

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 6012



Introduced by REP. ARTURO B. ROBES

EXPLANATORY NOTE

Through the enactment of Republic Act No. 7692 in 1994, Bell Telecommunication Philippines, Inc. was granted a legislative franchise to install, operate and maintain telecommunications systems throughout the Philippines.

Recognizing the vital role of telecommunication services in the country, this bill seeks to renew the franchise granted to Bell Telecommunication Philippines, Inc. for another twenty-five (25) years. Bell Telecommunication Philippines, Inc. provides telecommunication services to the public, such as local exchange carrier (LEC), international gateway facility (IGF), inter exchange carrier (IXC), very small aperture terminal (VSAT), and internet service provider (ISP) services, among others.

Indeed, telecommunication services are imbued with a high degree of public interest and the importance of their continuous operation cannot be overemphasized. As such, immediate approval of this bill is earnestly sought.

A large, stylized handwritten signature of Arturo B. Robes.

ARTURO B. ROBES

Representative

Lone District, San Jose Del Monte City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 6012

Introduced by REP. ARTURO B. ROBES

AN ACT
AMENDING AND EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE
FRANCHISE GRANTED TO BELL TELECOMMUNICATION PHILIPPINES, INC.
UNDER REPUBLIC ACT NO. 7692 ENTITLED "AN ACT GRANTING TO BELL
TELECOMMUNICATION PHILIPPINES, INC., A FRANCHISE TO INSTALL,
OPERATE AND MAINTAIN TELECOMMUNICATIONS SYSTEMS THROUGHOUT
THE PHILIPPINES AND FOR OTHER PURPOSES"

*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

1 SECTION 1. The franchise of Bell Telecommunication Philippines, Inc. granted
2 under Republic Act No. 7692 is hereby amended to read as follows:

3 "[Section 1. Nature and Scope of Franchise. — Subject to the
4 provisions of the Constitution and applicable laws, rules and regulations on
5 public telecommunications, the Bell Telecommunication Philippines, Inc., its
6 successors or assigns, and hereunder referred to as the grantee, is hereby
7 granted the right, privilege and authority to carry on the business of providing
8 telecommunications services in and between provinces, cities and
9 municipalities in the Philippines and between the Philippines and other
10 countries and territories and, for this purpose, to establish, operate, manage,
11 lease, maintain and purchase telecommunications systems, including mobile,
12 cellular and wired or wireless telecommunications systems, fiber optics,
13 satellite transmit and receive systems, and other telecommunications systems
14 and their value-added services such as, but not limited to, transmission of

1 voice, data, facsimile, control signals, audio and video, information service
2 bureau, and all other telecommunications systems technologies as are at
3 present available or be made available through technical advances or
4 innovations in the future, or construct, acquire, lease and operate or manage
5 transmitting and receiving stations and switching stations, both for local and
6 international services, lines, cables or systems, as is, or are, convenient or
7 essential to efficiently carry out the purposes of this franchise.

8 Sec. 2. Authority of the National Telecommunications Commission.
9 — The grantee shall secure from the National Telecommunications
10 Commission hereinafter referred to as the Commission, a certificate of public
11 convenience or appropriate permits and licenses for the location, construction,
12 installation, and operation of its telecommunications systems. In issuing the
13 certificate, the Commission shall have the power to impose such conditions
14 relative to the construction, operation, maintenance, or service level of the
15 telecommunications systems. The Commission shall have the authority to
16 regulate the construction and operation of its telecommunications systems.
17 The grantee shall not use any frequency in the radio spectrum without having
18 been authorized by the Commission. Such certificate shall state the areas
19 covered and date the grantee shall commence the service.

20 Sec. 3. Responsibility to the Public. — The grantee shall provide
21 telephone service in any municipality in the Philippines where it has an
22 approved certificate of public convenience for the establishment, operation
23 and maintenance of a local exchange service, without discrimination to any
24 applicant thereof, in the order of the date of their applications.

25 The grantee shall operate and maintain all its stations, lines, cables,
26 systems and equipment for the transmission and reception of messages,
27 signals and pulses in a satisfactory manner at all times, and modify, improve
28 or change such stations, lines, cables, systems and equipment to keep
29 abreast with the advances in science and technology.

1 Sec. 4. Eminent Domain. — The grantee may acquire such private
2 property as is actually necessary for the realization of the purposes for which
3 this franchise is granted: provided, that in case the owner refuses to sell or
4 allow the use thereof, the proper proceedings shall be instituted: provided,
5 further, that just compensation is paid.

6 Sec. 5. Ingress and Egress. — For the purpose of installing,
7 operating and maintaining its telecommunication lines, it shall be lawful for the
8 grantee to make excavations or lay conduits in any of the public places,
9 highways, streets, lanes, sidewalks, bridges or infrastructure in any provinces
10 and municipalities: provided, however, that any public place, highway, street
11 lane, sidewalk, bridge or infrastructure disturbed, altered, or changed thereby
12 shall be repaired and placed in a workmanlike manner by the grantee to the
13 satisfaction of the Department of Public Works and Highways or the local
14 engineering office, as the case may be, and/or in accordance with existing
15 laws or rules on excavations and reconstitution of such public civil works.

