

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 10706



***Introduced by Rep. Ray T. Reyes, Rep. Paul R. Daza, Rep. Albert S. Garcia,
Rep. Anthony Rolando T. Golez Jr., Rep. Ricardo S. Cruz Jr., Rep. Jose Gay G.
Padiernos, Rep. Edwin L. Gardiola***

EXPLANATORY NOTE

The 1987 Constitution of the Philippines recognizes the vital role of communication and information in nation-building. As a fundamental pillar of our modern society, the telecommunications industry is essential in fostering economic growth, enhancing the quality of life, and ensuring the efficient dissemination of information.

Click Communications, Inc. was granted its original franchise in 2001 through Republic Act. No. 9002. However, due to unforeseen circumstances, it was never able to fully open and operate. Despite this, the company remains committed to its vision of contributing significantly to the nation's development.

Renewing the legislative franchise of Click Communications, Inc. will enable the company to realize its mission of becoming a key player in the telecommunications sector. With the renewed franchise, Click Communications, Inc. aims to contribute to the country's nation-building and economic growth, broaden connectivity, deliver technological advancements and provide meaningful and gainful employment to the Filipinos.

Given these potential contributions and the indispensable role that Click Communications, Inc. aspires to play in the national economy and everyday lives of the people, the renewal of its franchise seems imperative.

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

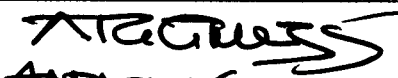
In the 19th congress this bill was filed by the following members of the house:


RAY T. REYES
Representative

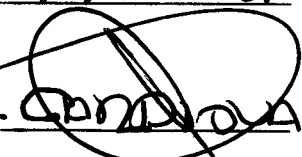
Party List- ANAKALUSUGAN


ALBERT GARCIA
2ND DIST BATA


PAUL R. DAZA
1ST NSARAN


ATTORNEY GENERAL


COM. ARING CRUZ . TRABUJA


E. CONDOVA


G. P. X. N. O. Z.

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AN ACT
RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE
GRANTED TO CLICK COMMUNICATIONS, INC. UNDER REPUBLIC ACT NO.
9002, ENTITLED “AN ACT GRANTING THE CLICK COMMUNICATIONS, INC. A
FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND
MAINTAIN WIRE AND/OR WIRELESS TELECOMMUNICATIONS SYSTEMS
THROUGHOUT THE PHILIPPINES”

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

SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the Constitution and applicable laws, rules and regulations, the franchise granted to Click Communications, Inc., hereunder referred to as the Grantee, its successors or assignees, under Republic Act No. 9002, to construct, establish, install, maintain, lease and operate for commercial purposes and in the public interest, throughout the Philippines and between the Philippines and other countries and territories, wire and/or wireless telecommunications systems including but not limited to mobile, cellular, paging, multi-channel distribution systems (MMDS), local multi-point distribution systems (LMDS), satellite transmit and receive systems, switches, and their value-added services such as, but not limited to transmission of voice, data, facsimile, control signs, audio and video, information and services bureau, and all other telecommunications systems technologies as are at present available or will be made available through technological advances or innovations in the future, and to construct, acquire, lease and operate or manage intelligent networks, cloud computing platforms, terrestrial and orbital transmitting and receiving stations, gateway facilities and teleport stations, lines, submarine and/or fiber-optical cables and systems, cable landing stations as is or are convenient or essential to efficiently

carry out the purposes of this franchise, is hereby renewed for another twenty-five (25) years.

SECTION 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 privilege 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.

SECTION 3. *Authority of the National Telecommunications Commission.* – The grantee shall secure from the National Telecommunications Commission (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 systems. The NTC shall also have the authority to regulate the construction and operation of the grantee's telecommunications systems. The grantee shall not use any frequency in the radio spectrum without authorization from the NTC. Such certificate shall state the areas covered and the date the grantee shall commence the service. The NTC, however, shall not unreasonably withhold or delay the grant of such authority, permit, or license.

