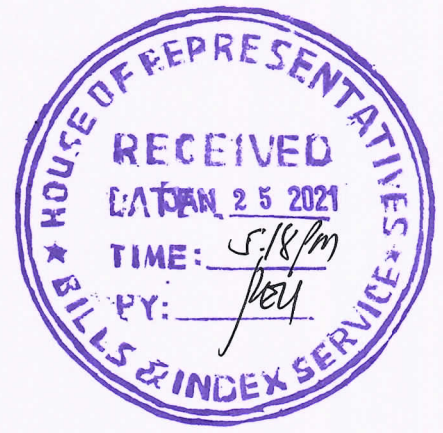


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 8479



INTRODUCED BY REPRESENTATIVE XAVIER JESUS D. ROMUALDO

EXPLANATORY NOTE

The State recognizes the vital role of the private sector in the economic development of the nation especially in public utilities like telecommunication entities.

Advances in information telecommunications technology has been exponential over the past decades and is expected to continue to grow more in the future. However, the country continues to lag behind its neighbors in terms of internet speed. While the COVID-19 pandemic has resulted in accelerating online transactions, services, and entertainment, the country's bandwidth and information technology services remain behind the escalating demand. Reliable and fast internet service would certainly help attract more investors to the county. Indeed, the present state of service continues to perturb investors, who seek to have higher bandwidth for their data-dependent transactions.

It is in this context that ISMO, Inc., a new telecommunications company, wishes to be granted a legislative franchise to primarily contribute in the delivery of bandwidth and information technology services, such as providing internet service or sale of bandwidth to interested parties and offer other telecommunications services. If granted a franchise, ISMO, Inc. aims to help facilitate the way to a better normal in the country.

Accordingly, the timely approval of this measure is earnestly requested.


XAVIER JESUS D. ROMUALDO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS

Second Regular Session

HOUSE BILL NO. 8479

INTRODUCED BY REPRESENTATIVE XAVIER JESUS D. ROMUALDO

AN ACT

GRANTING ISMO, INC., A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, MAINTAIN, AND OPERATE TELECOMMUNICATIONS SYSTEMS IN THE PHILIPPINES.

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

1 SECTION 1. *Nature and Scope of the Franchise.* – Subject to the provisions of the
2 Constitution and applicable laws, rules, and regulations, there is hereby granted to ISMO, Inc.,
3 hereinafter referred to as the grantee, its successors, or assigns, a franchise to construct, install,
4 establish, lease, operate, and maintain, for commercial purposes and in the public interest,
5 throughout the Philippines and between the Philippines and other countries and territories, wired
6 and wireless telecommunications systems, including international and local exchange carrier,
7 international and domestic gateway facility, international and domestic submarine cable landing
8 stations, mobile, cellular, fixed line, trunked radio, fiber optics, multi-channel multipoint
9 distribution system and local multi-point distribution system satellite transmit and receive
10 systems, switches, electronic telecommunications or electronic communications services, in or
11 outside the Philippines and also in outer space, and value added services, such as transmission of
12 voice, data, facsimile, control signs, audio and video, information services, and all other
13 telecommunications, telecommunications systems, and technologies, as are at present available
14 or will be made available through technological advances or innovations in the future, and to
15 construct, establish, install, maintain, acquire, lease, purchase, operate, and manage the
16 corresponding transmitting and receiving stations, satellites, lines, networks, international

1 invented, found, produced or manufactured, as it may consider convenient or essential to
2 efficiently carry out the purpose of this franchise.

3 As used in this Act, the term “telecommunications” shall include “electronic
4 communications.” Moreover, the term “electronic communications network” shall mean: (a) a
5 transmission system for conveyance, by use of electrical, magnetic or electro-magnetic energy,
6 of signals of any description; and (b) any of the following as are used, by the person providing
7 the system and in association with it, for conveyance of the signals: (1) apparatus comprised in
8 the system; (2) apparatus used for the switching and routing of the signals; and (3) software and
9 stored data. The term “electronic communications service” shall mean a service consisting of, or
10 having as its principal feature, the conveyance by means of an electronic communications
11 network of signals and includes wired, wireless, fixed, cellular, and mobile or integrated
12 telecommunications computers electronic services, including value-added services, or
13 technologies related to such service, which are at present available or made available through
14 technical advances or innovations in the future, and fixed and mobile stations, or both.