16 Sec. 6. Interconnection. — The grantee is authorized to connect or
17 demand connection of its telecommunications systems to any other
18 telecommunications systems installed, maintained and operated by any other
19 duly-authorized person or entity in the Philippines for the purpose of providing
20 extended and improved telecommunications services to the public, under
21 such terms and conditions mutually agreed upon by the interconnection and
22 the same shall be subject to the review or modification of the Commission.

23 Sec. 7. Equality Clause. — If any subsequent franchise for
24 telecommunications service is awarded or granted by the Congress of the
25 Philippines with terms, privileges and conditions more favorable and beneficial
26 than those contained in this Act, then the same privileges or advantages shall
27 ipso facto accrue to the herein grantee and be deemed part of this Act.

28 Sec. 8. Sale, Lease, Usufruct, etc. — The grantee shall not lease,
29 transfer, grant the usufruct of, sell or assign this franchise or the rights and

1 privileges acquired thereunder to any person, firm, company, corporation or
2 entity, nor merge with any other corporation or entity without the prior
3 approval of the Congress of the Philippines. Neither shall the controlling
4 interest in the grantee be transferred, whether as a whole or in parts and
5 whether simultaneously or contemporaneously, to any such person, firm,
6 company, corporation or entity without the prior approval of the Congress of
7 the Philippines: provided, that the foregoing limitations shall not apply to: (a)
8 Any transfer or issuance of shares of stock in the implementation of the
9 requirement for the dispersal of the grantee's ownership pursuant to Section
10 11 of this Act; (b) any transfer or sale of shares of stock to a foreign investor
11 or investors; (c) any issuance of shares to any foreign or local investors
12 pursuant to or in connection with any increase in the grantee's authorized
13 capital stock which shall result in the dilution of the stockholdings of the
14 grantee's then existing stockholders; (d) any combination thereof where such
15 transfer, sale or issuance is effected in order to enable the grantee to raise
16 the necessary capital or financing for the provision of any of the services
17 authorized by this Act and/or to carry out any of the purposes for which the
18 grantee has been incorporated or organized: provided, further, that any such
19 transfer, sale or issuance is in accordance with any applicable constitutional
20 limitations. Any person or entity to which this franchise is validly sold,
21 transferred or assigned shall be subject to all the same conditions, terms,
22 restrictions, and limitations of this Act.

23 Sec. 9. Tax Provisions. — The grantee shall be liable to pay the
24 same taxes on their real estate, buildings and personal property exclusive of
25 this franchise, as other persons or telecommunication entities are now or
26 hereafter may be required by law to pay. In addition thereto, the grantee shall
27 pay to the Bureau of Internal Revenue each year three per centum (3%) of the
28 gross receipts of its regulated telecommunications services transacted under
29 this franchise, and the said percentage shall be in lieu of all taxes on this
30 franchise or earnings thereof: provided, that the grantee shall continue to be
31 liable for income taxes payable under Title II of the National Internal Revenue
32 Code pursuant to Sec. 2 of Executive Order No. 72 unless the latter

enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereon.

SECTION 10. Rates of Services. — the tariffs and rates for telephone service and other types of telecommunications services of the grantee except the rate and charges on those that may hereafter be declared or considered as non-regulated services, whether flat rates or measured rates of variation thereof, shall be effective only after approval of the Commission. The rates to be charged by the grantee shall be unbundled, separable and distinct among the services offered and shall be determined in such a manner that regulated services do not subsidize the unregulated ones.

SECTION 11. Dispersal of Ownership. — In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer at least thirty per centum (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within three (3) years from effectivity of this Act.

SECTION 12. Term of Franchise. — This franchise shall be for a period of twenty-five (25) years from the date of effectivity of this Act unless sooner revoked or cancelled. In the event the grantee fails to operate continuously for two (2) years, this franchise shall be deemed ipso facto revoked.

SECTION 13. Acceptance of Franchise. — Within sixty (60) days after the effectivity of this Act, the grantee shall file with the Secretary of Transportation and Communications its written acceptance of this franchise and of all the terms and conditions hereof. In default of such acceptance within the said time, this franchise shall become null and void. As a guaranty that it has accepted this franchise in good faith, the grantee shall, within thirty (30) days, deposit with the National Treasury the sum of One hundred thousand pesos (P100,000.00) in cash or negotiable instruments of the

Philippine Government and file a bond in the amount of One million pesos (P1,000,000.00).

Should the grantee fail, refuse or neglect to begin the business of providing a telephone service within two (2) years of the grant of the certificate of public convenience and for any reason other than an act of God, act of the public enemy, military power, martial law, riot, civil commotion, or unavoidable cause, then the deposit prescribed under this section shall be forfeited in favor of the National Government as liquidated damages. Should the grantee perform on time the undertaking for which the deposit is required, then the deposit shall be returned to the grantee and its bond cancelled within six (6) months of commencement of service.