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

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

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

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

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

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

SECTION 8. *Term of Franchise.* – This franchise shall be in effect for a period of twenty-five (25) years from the date of effectivity of this Act, unless sooner cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions:

- (a) Commence operations within one (1) year from the approval of its operating permit by the NTC;
- (b) Commence operations within three (3) years from the effectivity of this Act; and
- (c) Operate continuously for two (2) years.

SECTION 9. *Commitment to Provide and Promote the Creation of Employment Opportunities.* – The grantee shall create employment opportunities and shall allow on-the-job trainings in their franchise operation: *Provided*, That priority shall be accorded to the residents of the place where their principal office is located:

Provided, further, That the grantee shall follow the applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances: *Provided, finally,* That the employment opportunities or jobs created shall be reflected in the General Information Sheet (GIS) to be submitted to the Securities and Exchange Commission (SEC) annually.

SECTION 10. *Board.* – The grantee shall file a bond with the NTC in the amount that it shall determine to guarantee compliance with and fulfillment of the conditions under which this franchise is granted. If, after three (3) years from the date of the approval of its permit by the NTC, the grantee shall have fulfilled the conditions, the bond shall be cancelled by the NTC. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SECTION 11. *Right of Interconnection.* – The grantee is hereby authorized to connect or demand connection of its telecommunication systems to other telecommunications systems installed, operated, and maintained by any other duly authorized person or entity in the Philippines for the purpose of providing extended and improved telecommunications services to the public, under such terms and conditions mutually agreed upon by the parties concerned and the same shall be subject to the review and modification of the NTC.

SECTION 12. *Warranty in Favor of the National and Local Governments.* – The grantee shall hold the national, provincial, city and municipal governments of the Philippines free from all claims, liabilities, accounts, demands, or actions arising out of accidents causing injury to persons or damage to properties, during the construction or operation of the stations, transmitters, facilities, or equipment of the grantee.

SECTION 13. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.* – The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor the controlling interest of the grantee be transferred, simultaneously or contemporaneously, to any person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and privileges acquired thereunder, or of the merger or transfer of the controlling interest of the grantee, within sixty (60) days after the completion of the said transaction. Failure to report to Congress such change of ownership shall render the franchise *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

SECTION 14. *Dispersal of Ownership.* – In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall

continue to offer to Filipino citizens at least thirty percent (30%) or a higher percentage that may hereafter be provided by law of its common stocks in any securities exchange in the Philippines within five (5) years from the renewal of its franchise: *Provided*, That in cases where public offer of shares is not applicable, other methods of encouraging public participation by its citizens and corporations operating public utilities must be implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SECTION 15. Reportorial Requirement. – The grantee shall submit an annual report to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of every year during the term of its franchise.

The annual report shall include an update on the roll-out, development, operation and/or expansion of business; audited financial statements; latest GIS officially submitted to the SEC, if applicable; certification of the NTC on the status of its permits and operations; and an update on the dispersal of ownership undertaking, if applicable.

The reportorial compliance certificate issued by Congress shall be required before any application for permit or certificate is accepted by the NTC.

SECTION 16. Fine. – Failure of the grantee to submit the requisite annual report to Congress shall be penalized with a fine in the amount of One Million Pesos (₱1,000,000.00) per working day of noncompliance, the effectivity of which shall commence upon applicability with other telecommunications franchise grantees: *Provided*, That in the interim, the grantee shall be liable to pay the fine of Five Hundred Pesos (₱500.00) per working day of noncompliance. The fine shall be collected by the NTC from the delinquent franchise grantee separate from the reportorial penalties imposed by the NTC and the same shall be remitted to the Bureau of Treasury.

SECTION 17. Equality Clause. – Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted, upon prior review and approval of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee: *Provided*, That the foregoing shall neither apply to nor affect the provisions of telecommunications franchises concerning territorial coverage, the term, or the type of service authorized by the franchise.

SECTION 18. Repealability and Nonexclusivity 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 privilege herein provided for.

SECTION 19. *Separability Clause.* – If, for any reason, any provisions of this Act are declared to be unconstitutional or invalid, the other sections or provisions thereof which are not affected thereby shall continue to be in full force and effect.

SECTION 20. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, and other issuances or parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

SECTION 21. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,