

**Ex-CEO: Clause giving PM control over 1MDB put in to protect gov't**  
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**PAC** The controversial 1MDB clause which requires the prime minister to sign off on major decisions, including all financial commitments, was included to protect government interests, said former 1MDB chief executive officer Shahrol Azral Halmi.

Article 117 in 1MDB's memorandum and articles of association (M&A) was first included when the firm was known as the Terengganu Investment Authority (TIA).

Speaking to the Public Accounts Committee (PAC) last year, Shahrol said the clause was put in after the government guaranteed a RM5 billion *sukuk* (Islamic bond) TIA issued.

"When TIA applied for the government guarantee from the cabinet in April (2009), one of the conditions was – because this company is 100 percent owned by MB Inc Terengganu – certain protection be put into the M&A to ensure that federal government interests are protected.

"(This is) because the RM5 billion government guarantee will affect government finances, specifically federal government finances," he said during his second hearing on Nov 30, 2015.

The TIA board of directors had actually ordered the *sukuk* not to be issued.

However, as recorded in the Hansard during Shahrol's first hearing on Nov 25, he said that Article 117 meant that the board had to get the prime minister's approval to stop the issuance, which he claimed they did not do.

Neither the PAC nor the Auditor-General's Department found evidence that Article 117 had already been added to TIA's M&A at that point in time.

Article 117 stipulates that amendments to TIA's (and then 1MDB's) M&A as well as the appointment or removal of directors, and any financial commitments must be approved by the prime minister.

Critics have argued that Article 117 clearly shows that Najib is responsible for 1MDB's activities.

The PAC, however, only called for action to be taken against Shahrol, and not the prime minister.

But the committee did recommend that Article 117 be abolished.

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