SECTION 14. Filing of Application with the Commission. — Within six (6) months after the effectivity of this Act, the grantee shall file an application with the Commission for a certificate of public convenience authorizing it to construct, operate and maintain a telecommunications system and to offer the corresponding telecommunication service in such municipalities as it may deem in need of such service. Failure to file such an application for any reason other than force majeure or acts of God shall render this franchise void.

SECTION 15. Warranty. — The grantee shall hold the national, provincial, city and municipal governments harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the installation and operation of the telecommunications systems of the grantee.

SECTION 16. Right of Government. — In the event of war, rebellion, insurrection or similar national crisis and the Government shall find it necessary to operate and maintain for itself any or all of the telecommunication apparatus and system herein authorized, the grantee shall temporarily turn over such facilities or apparatus to the government in

1 exchange for payment of just and reasonable compensation for the use
2 thereof.

3 SECTION 17. Alteration or Repeal of Franchise. — This franchise
4 shall be subject to amendment, alteration or repeal by the Congress of the
5 Philippines. All lands or rights of use or occupation of lands secured by virtue
6 of this franchise shall revert upon its termination to the national, provincial or
7 municipal governments concerned which were the owners thereof upon the
8 date on which this franchise was granted.

9 SECTION 18. Separability Clause. — If any section or provision of
10 this Act is declared unconstitutional or invalid, the other sections or provisions
11 not affected thereby shall continue to be in force and effect.

12 SECTION 19. Effectivity Clause. — This Act shall take effect fifteen
13 (15) days after its publication in at least two (2) newspapers of general
14 circulation in the Philippines.]

15 SEC 1. NATURE AND SCOPE OF FRANCHISE. — SUBJECT TO
16 THE PROVISIONS OF THE 1987 CONSTITUTION AND APPLICABLE
17 LAWS, RULES AND REGULATIONS ON PUBLIC TELECOMMUNICATIONS,
18 BELL TELECOMMUNICATION PHILIPPINES, INC., HEREUNDER
19 REFERRED TO AS THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES,
20 IS HEREBY GRANTED THE RIGHT, PRIVILEGE AND AUTHORITY TO
21 CARRY ON THE BUSINESS OF PROVIDING TELECOMMUNICATIONS
22 SERVICES IN AND BETWEEN PROVINCES, CITIES AND MUNICIPALITIES
23 IN THE PHILIPPINES AND BETWEEN THE PHILIPPINES AND OTHER
24 COUNTRIES AND TERRITORIES AND, FOR THIS PURPOSE, TO
25 ESTABLISH, OPERATE, MANAGE, LEASE, MAINTAIN AND PURCHASE
26 TELECOMMUNICATIONS SYSTEMS, INCLUDING MOBILE, CELLULAR
27 AND WIRED OR WIRELESS TELECOMMUNICATIONS SYSTEMS, FIBER
28 OPTICS, SATELLITE TRANSMIT AND RECEIVE SYSTEMS, AND OTHER
29 TELECOMMUNICATIONS SYSTEMS AND THEIR VALUE-ADDED

SERVICES SUCH AS TRANSMISSION OF VOICE, DATA, FACSIMILE, CONTROL SIGNALS, AUDIO AND VIDEO, INFORMATION SERVICE BUREAU, AND ALL OTHER TELECOMMUNICATIONS SYSTEMS TECHNOLOGIES AS ARE AT PRESENT AVAILABLE OR BE MADE AVAILABLE THROUGH TECHNICAL ADVANCES OR INNOVATIONS IN THE FUTURE, OR CONSTRUCT, ACQUIRE, LEASE, AND OPERATE OR MANAGE TRANSMITTING AND RECEIVING STATIONS AND SWITCHING STATIONS, BOTH FOR LOCAL AND INTERNATIONAL SERVICES, LINES, CABLES OR SYSTEMS, AS IS, OR ARE, CONVENIENT OR ESSENTIAL TO EFFICIENTLY CARRY OUT THE PURPOSES OF THIS FRANCHISE.

SEC. 2. *MANNER OF OPERATION OF STATIONS OR FACILITIES.* – THE STATIONS OR FACILITIES OF THE GRANTEE SHALL BE CONSTRUCTED AND OPERATED IN A MANNER AS WILL, AT MOST, RESULT ONLY IN THE MINIMUM INTERFERENCE ON THE WAVELENGTHS OR FREQUENCIES OF EXISTING STATIONS OR OTHER STATIONS WHICH MAY BE ESTABLISHED BY LAW, WITHOUT IN ANY WAY DIMINISHING ITS OWN RIGHT TO USE ITS ASSIGNED WAVELENGTHS OR FREQUENCIES AND THE QUALITY OF TRANSMISSION OR RECEPTION THEREON AS SHOULD MAXIMIZE RENDITION OF THE GRANTEE'S SERVICES AND/OR THE AVAILABILITY THEREOF.

