

Gov't not bound to undertake missing US\$3.5b 1MDB bond, says Najib
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PARLIAMENT Prime Minister Najib Abdul Razak claims the government is not legally bound to take over US\$3.5 billion in 1MDB bonds.

"(This is because) the bonds were not guaranteed by the government nor a support letter (issued by government) on the bond," he said in his capacity as finance minister.

He was responding Wong Chen (PKR-Kelana Jaya), who asked if the government is legally obligated to take over the bond since International Petroleum Investment Corp (IPIC) has refused to honour the binding term sheet dated May 26, 2015.

IPIC and 1MDB are embroiled in a row after at least US\$3.5 billion that 1MDB was supposed to pay to IPIC's subsidiary Aabar Investments PJS [went missing](#).

The sum includes a collateral payment 1MDB was supposed to pay in exchange for IPIC's guarantee of its two bonds, as well as payment for the termination of options for Aabar to subscribe to 1MDB's power assets.

The money was instead diverted to a British Virgin Islands company bearing a similar name to Aabar Investments PJS, but having no relation to IPIC.

The matter, as well as other 1MDB's transactions, are under investigation in the United Arab Emirates, Switzerland, Luxembourg, United States and Singapore.

The money was part of a deposit 1MDB was supposed to have paid to Aabar Investments PJS for guaranteeing two bonds issued by 1MDB as well as payment for the termination of option for Aabar to subscribe to a 49 percent stake in 1MDB's power assets.