



PDS Statement on Congressional Proceedings

08 MAY 2008

email: pdsinquiries@pds.com.ph

The PDS Group responded this week to its detractors who question the PDS Group as being market-insensitive and overly profit-motivated. The Congressional proceedings sponsored by Congressman Luis Villafuerte are being heard by the Committee on Banks and Financial Intermediaries and opened the debate on the various issues raised in House Resolutions Nos. 472, 473 and 489. In essence, the Resolutions bandied legal and commercial issues against the Bangko Sentral ng Pilipinas, the Securities and Exchange Commission and PDEX to assail the regulatory actions that paved the way for PDEX to fully operationalize its market structure implemented for government securities trading.

PDS Group President and Chief Executive Officer Vicente B. Castillo stated that “PDS Group did not create itself. It was the brainchild of the BAP, as the culmination of the reform agenda launched to carry out the market reforms envisioned for the fixed income market. We view this issue as an internal issue within the banking community and the institutions that represent them - principally, the Bankers Association of the Philippines (BAP) and the Money Market Association of the Philippines (MART). The BAP holds the strategic vision for the industry, as the association at the helm of the banking industry, participated in by the various CEOs of banks, responsible for the overall direction of their institutions beyond dealership - including Asset Management, Corporate Finance, Distribution and other market-driven businesses. The MART, participated in by treasurers and chief dealers, is more involved specifically in the business of local currency fixed income liquidity management and dealership and has been an advocate for these issues. It is unfortunate that this internal squabble has spilled over to implicate many other persons. Our shareholders have been characterized as opportunistic profit-takers by those who have been involved in the debate because of misinformation. Their noble contribution to the fixed income market was their heeding to the call of the BAP when it invited them, as market stakeholders, to join the efforts in market reform. These shareholders are comprised of a diverse mix of issuers, investors, banks, investment houses, technology entities, and 2 reputable market operators, both locally and abroad. It is unfortunate that this conflict reached this level, to the point that congressional processes have to intervene for the banking community, for them to resolve their differences. Our regulators have been hauled likewise into this debate, their credibilities subjected to public scrutiny and attack, when we believe them to be carrying out their mandates in accordance with the laws they are expected to execute. For ourselves, we firmly believe in and subscribe to the position of our regulators. We take exception to the statements directed at us. However we are confident that when the dust settles and the issues are clarified, the banking community will come to an agreement on the direction this market should take.”

Mr. Castillo expressed hopefulness that the proceedings should result in a productive dialogue and that community solutions can be reached to bring harmony back into the market.

###