SEC.3. *AUTHORITY OF THE NATIONAL TELECOMMUNICATIONS COMMISSION (NTC).* – THE GRANTEE SHALL SECURE FROM THE NTC A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY OR THE APPROPRIATE PERMITS AND LICENSES FOR THE CONSTRUCTION, INSTALLATION AND OPERATION OF ITS TELECOMMUNICATIONS SYSTEMS/FACILITIES. IN ISSUING THE CERTIFICATE, THE NTC SHALL HAVE THE POWER TO IMPOSE SUCH CONDITIONS RELATIVE TO THE CONSTRUCTION, OPERATION, MAINTENANCE, OR SERVICE LEVEL OF THE TELECOMMUNICATIONS SYSTEM. THE NTC SHALL HAVE THE AUTHORITY TO REGULATE THE CONSTRUCTION AND OPERATION OF

1 ITS TELECOMMUNICATIONS SYSTEMS. THE GRANTEE SHALL NOT USE
2 ANY FREQUENCY IN THE RADIO SPECTRUM WITHOUT
3 AUTHORIZATION FROM THE NTC. SUCH CERTIFICATE SHALL STATE
4 THE AREAS COVERED AND THE DATE THE GRANTEE SHALL
5 COMMENCE THE SERVICE. THE NTC, HOWEVER, SHALL NOT
6 UNREASONABLY WITHHOLD OR DELAY THE GRANT OF SUCH
7 AUTHORITY, PERMIT OR LICENSE.

8 SEC. 4. *EXCAVATION AND RESTORATION WORKS.* – FOR THE
9 PURPOSE OF ERECTING AND MAINTAINING POLES OR OTHER
10 SUPPORTS FOR SAID WIRES OR OTHER CONDUCTORS FOR THE
11 PURPOSE OF LAYING AND MAINTAINING UNDERGROUND WIRES,
12 CABLES OR OTHER CONDUCTORS, IT SHALL BE LAWFUL FOR THE
13 GRANTEE, ITS SUCCESSORS OR ASSIGNEES, WITH THE PRIOR
14 APPROVAL OF THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
15 (DPWH) OR THE LOCAL GOVERNMENT UNIT (LGU) CONCERNED, AS
16 MAY BE APPROPRIATE, TO MAKE EXCAVATIONS OR LAY CONDUITS IN
17 ANY OF THE PUBLIC PLACES, ROADS, HIGHWAYS, STREETS, LANES,
18 ALLEYS, AVENUES, SIDEWALKS, OR BRIDGES OF THE PROVINCE,
19 CITIES, AND/OR MUNICIPALITIES: *PROVIDED, HOWEVER,* THAT A
20 PUBLIC PLACE, ROAD, HIGHWAY, STREET, LANE, ALLEY, AVENUE,
21 SIDEWALK, OR BRIDGE DISTURBED, ALTERED OR CHANGED BY
22 REASON OF ERECTION OF POLES OR OTHER SUPPORTS OR THE
23 UNDERGROUND LAYING OF WIRES, OTHER CONDUCTORS OR
24 CONDUITS, SHALL BE REPAIRED AND REPLACED IN WORKMANLIKE
25 MANNER BY SAID GRANTEE, ITS SUCCESSORS OR ASSIGNEES, IN
26 ACCORDANCE WITH THE STANDARDS SET BY DPWH OR THE LGU
27 CONCERNED. SHOULD THE GRANTEE, ITS SUCCESSORS ASSIGNEES,
28 AFTER THE TEN (10) DAY NOTICE FROM THE SAID AUTHORITY, FAIL,
29 REFUSE OR NEGLECT TO REPAIR OR REPLACE ANY PART OF PUBLIC
30 PLACE, ROAD, HIGHWAY, STREET, LANE, ALLEY, AVENUE, SIDEWALK,
31 OR BRIDGE ALTERED, CHANGED OR DISTURBED BY THE SAID
32 GRANTEE, ITS SUCCESSORS OR ASSIGNEES, THEN THE DPWH OR

1 THE LGU CONCERNED SHALL HAVE THE RIGHT TO HAVE THE SAME
2 REPAIRED AND PLACED IN GOOD ORDER AND CONDITION AT DOUBLE
3 EXPENSE TO BE CHARGED AGAINST THE GRANTEE, ITS
4 SUCCESSORS OR ASSIGNEES.

5 SEC. 5. *RESPONSIBILITY TO THE PUBLIC.* - THE GRANTEE SHALL
6 CONFORM TO THE ETHICS OF HONEST ENTERPRISE AND NOT USE
7 ITS STATIONS/FACILITIES FOR OBSCENE OR INDECENT
8 TRANSMISSION, OR FOR DISSEMINATION OF DELIBERATELY FALSE
9 INFORMATION, OR WILLFUL MISREPRESENTATION, OR ASSIST IN
10 SUBVERSIVE OR TREASONABLE ACTS.