15 SEC. 2. *Manner of Operation of Stations or Facilities.* – The stations or facilities of the
16 grantee shall be constructed and operated in a manner as will, at most, result only in the
17 minimum interference on the wavelengths or frequencies of existing stations or other stations
18 which may be established by law, without in any way diminishing its own right to use its
19 assigned wavelengths or frequencies and the quality of transmission or reception thereon as
20 should maximize rendition of the grantee’s services and availability thereof.

21 SEC. 3. *Authority of the National Telecommunications Commission.* – The grantee shall
22 secure from the National Telecommunications Commission (NTC) a certificate of public
23 convenience and necessity (CPCN) or the appropriate permits and licenses for the construction,
24 installation, and operation of its telecommunications systems. In issuing the certificate, the NTC
25 shall have the power to impose such conditions relative to the construction, operation,
26 maintenance, or service level of such telecommunications systems. The NTC shall have the
27 authority to regulate the construction and operation of the telecommunications systems of the
28 grantee. The grantee shall not use any frequency in the radio spectrum without authorization

1 the service. The NTC, however, shall not unreasonably withhold or delay the grant of any such
2 authority, permit, or license.

3 SEC. 4. *Excavation and Restoration Works.* – For the purpose of erecting and
4 maintaining poles or other supports for wires or other conductors for the purpose of laying and
5 maintaining underground wires, cables, or other conductors, it shall be lawful for the grantee, its
6 successors or assigns, with the prior approval of the Department of Public Works and Highways
7 (DPWH) or the local government unit (LGU) concerned, as may be appropriate, to make
8 excavations or lay conduits in any of the public places, highways, streets, lanes, alleys, avenues,
9 sidewalks or bridges of province, cities, and municipalities; Provided, that a public place,
10 highway, street, lane, alley, avenue, sidewalk or bridge disturbed, altered, or changed by reason
11 of erection of poles or other supports or the underground laying of wires, other conductors, or
12 conduits, shall be repaired and replaced in workmanlike manner by the grantee, its successors or
13 assigns, in accordance with the standards set by the DPWH or the LGU concerned. Should the
14 grantee, its successors or assigns, after the ten (10) - day notice from the said authority, fail,
15 refuse, or neglect to repair or replace any part of public place, road, highway, street, lane, alley,
16 avenue, sidewalk or bridge altered, changed or disturbed by the said grantee, its successors or
17 assignees, then the DPWH or the LGU concerned shall have the right to have the same repaired
18 and replaced in good order and condition and charge the grantee, its successors or assigns, at
19 double the amount of the cost and expenses for repair or replacement.

20 SEC. 5. *Responsibility to the Public.* – The grantee shall conform to the ethics of honest
21 enterprise and shall not use its stations for obscene or indecent transmission or for dissemination
22 of deliberately false information or willful misrepresentation, or assist in subversive or
23 treasonable acts.

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

1 The grantee shall improve and extend its services in areas not yet served, and in hazard-
2 and typhoon-prone areas that shall be determined by the National Disaster Risk Reduction and
3 Management Council, or its legal successor, in coordination with the NTC.

4 The grantee shall also improve and upgrade its equipment, facilities, and services, in
5 order to ensure effective compliance with the objectives of Republic Act No. 10639, otherwise
6 known as the Free Mobile Disaster Alerts Act.

7 SEC. 6. *Rates for Services.* – The charges and rates for telecommunications services of
8 the grantee, except the rates and charges on those that may hereafter be declared or considered as
9 non-regulated services, whether flat rates or measured rates or variation thereof, shall be subject
10 to the approval of the NTC or its legal successor.

11 SEC. 7. *Right of the Government.* — The radio spectrum is a finite resource that is part of
12 the national patrimony and the use thereof is a privilege conferred upon the grantee by the State
13 and may be withdrawn any time after due process.

14 A special right is hereby reserved to the President of the Philippines, in times of war,
15 rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and order, to
16 temporarily take over and operate the stations, transmitters, facilities, or equipment of the
17 grantee, to temporarily suspend the operation of any station, transmitter, facility, or equipment in
18 the interest of public safety, security, and public welfare, or to authorize the temporary use and
19 operation thereof by any agency of the government, upon due compensation to the grantee, for
20 the use of said stations, transmitters, facilities, or equipment during the period when these shall
21 be so operated.

22 SEC. 8. *Term of the Franchise.* – This franchise shall be in effect for a period of twenty-
23 five (25) years from the date of effectivity of this Act, unless sooner cancelled. This franchise
24 shall be deemed *ipso facto* revoked in the event the grantee fails to continuously operate for two
25 (2) years.

