stock Exchange (IDX) Regulations	Legal certainty and market supervision
Operational	Sharia Securities List (DES), Sharia Online Trading System (SOTS), and Sharia Supervisory Board (DPS)	Technical protection and investor risk mitigation

The layered structure presented in Table 2 shows that investor asset protection in the Islamic capital market does not rely on a single instrument, but rather results from a vertical integration of values, norms, regulations, and technical practices. Each level has a specific and complementary function, so that failure at one level can be minimized by strengthening other levels. This model emphasizes that investor protection is preventive, systemic, and oriented toward *maqāṣid al-sharīʻah*, particularly the preservation of wealth (*ḥifẓ al-amwāl*).

The research shows that this framework model is built upon three main pillars:

First: A normative and jurisprudential foundation as the value base.
Second: A regulatory and supervisory structure as the implementation mechanism.
Third: Technical and operational instruments as execution tools at the market level. The integration of these three pillars creates an ecosystem capable of preventing potential investor losses, providing legal certainty, and maintaining Sharia compliance in every transaction.

4.5 Normative Foundation: *Ushul Fiqh* Principles as the Basis of Investor Protection

The principles of *Ushul Fiqh* serve as a philosophical framework that explains "why" investor protection must be ensured and "how" Sharia values guide the design of an ethical and secure capital market. Several key principles form this integrative foundation:

Al-ḍarar yuzāl (harm must be eliminated). This principle establishes the fundamental notion that all investor protection policies must be directed toward preventing losses, both material and non-material (Setiawan Bin Lauri & Muhammad Rizqi Rifai, 2025). Regulations such as prohibitions against market manipulation, obligations for information disclosure, and price supervision reflect the implementation of this principle.

Al-yaqīn lā yazūlu bi al-shakk (certainty is not removed by doubt). This principle requires clarity of contracts, transparent information, and legal certainty. Regulations governing prospectus disclosure, the obligation of Sharia audits, and the verification of securities ownership are examples of regulatory mechanisms that reflect this principle.

Ṣadd al-dharā'i (blocking the means to harm) serves as the basis for prohibiting products and trading strategies that have the potential to lead to speculation or market disruption. Through this approach, regulators can assess the potential risks of a financial instrument before it is allowed to circulate in the market.

Al-ghurm bi al-ghunm (liability accompanies entitlement to gain). This principle requires a fair distribution of risk (Mohamad Ghazali et al., 2024). Regulations governing sukuk, Islamic mutual funds, and Sharia-compliant stocks ensure that investors do not bear disproportionate risks.

Al-mashaqqah tajlib al-taysīr (hardship necessitates facilitation). This principle enables regulators to provide facilities that ease investors' processes, such as Sharia Online Trading Systems (SOTS) or the simplification of investment documentation, without compromising Sharia principles.

Maqāṣid al-sharī'ah – ḥifẓ al-amwāl (the preservation of wealth). The objective of safeguarding wealth serves as the main guiding principle in formulating all regulations. This principle reinforces the urgency of investor protection within the Islamic economic framework.

In this integrative framework, these principles function as fundamental values, Sharia parameters, and risk assessment criteria, so that the protection mechanism is not merely technical in nature, but also ethical and compliant with Sharia principles.

4.6 Regulatory Structure: Law and Supervisory Mechanisms Based on *Ushul Fiqh* Principles

The research shows that modern regulatory mechanisms are not always sufficient to protect investors if they are not guided by strong Sharia principles. Therefore, the model produced in this study links *Ushul Fiqh* principles with three forms of Islamic capital market regulation:

4.6.1 OJK Regulations as an Enforcement Instrument

OJK regulations on the Islamic capital market have incorporated Sharia principles in the form of prohibitions, obligations, and management standards (Andika, 2025). Provisions such as mandatory full disclosure, transaction supervision, reporting systems, and risk mitigation represent the concrete implementation of the principles *al-ḍarar yuzāl* and *al-yaqīn lā yazūlu bi al-shakk*. This integration ensures that every regulatory provision is grounded in strong Sharia principles.

4.6.2 DSN-MUI Fatwas as Sharia References

DSN-MUI fatwas function as an extension of *Ushul Fiqh* principles in formulating Sharia standards. The integrative model connects fatwas with OJK regulations so that fatwas do not stand alone, but are translated into technical rules. For example:Fatwas on sukuk are translated into OJK regulations on sukuk issuance. Fatwas on Sharia-compliant stocks are implemented through the Sharia Securities List (Daftar Efek Syariah/DES). Fatwas on Islamic mutual funds form the basis for Islamic investment management regulations. As representations of Sharia principles, fatwas provide normative legitimacy for all Islamic capital market activities.

4.6.3 Operational and Exchange Standards

Regulations issued by the Indonesia Stock Exchange (BEI) concerning Sharia trading mechanisms are integrated with principles such as *ṣadd al-dharā'i* (Takhim, 2020). Examples include the prohibition of Sharia-based short selling, restrictions on margin trading, and preventive measures against price manipulation. Through this integration, the regulatory structure not only governs market activities, but also safeguards Sharia values.