11 THE GRANTEE SHALL PROVIDE BASIC OR ENHANCED
12 TELEPHONE SERVICE IN ANY CITY AND/OR MUNICIPALITY IN THE
13 PHILIPPINES WHERE IT HAS AN APPROVED CERTIFICATE OF PUBLIC
14 CONVENIENCE AND NECESSITY FOR THE ESTABLISHMENT,
15 OPERATION AND MAINTENANCE OF A LOCAL EXCHANGE SERVICE,
16 WITHOUT DISCRIMINATION TO ANY APPLICANT THEREFOR, IN THE
17 ORDER OF THE DATE OF THEIR APPLICATIONS, UP TO THE LIMIT OF
18 THE CAPACITY OF ITS LOCAL TELEPHONE EXCHANGE AND, SHOULD
19 THE DEMAND FOR THE TELEPHONE SERVICE AT ANY TIME INCREASE
20 BEYOND THE CAPACITY THEREOF, THE GRANTEE SHALL INCREASE
21 THE SAME TO MEET THE DEMAND: *PROVIDED*, THAT IN CASE THE
22 TOTAL DEMAND TO BE SATISFIED BY THE EXPANSION IS LESS THAN
23 THE SMALLEST VIABLE LOCAL EXCHANGE AVAILABLE IN THE MARKET
24 AS DETERMINED BY THE NTC, THE GRANTEE SHALL NOT BE OBLIGED
25 TO FURNISH SUCH SERVICE UNLESS THE APPLICANT FOR
26 TELEPHONE SERVICE DEFRAYS THE ACTUAL EXPENSES FOR THE
27 INSTALLATION OF THE TELECOMMUNICATIONS APPARATUS
28 NECESSARY FOR THE SERVICES AND IN SUCH CASE, THE NTC MAY
29 EXTEND THE TIME WITHIN WHICH THE GRANT SHALL FURNISH THE
30 SERVICE.

1 THE GRANTEE SHALL OPERATE AND MAINTAIN ALL ITS
2 STATIONS, LINES, CABLES, SYSTEMS, AND EQUIPMENT FOR THE
3 TRANSMISSION AND RECEPTION OF MESSAGES, SIGNALS, AND
4 PULSES IN A SATISFACTORY MANNER AT ALL TIMES, AND AS FAR AS
5 ECONOMICAL AND PRACTICABLE, MODIFY, IMPROVE, OR CHANGE
6 SUCH STATIONS, LINES, CABLES, SYSTEMS, AND EQUIPMENT TO
7 KEEP ABREAST WITH THE ADVANCES IN SCIENCE AND TECHNOLOGY.

8 SEC. 6. *RATES FOR SERVICES.* – THE CHARGES AND RATES
9 FOR TELECOMMUNICATIONS SERVICES OF THE GRANTEE, EXCEPT
10 THE RATES AND CHARGES ON THOSE THAT MAY HEREAFTER BE
11 DECLARED OR CONSIDERED AS NONREGULATED SERVICES,
12 WHETHER FLAT RATES OR MEASURED RATES OR VARIATION
13 THEREOF, SHALL BE SUBJECT TO THE APPROVAL OF THE NTC OR ITS
14 LEGAL SUCCESSOR. THE RATES TO BE CHARGED BY THE GRANTEE
15 SHALL BE UNBUNDLED, SEPARABLE AND DISTINCT AMONG THE
16 SERVICES OFFERED AND SHALL BE DETERMINED IN A MANNER THAT
17 REGULATED SERVICES DO NOT SUBSIDIZE THE UNREGULATED
18 ONES.

19 SEC. 7. *RIGHT OF GOVERNMENT.* – A SPECIAL RIGHT IS
20 HEREBY RESERVED TO THE PRESIDENT OF THE PHILIPPINES, IN
21 TIMES OF WAR, REBELLION, PUBLIC PERIL, CALAMITY, EMERGENCY,
22 DISASTER OR DISTURBANCE OF PEACE AND ORDER: TO
23 TEMPORARILY TAKE OVER AND OPERATE THE STATIONS,
24 TRANSMITTERS, FACILITIES, OR EQUIPMENT OF THE GRANTEE; TO
25 TEMPORARILY SUSPEND THE OPERATION OF ANY STATION,
26 TRANSMITTER, FACILITY, OR EQUIPMENT IN THE INTEREST OF
27 PUBLIC SAFETY, SECURITY, AND PUBLIC WELFARE; OR TO
28 AUTHORIZE THE TEMPORARY USE AND OPERATION THEREOF BY ANY
29 AGENCY OF THE GOVERNMENT, UPON DUE COMPENSATION TO THE
30 GRANTEE FOR THE USE OF SAID STATIONS, TRANSMITTERS,

1 FACILITIES, OR EQUIPMENT DURING THE PERIOD WHEN THESE SHALL
2 BE SO OPERATED.

3 THE RADIO SPECTRUM IS A FINITE RESOURCE THAT IS PART OF
4 THE NATIONAL PATRIMONY AND THE USE THEREOF IS A PRIVILEGE
5 CONFERRED UPON THE GRANTEE BY THE STATE AND MAY BE
6 WITHDRAWN ANYTIME AFTER DUE PROCESS.