26 SEC. 9. *Right of Interconnection.* – The grantee is hereby authorized to connect or
27 demand connections of its telecommunications systems to any other telecommunications systems
28 installed, operated, and maintained by any other duly-authorized person or entity in the

1 the public under such terms and conditions mutually agreed upon by the parties concerned and
2 the same shall be subject to the review or modification of the NTC.

3 SEC. 10. *Mobile Number Portability.* - The grantee shall provide mobile number
4 portability (MNP) and its implementing mechanism, and shall interconnect, directly or indirectly,
5 with the infrastructure, facilities, systems, or equipment of other telecommunications franchise
6 grantees. It shall not install network features, functions, or capabilities that will impede the
7 implementation of a nationwide MNP system. The NTC shall issue rules and regulations for this
8 purpose, the effectivity of which shall commence upon applicability with other
9 telecommunications franchise grantees.

10 SEC. 11. *Warranty in Favor of the National Government and of Local Governments.* -
11 The grantee shall hold the national, provincial, city and municipal governments of the
12 Philippines free from all claims, liabilities, accounts, demands, or actions arising out of accidents
13 or injuries, whether to property or to persons, caused by the construction or operation of the
14 stations, transmitters, facilities, and equipment of the grantee.

15 SEC. 12. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.* - The
16 grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights
17 and privileges acquired thereunder to any person, firm, company, corporation or other
18 commercial or legal entity, nor merge with any other corporation or entity, nor shall transfer the
19 controlling interest of the grantee, whether as a whole or in part, and whether simultaneously or
20 contemporaneously, to any such person, firm, company, corporation, or entity without the prior
21 approval of the Congress of the Philippines; Provided, That Congress shall be informed of any
22 sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and privileges
23 acquired thereunder, or of the merger or transfer of the controlling interest of the grantee, within
24 sixty (60) days after the completion of said transaction; Provided, further, That failure to report
25 to Congress such change of ownership shall render the franchise *ipso facto* revoked; Provided,
26 finally, That any person or entity to which this franchise is sold, transferred or assigned, shall be
27 subject to the same conditions, terms, restrictions, and limitations of this Act.

28 SEC. 13. *Dispersal of Ownership.* - In accordance with the constitutional provision to

1 least thirty percent (30%), or a higher percentage that may hereafter be provided by law, of its
2 outstanding capital stock in any securities exchange in the Philippines within five (5) years from
3 the commencement of its operations; Provided, That in cases where public offer of shares is not
4 applicable, the grantee shall apply other methods of encouraging public participation by citizens
5 and corporation as allowed by law. Noncompliance therewith shall render the franchise *ipso*
6 *facto* revoked.

7 SEC. 14. *Commitment to Provide and Promote the Creation of Employment*
8 *Opportunities.* – The grantee shall create employment opportunities and accept on-the-job
9 trainees in the franchise operations; Provided, That priority shall be accorded to the residents of
10 the place where their principal office is located; Provided, further, That the grantee shall comply
11 with the applicable labor standards and allowance entitlement under existing labor laws, rules,
12 and regulations; Provided, finally, That the employment opportunities or jobs created shall be
13 reflected in its general information sheet (GIS) to be submitted to the Securities and Exchange
14 Commission (SEC).

15 SEC. 15. *Reportorial Requirement.* – The grantee shall submit an annual report to the
16 Congress of the Philippines, through the Committee on Legislative Franchises of the House of
17 Representatives and the Committee on Public Services of the Senate, on its compliance with the
18 terms and conditions of the franchise and on its operations on or before April 30 of every year
19 during the term of its franchise. The reportorial compliance certificate issued by Congress shall
20 be required before any application for permit or certificate is accepted by the NTC.

21 SEC. 13. *Fine.* – Failure of the grantee to submit the requisite annual report to the
22 Congress shall be penalized by a fine of five hundred pesos (P500.00) per working day of non-
23 compliance. The fine shall be collected by the NTC from the grantee and shall be separate and
24 distinct from other penalties imposed by the NTC for non-compliance with its reportorial
25 requirements.

26 SEC. 14. *Equality Clause.* – Any advantage, favor, privilege, exemption, or immunity
27 granted under other existing franchises, or which may hereafter be granted, upon prior review
28 and approval of Congress, shall become part of this franchise and shall be accorded immediately

foregoing shall neither apply to nor affect the provisions of telecommunications franchises concerning territory covered by the franchise, the life span of the franchise. or the type of service authorized by the franchisc.

SEC. 15. *Repealability and Non-exclusivity Clause.* – This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines, when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 16. *Separability Clause.* – If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain in full force and effect.

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

Approved,