



PDS Group

Philippine Dealing System Holdings & Subsidiaries

*... complete financial market infrastructure,
creating value for our stakeholders and
abiding by the highest standards of market
governance and international best practice*

OFFICIAL STATEMENT

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Contact: Dr. Johnny Noe E. Ravalo
Senior Adviser to the CEO
(+632) 884-5036

The Philippine Dealing System Holdings Corporation (PDS) disclosed today that the Singapore Exchange Limited (SGX) has agreed in principle to subscribe to PHP150 Million worth of PDS shares subject to necessary regulatory approvals. With this investment, the capital structure of PDS will reflect its planned partnership with strategic institutions which include the Bankers' Association of the Philippines (BAP), whose members are major trading participants and agents for settlement, the Philippine Stock Exchange (PSE), for common interest in capital market governance, information technology and new product offerings, and SGX for regional collaboration and derivatives expertise.

SGX was established in 1999 out of the merger between the Stock Exchange of Singapore (SES) and the Singapore International Monetary Exchange (SIMEX). SGX is Asia Pacific's first demutualized integrated securities and derivatives exchange and is listed on its own bourse. Its stock is a component of benchmark indices such as the MSCI Singapore's Free Index and the Strait Times Index (STI). SGX facilitates the trading and clearing of commodity futures and over-the-counter (OTC) derivatives. Through strategic alliances and partnerships with other exchanges around the world, SGX is firmly positioned as an Asian Gateway.

Other shareholders of PDS include TATA Consulting Services Pte Limited, Computershare Technology Services (Phils.), Inc., San Miguel Corporation, Philippine American Life and General Insurance Company, Development Bank of the Philippines (DBP), The Social Security System (SSS), Financial Executive Institute of the Philippines (FINEX), and the Investment Houses Association of the Philippines (IHAP).

The recent additional investment of PHP70 Million by PSE completes the PHP500 Million initial capitalization of PDS. The shareholders also approved the increase in capitalization to PHP750 Million. This capital increase represents the second round of capital raising of which PHP150 Million is offered to SGX.

The PDS through its subsidiaries provides the trading, settlement, depository services and market governance for the local currency government securities inter-dealer market. It likewise provides the trading platform for the inter-bank foreign exchange spot market and exercises the sole calculating agency function for the official interest rate and spot foreign exchange benchmarks.

Currently, PDS is in the process of integrating the specialized inter-dealer market with the broader institutional and retail markets. It will list and allow trading of debt issues for corporate and financial institutions and foreign currency denominated Philippine Government Securities (ROPs). It is likewise offering new trading platforms supporting Securities Borrowing and Lending (SBL), Repurchase Agreements (Repo), and Forward Transactions to improve liquidity in the market. The depository services of the group is being extended beyond the basic safekeeping services and is introducing its collateral management, lending agency, and securities lending pool services. These combined trading and depository services are available to the market via straight through process (STP), and delivery-versus-payment (DvP) is now accessible to the investors by way of the PDS Gateway.

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