7 SEC. 8. *TERM OF FRANCHISE.* – THIS FRANCHISE SHALL BE IN
8 EFFECT FOR A PERIOD OF TWENTY-FIVE (25) YEARS FROM THE DATE
9 OF THE EFFECTIVITY OF THIS ACT, UNLESS SOONER CANCELLED.
10 THIS FRANCHISE SHALL BE DEEMED *IPSO FACTO* REVOKED IN THE
11 EVENT THE GRANTEE FAILS TO OPERATE CONTINUOUSLY FOR TWO
12 (2) YEARS.

13 SEC. 9. *ACCEPTANCE AND COMPLIANCE.* – ACCEPTANCE OF
14 THIS FRANCHISE SHALL BE GIVEN IN WRITING TO THE CONGRESS OF
15 THE PHILIPPINES, THROUGH THE COMMITTEE ON LEGISLATIVE
16 FRANCHISES OF THE HOUSE OF REPRESENTATIVES AND THE
17 COMMITTEE ON PUBLIC SERVICES OF THE SENATE, WITHIN SIXTY (60)
18 DAYS FROM THE EFFECTIVITY OF THIS ACT. UPON GIVING SUCH
19 ACCEPTANCE, THE GRANTEE SHALL EXERCISE THE PRIVILEGES
20 GRANTED UNDER THIS ACT. NONACCEPTANCE SHALL RENDER THE
21 FRANCHISE VOID. AS A GUARANTY THAT IT HAS ACCEPTED THIS
22 FRANCHISE IN GOOD FAITH, THE GRANTEE SHALL, WITHIN THIRTY
23 (30) DAYS, DEPOSIT WITH THE NATIONAL TREASURY THE SUM OF
24 ONE HUNDRED THOUSAND PESOS (P100,000.00) IN CASH OR
25 NEGOTIABLE INSTRUMENTS OF THE PHILIPPINE GOVERNMENT AND
26 FILE A BOND IN THE AMOUNT OF ONE MILLION PESOS (P1,000,000.00).

27 SHOULD THE GRANTEE FAIL, REFUSE OR NEGLECT TO BEGIN
28 THE BUSINESS OF PROVIDING A TELEPHONE SERVICE WITHIN TWO
29 (2) YEARS OF THE GRANT OF THE CERTIFICATE OF PUBLIC

1 CONVENIENCE AND FOR ANY REASON OTHER THAN AN ACT OF GOD,
2 ACT OF THE PUBLIC ENEMY, MILITARY POWER, MARTIAL LAW, RIOT,
3 CIVIL COMMOTION, OR UNAVOIDABLE CAUSE, THEN THE DEPOSIT
4 PRESCRIBED UNDER THIS SECTION SHALL BE FORFEITED IN FAVOR
5 OF THE NATIONAL GOVERNMENT AS LIQUIDATED DAMAGES.
6 SHOULD THE GRANTEE PERFORM ON TIME THE UNDERTAKING FOR
7 WHICH THE DEPOSIT IS REQUIRED, THEN THE DEPOSIT SHALL BE
8 RETURNED TO THE GRANTEE AND ITS BOND CANCELLED WITHIN SIX
9 (6) MONTHS OF COMMENCEMENT OF SERVICE.

10 SEC. 10. *RIGHT OF INTERCONNECTION.* – THE GRANTEE IS
11 HEREBY AUTHORIZED TO CONNECT OR DEMAND CONNECTION OF
12 ITS TELECOMMUNICATIONS SYSTEMS TO OTHER
13 TELECOMMUNICATIONS SYSTEMS INSTALLED, OPERATED, AND
14 MAINTAINED BY ANY OTHER DULY AUTHORIZED PERSON OR ENTITY
15 IN THE PHILIPPINES FOR THE PURPOSE OF PROVIDING EXTENDED
16 AND IMPROVED TELECOMMUNICATIONS SERVICES TO THE PUBLIC,
17 UNDER THE TERMS AND CONDITIONS MUTUALLY AGREED UPON BY
18 THE PARTIES CONCERNED, THIS RIGHT SHALL BE SUBJECT TO THE
19 REVIEW AND MODIFICATION OF THE NTC.

20 SEC. 11. *GROSS RECEIPTS.* - THE GRANTEE, ITS SUCCESSORS
21 OR ASSIGNEES, SHALL KEEP A SEPARATE ACCOUNT OF THE GROSS
22 RECEIPTS OF THE BUSINESS TRANSACTED BY IT AND SHALL
23 FURNISH THE COMMISSION ON AUDIT (COA) AND THE NATIONAL
24 TREASURY A COPY OF SUCH ACCOUNT NOT LATER THAN THE
25 THIRTY-FIRST (31ST) DAY OF JANUARY OF EACH YEAR FOR THE
26 PRECEDING TWELVE (12) MONTHS.

27 SEC. 12. *BOOKS AND ACCOUNTS.* – THE BOOKS AND ACCOUNTS
28 OF THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES, SHALL ALWAYS
29 BE OPEN TO THE INSPECTION OF THE COMMISSION ON AUDIT (COA)

1 AND ITS DULY AUTHORIZED REPRESENTATIVES. IT SHALL BE THE
2 DUTY OF THE GRANTEE TO SUBMIT TO THE COA TWO (2) COPIES OF
3 THE QUARTERLY REPORTS ON THE GROSS RECEIPTS, THE NET
4 PROFITS AND THE GENERAL CONDITION OF THE BUSINESS.

