

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

House Bill No. **7409**



Introduced by Representative **John Marvin "Yul Servo" Nieto**

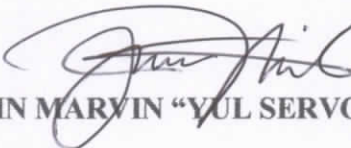
EXPLANATORY NOTE

As a manifestation of support to this timely piece of legislation, this representation respectfully refiles this bill, which has constantly been receiving support from the past and present (Rep. Cojuangco's HB02333, Rep. Santos-Recto's HB02604, Rep. Yap's HB02872, Rep. Castelo's HB05109, and Rep. Vargas' HB07335, among others) congress.

The prepaid call cards industry in the country has seen a significant growth in recent years. From being only available in large denominations, prepaid cards and electronic loads can now be purchased in smaller values. Despite the various efforts to ensure that mobile usage is easily accessible in the country, much more needs to be done.

The proposed measure aims to make the imposition of expiration periods on the validity of period load and forfeiture of unused credits prohibited acts with corresponding penalties to ensure that consumers' money are put to good and maximum use.

In view of the foregoing, the passage of this measure is earnestly sought.


JOHN MARVIN "YUL SERVO" NIETO

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House Bill No. **7409**

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AN ACT
PROHIBITING TELECOMMUNICATION COMPANIES FROM IMPOSING AN
EXPIRATION PERIOD ON THE VALIDITY OF PREPAID CALL AND TEXT
CARDS AND THE FORFEITURE OF LOAD CREDITS THEREOF

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

SECTION 1. Short Title. This Act shall be known as the “Prepaid Load Protection Act.”

SECTION 2. Declaration of Policy. It is hereby declared the policy of the State to protect the interest of the consumer, promote his general welfare, and to establish standards of conduct for business and industry. Towards this end, the state shall implement measures to achieve among others, the protection of consumers against deceptive, unfair, and unconscionable sales act and practices.

SECTION 3. Definition of Terms. For the purpose of this Act, the term:

- a) **Load Credits** shall refer to the monetary value or the consumable amount loaded to a mobile or landline phone via prepaid cards or electronic transfers that enable a consumer to use telecommunication services.
- b) **Prepaid** shall refer to the type of mobile or landline phone account that requires its owners to purchase load credits before services are used.
- c) **Prepaid Call** shall refer to a card with corresponding peso value that has to be purchased to enable a subscriber to use telecommunication services.

SECTION 4. Prohibited Acts. The following shall constitute prohibited acts of any telecommunication company providing prepaid services and are hereby declared to be unlawful:

- a) Imposition of an expiration period on the validity of unused prepaid call and text cards;

b) Forfeiture of load credits stored on an active prepaid phone account via prepaid call and text card or electronic transfer; and

c) Refusal to give a refund to any prepaid subscriber whose load credits were forfeited without any valid cause.

SECTION 5. Penal Provision. Any director, officer, employee or agent of a telecommunication company providing prepaid services who shall violate any of the acts mentioned under Section 4 hereof, shall upon conviction, be subject to the penalty of a fine of not less than One Hundred Thousand Pesos (P100,000.00) but not to exceed One Million Pesos (P1,000,000.00) or imprisonment of not less than two (2) years but not more than six (6) years, or both, upon the discretion of the court.

If the violation was committed by or in the interest of a juridical person duly licensed to engage in business in the Philippines, the following penalty shall be imposed:

a) 1st Offense – a fine of Five Hundred Thousand Pesos (P500,000.00)

b) 2nd Offense – suspension of license to engage in business for a period of thirty (30) days; and

c) 3rd Offense – immediate revocation of license to engage in business.

SECTION 6. Information Dissemination. The Philippine Information Agency (PIA) in coordination with the National Telecommunication Commission (NTC) shall ensure the proper and adequate information dissemination of the contents and benefits of this Act to the general public especially to its intended beneficiaries.

SECTION 7. Implementing Rules and Regulations (IRR). The NTC shall formulate the necessary rules and regulations to implement the provisions of this Act within ninety (90) days after its effectivity. The rules and regulations issued pursuant to this Act shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

SECTION 8. Repealing Clause. All laws, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modify accordingly.

SECTION 9. Separability Clause. If any part, section or provision of this Act shall be held invalid or unconstitutional, no other part, section or provisions thereof shall be affected thereby.

SECTION 10. Effectivity. This Act shall take effect fifteen (15) days following the completion of its publication in the Official Gazette or two (2) newspapers of general circulation.

Approved,