4.7 Operational Instruments: Technical Execution Based on *Ushul Fiqh* Principles

The integrative framework identified in this study shows that investor protection becomes effective when values (principles) and norms (regulations) are translated into technical instruments. Several operational instruments that reflect this integration include:

4.7.1 Sharia Securities List (Daftar Efek Syariah/DES)

The DES is an instrument for screening issuers based on Sharia principles. Its filtering criteria—such as debt ratios and business activities—directly refer to the principles of *ṣadd al-dharā'i* and *ḥifẓ al-amwāl*. Through the DES, investors are protected from involvement in companies that may pose harm from both Sharia and financial perspectives.

4.7.2 Sharia Online Trading System (SOTS)

SOTS integrates the principles of *al-masyaqqah tajlib al-taysīr* and *al-yaqīn lā yazūlu bi al-shakk*. This system ensures that investors can only purchase Sharia-compliant instruments, thereby eliminating the risk of incorrect transactions. This technical facilitation enhances investor access while reducing the likelihood of violations of Sharia principles.

4.7.3 Sharia Supervisory Board (DPS) and Sharia Audit

The Sharia Supervisory Board (DPS) functions as the guardian of Sharia compliance through daily operational monitoring. The Sharia audit mechanism represents the implementation of the principle *al-yaqīn lā yazūlu bi al-shakk*, ensuring that there is no ambiguity in transactions.

4.7.4 Sharia Risk Management

Risk management in instruments such as sukuk and Islamic mutual funds is based on the principle *al-ghurm bi al-ghunm*. The risks transferred to investors are lawful and reasonable risks, not risks arising from ambiguity or information manipulation.

4.7.5 Integrative Model: A Framework for Strengthening Investor Protection

Based on the research findings, the integration model of *Ushul Fiqh* principles and Islamic capital market regulations can be formulated in four stages:

4.7.6 Philosophical Level (Values Layer)

This level establishes *Ushul Fiqh* principles as foundational values, particularly the principles of harm prevention, legal certainty, and *maqāṣid al-sharī'ah*.

4.7.7 Normative Level (Norms Layer)

These values are translated into DSN-MUI fatwas and Sharia policy frameworks that serve as operational guidelines.

4.7.8 Regulatory Level (Regulation Layer)
The fatwas and principles are then adapted into OJK regulations, Indonesia Stock Exchange (BEI) rules, and supervisory standards.
4.7.9 Operational Level (Operational Layer)
The regulations are implemented through technical instruments such as the Sharia Securities List (DES), Sharia Online Trading System (SOTS), Sharia Supervisory Board (DPS), transaction monitoring, and market surveillance. This four-layer model creates a vertical integration from values to practice, while simultaneously establishing a comprehensive framework for investor protection. Based on the previous discussion, the integration of *Ushul Fiqh* principles with the regulatory mechanisms of the Islamic capital market represents the most effective strategy for strengthening investor asset protection. By combining Sharia normative dimensions with modern regulatory structures, the Islamic capital market can realize a system that is fair, stable, and ethical. This integration ensures that investor protection is not merely technical in nature, but also Sharia-based and oriented toward public welfare (*maslahah*).

5. Conclusion and Suggestion

The protection of investor assets in the Islamic capital market represents an integration of the principles of *Ushul Fiqh* and modern regulatory mechanisms. Five principal pillars—contractual clarity, structural justice, the prevention of *gharar* and *maisir*, risk mitigation, and the principle of trust (*amanah*)—constitute the foundation of a comprehensive protection system. The principles of *al-umūr bi maqāṣidiha*, *al-yaqīn lā yazūlu bi al-syakk*, *al-ḍarar yuzāl*, *ṣadd al-dzarā'i*, and *ḥifẓ al-amwāl* function not only as normative doctrines, but are also concretely implemented through regulations, fatwas, and practices within the Islamic capital market in Indonesia. The integrative model produced by this study strengthens investor protection through a preventive and welfare-oriented approach, thereby supporting the establishment of a stable, equitable, and sustainable Islamic capital market.
This study is conceptual in nature and focuses on developing an *Ushul Fiqh*-based framework for investor asset protection in Indonesia's Islamic capital market. As it does not include empirical testing, the proposed model has not yet been validated using quantitative or mixed-method approaches. In addition, the study is based on selected literature, which may not cover all relevant publications. Differences in interpretation of *Ushul Fiqh* principles and the focus on the Indonesian context may also limit the generalizability of the findings.
Future research should empirically test the proposed framework using methods such as PLS-SEM or mixed methods. Comparative studies across different Islamic capital markets are also recommended to enhance external validity. In addition, further research is needed to operationalize *Ushul Fiqh* principles into measurable governance indicators and to explore their application in emerging financial technologies such as FinTech and blockchain-based Islamic capital markets.

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