5 SEC. 13. *WARRANTY IN FAVOR OF THE NATIONAL AND LOCAL*
6 *GOVERNMENTS.* - THE GRANTEE SHALL HOLD THE NATIONAL,
7 PROVINCIAL, CITY, AND MUNICIPAL GOVERNMENTS OF THE
8 PHILIPPINES FREE FROM ALL CLAIMS, ACCOUNTS, DEMANDS, OR
9 ACTIONS ARISING OUT OF ACCIDENTS OR INJURIES, WHETHER TO
10 PROPERTY OR TO PERSONS, CAUSED BY THE CONSTRUCTION OR
11 OPERATION OF THE STATIONS, TRANSMITTERS, FACILITIES, OR
12 EQUIPMENT OF THE GRANTEE.

13 SEC. 14. *SALE, LEASE, TRANSFER, USUFRUCT, OR ASSIGNMENT*
14 *OF FRANCHISE.* - THE GRANTEE SHALL NOT LEASE, TRANSFER,
15 GRANT THE USUFRUCT OF, SELL OR ASSIGN THIS FRANCHISE OR
16 THE RIGHTS AND PRIVILEGES ACQUIRED THEREUNDER TO ANY
17 PERSON, FIRM, COMPANY, CORPORATION OR ENTITY, NOR MERGE
18 WITH ANY OTHER CORPORATION OR ENTITY WITHOUT THE PRIOR
19 APPROVAL OF THE CONGRESS OF THE PHILIPPINES. NEITHER SHALL
20 THE CONTROLLING INTEREST IN THE GRANTEE BE TRANSFERRED,
21 WHETHER AS A WHOLE OR IN PARTS, AND WHETHER
22 SIMULTANEOUSLY OR CONTEMPORANEOUSLY, TO ANY SUCH
23 PERSON, FIRM, COMPANY, CORPORATION OR ENTITY WITHOUT THE
24 PRIOR APPROVAL OF THE CONGRESS OF THE PHILIPPINES:
25 *PROVIDED,* THAT THE FOREGOING LIMITATIONS SHALL NOT APPLY
26 TO: (A) ANY TRANSFER OR ISSUANCE OF SHARES OF STOCK IN THE
27 IMPLEMENTATION OF THE REQUIREMENT FOR THE DISPERSAL OF
28 THE GRANTEE'S OWNERSHIP PURSUANT TO SECTION 11 OF
29 REPUBLIC ACT NO. 7692; (B) ANY TRANSFER OR SALE OF SHARES OF
30 STOCK TO A FOREIGN INVESTOR OR INVESTORS; (C) ANY ISSUANCE
31 OF SHARES TO ANY FOREIGN OR LOCAL INVESTORS PURSUANT TO

1 OR IN CONNECTION WITH ANY INCREASE IN THE GRANTEE'S
2 AUTHORIZED CAPITAL STOCK WHICH SHALL RESULT IN THE DILUTION
3 OF THE STOCKHOLDINGS OF THE GRANTEE'S THEN EXISTING
4 STOCKHOLDERS; (D) ANY COMBINATION THEREOF WHERE SUCH
5 TRANSFER, SALE OR ISSUANCE IS EFFECTED IN ORDER TO ENABLE
6 THE GRANTEE TO RAISE THE NECESSARY CAPITAL OR FINANCING
7 FOR THE PROVISION OF ANY OF THE SERVICES AUTHORIZED BY THIS
8 ACT AND/OR TO CARRY OUT ANY OF THE PURPOSES FOR WHICH THE
9 GRANTEE HAS BEEN INCORPORATED OR ORGANIZED: *PROVIDED,*
10 *FURTHER,* THAT ANY SUCH TRANSFER, SALE OR ISSUANCE IS IN
11 ACCORDANCE WITH ANY APPLICABLE CONSTITUTIONAL LIMITATIONS.
12 ANY PERSON OR ENTITY TO WHICH THIS FRANCHISE IS VALIDLY
13 SOLD, TRANSFERRED OR ASSIGNED SHALL BE SUBJECT TO ALL THE
14 SAME CONDITIONS, TERMS, RESTRICTIONS, AND LIMITATIONS OF
15 THIS ACT.

16 *PROVIDED, FURTHERMORE,* THAT CONGRESS SHALL BE
17 INFORMED OF ANY SALE, LEASE, TRANSFER, GRANT OF USUFRUCT,
18 OR ASSIGNMENT OF FRANCHISE OR THE RIGHTS OR PRIVILEGES
19 ACQUIRED THEREUNDER, OR OF THE MERGER, OR TRANSFER OF
20 CONTROLLING INTEREST OF THE GRANTEE, WITHIN SIXTY (60) DAYS
21 AFTER THE COMPLETION OF SAID TRANSACTION:

22 *PROVIDED, MOREOVER,* THAT FAILURE TO REPORT TO
23 CONGRESS SUCH CHANGE OF OWNERSHIP SHALL RENDER THE
24 FRANCHISE *IPSO FACTO* REVOKED: *PROVIDED, FINALLY,* THAT ANY
25 PERSON OR ENTITY TO WHICH THIS FRANCHISE IS SOLD,
26 TRANSFERRED, OR ASSIGNED, SHALL BE SUBJECT TO THE SAME
27 CONDITIONS, TERMS, RESTRICTIONS, AND LIMITATIONS OF THIS ACT.

28 SEC. 15. *DISPERSAL OF OWNERSHIP.* - IN ACCORDANCE WITH
29 THE CONSTITUTIONAL PROVISION TO ENCOURAGE PUBLIC
30 PARTICIPATION IN PUBLIC UTILITIES, THE GRANTEE SHALL OFFER TO

1 FILIPINO CITIZENS AT LEAST THIRTY PER CENT (30%) OR A HIGHER
2 PERCENTAGE THAT MAY HEREAFTER BE PROVIDED BY LAW OF ITS
3 OUTSTANDING CAPITAL STOCK IN ANY SECURITIES EXCHANGE IN
4 THE PHILIPPINES WITHIN FIVE (5) YEARS FROM THE COMMENCEMENT
5 OF ITS OPERATIONS.

6 SEC. 16. *REPORTORIAL REQUIREMENT.* – THE GRANTEE SHALL
7 SUBMIT AN ANNUAL REPORT TO THE CONGRESS OF THE
8 PHILIPPINES, THROUGH THE COMMITTEE ON LEGISLATIVE
9 FRANCHISES OF THE HOUSE OF REPRESENTATIVES AND THE
10 COMMITTEE ON PUBLIC SERVICES OF THE SENATE, ON ITS
11 COMPLIANCE WITH THE TERMS AND CONDITIONS OF THE FRANCHISE
12 AND ON ITS OPERATIONS ON OR BEFORE APRIL 30 OF EVERY YEAR
13 DURING THE TERM OF ITS FRANCHISE. THE REPORTORIAL
14 COMPLIANCE CERTIFICATE ISSUED BY CONGRESS SHALL BE
15 REQUIRED BEFORE ANY APPLICATION FOR PERMIT OR CERTIFICATE
16 IS ACCEPTED BY THE NTC.

17 SEC. 17. *PENALTY CLAUSE.* – FAILURE OF THE GRANTEE TO
18 SUBMIT THE REQUISITE ANNUAL REPORT TO CONGRESS SHALL BE
19 PENALIZED WITH A FINE IN THE AMOUNT OF FIVE HUNDRED PESOS
20 (P500.00) PER WORKING DAY OF NONCOMPLIANCE. THE FINE SHALL
21 BE COLLECTED BY THE NTC FROM DELINQUENT FRANCHISE
22 GRANTEE SEPARATE FROM THE REPORTORIAL PENALTIES IMPOSED
23 BY THE NTC.

24 SEC. 18. *EQUALITY CLAUSE.* - ANY ADVANTAGE, FAVOR,
25 PRIVILEGE, EXEMPTION, OR IMMUNITY GRANTED UNDER OTHER
26 EXISTING FRANCHISES, OR WHICH MAY HEREAFTER BE GRANTED,
27 UPON PRIOR REVIEW AND APPROVAL OF CONGRESS, SHALL
28 BECOME PART OF THIS FRANCHISE AND SHALL BE ACCORDED
29 IMMEDIATELY AND UNCONDITIONALLY TO THE HEREIN GRANTEE:
30 *PROVIDED*, THAT THE FOREGOING SHALL NEITHER APPLY TO NOR

1 AFFECT PROVISIONS OF TELECOMMUNICATIONS FRANCHISES
2 CONCERNING TERRITORY COVERED BY THE FRANCHISE, THE LIFE
3 SPAN OF THE FRANCHISE OR THE TYPE OF SERVICE AUTHORIZED BY
4 THE FRANCHISE.

5 SEC. 19. *SEPARABILITY CLAUSE.* – IF ANY OF THE SECTIONS OR
6 PROVISIONS OF THIS ACT IS HELD INVALID, ALL OTHER PROVISIONS
7 NOT AFFECTED THEREBY SHALL REMAIN VALID.

8 SEC. 20. *REPEALABILITY AND NONEXCLUSIVITY CLAUSE.* –
9 THIS FRANCHISE SHALL BE SUBJECT TO AMENDMENT, ALTERATION,
10 OR REPEAL BY THE CONGRESS OF THE PHILIPPINES WHEN THE
11 PUBLIC INTEREST SO REQUIRES AND SHALL NOT BE INTERPRETED
12 AS AN EXCLUSIVE GRANT OF THE PRIVILEGE HEREIN PROVIDED
13 FOR.”

14 SEC. 2. *Repealing Clause.* - All laws, decrees, orders, resolutions, instructions and
15 rules and regulations or parts thereof, which are inconsistent with this Act, are
16 hereby deemed repealed or modified accordingly.

17 SEC. 3. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in
18 the Official Gazette or in a newspaper of general circulation.

19 Approved,