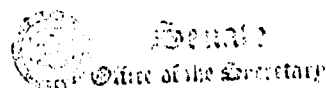


EIGHTEENTH CONGRESS OF THE  
REPUBLIC OF THE PHILIPPINES  
*Second Regular Session*

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**SENATE**

20 SEP 29 P4:31

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**COMMITTEE REPORT NO. 119**

Submitted by the Committee on Public Services on **SEP 29 2020**

Re: House Bill No. 6371

Recommending the approval of House Bill No. 6371 with amendments.

Sponsor: Senator Grace Poe

**MR. PRESIDENT:**

The Committee on Public Services, to which was referred **House Bill No. 6371**, introduced by Representatives Tejada and Alvarez (F.), entitled:

**"AN ACT**

**RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE  
GRANTED TO INTERNATIONAL COMMUNICATIONS CORPORATION,  
PRESENTLY KNOWN AS BAYAN TELECOMMUNICATIONS, INC., UNDER  
REPUBLIC ACT NO. 3259, ENTITLED 'AN ACT GRANTING THE  
INTERNATIONAL COMMUNICATIONS CORPORATION A FRANCHISE TO  
ESTABLISH RADIO STATIONS FOR DOMESTIC TELECOMMUNICATIONS,  
RADIOPHONE, BROADCASTING AND TELECASTING', AS AMENDED BY  
REPUBLIC ACT NOS.4905 AND 7633"**

has considered the same and has the honor to report it back to the Senate with the recommendation that it be approved with the following amendments:

1. On page 6, line 2, after the word "cancelled.", insert a new sentence which reads as follows:

**"THIS FRANCHISE SHALL BE DEEMED IPSO FACTO REVOKED IN THE EVENT THE GRANTEE FAILS TO OPERATE CONTINUOUSLY FOR TWO (2) YEARS."**

2. On page 7, delete lines 11 to 21.

3. On the same page, line 10, replace the comma ( , ) after the word "Philippines" with a period ( . ) and thereafter insert the words:

**"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."**

4. On page 8, from lines 3 to 7, delete the words "within a period of three (3) years from the date of the effectivity of this Act, unless the grantee is wholly owned by a public listed company with at least thirty percentum (30%) of whose authorized capital stock is publicly owned."; and in lieu thereof, insert the words:

**"WITHIN FIVE (5) YEARS FROM THE DATE OF THE EFFECTIVITY OF THIS ACT: PROVIDED, THAT IN CASES WHERE PUBLIC OFFER OF SHARES IS NOT APPLICABLE, THE GRANTEE SHALL APPLY OTHER METHODS OF ENCOURAGING PUBLIC PARTICIPATION BY CITIZENS AND CORPORATIONS OPERATING PUBLIC UTILITIES AS ALLOWED BY**

**LAW. NONCOMPLIANCE THEREWITH SHALL RENDER THE FRANCHISE  
IPSO FACTO REVOKED."**


Respectfully submitted:

*Chairperson*

  
**GRACE POE**

*Vice Chairpersons*

  
**PANFILO M. LACSON**

  
\*will propose amendments  
**RAMON BONG REVILLA, JR.**


  
\*will interpellate  
**EMMANUEL D. PACQUIAO**

  
**WIN GATCHALIAN**

**INTERNATIONAL COMMUNICATIONS CORPORATION (BayanTel) – House Bill  
No. 6371**



**JOEL VILLANUEVA**



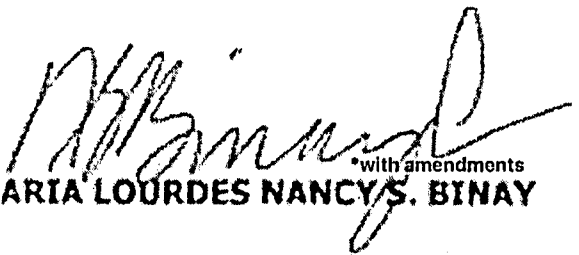
**CHRISTOPHER "BONG" GO**



**FRANCIS "TOL" N. TOLENTINO**

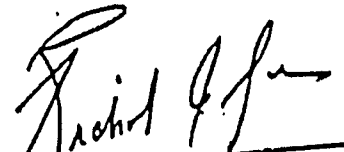
*Members*

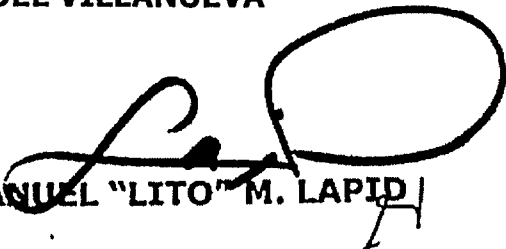
**CHRISTOPHER "BONG" GO**

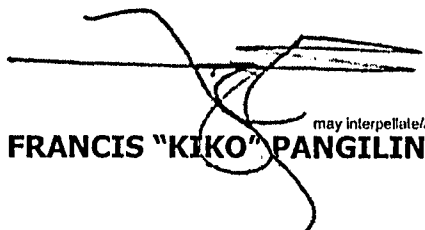
  
**MARIA LOURDES NANCY S. BINAY** \*with amendments

**FRANCIS "TOL" N. TOLENTINO**

**JOEL VILLANUEVA**


  
**RICHARD J. GORDON**

  
**MANUEL "LITO" M. LAPID**

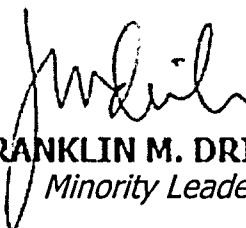
  
**FRANCIS "KIKO" PANGILINAN** may interpellate/amend

  
**RISA HONTIVEROS** \*will interpellate

*Ex Officio Members*

  
**RALPH G. RECTO**  
*President Pro Tempore*

  
**JUAN MIGUEL F. ZUBIRI**

  
**FRANKLIN M. DRILON**  
*Minority Leader*

**VICENTE C. SOTTO III**  
*Senate President*



HOUSE OF REPRESENTATIVES

H. No. 6371

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BY REPRESENTATIVES TEJADA AND ALVAREZ (F.), PER COMMITTEE REPORT  
No. 244

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AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25)  
YEARS THE FRANCHISE GRANTED TO INTERNATIONAL  
COMMUNICATIONS CORPORATION, PRESENTLY  
KNOWN AS BAYAN TELECOMMUNICATIONS, INC.,  
UNDER REPUBLIC ACT NO. 3259, ENTITLED "AN ACT  
GRANTING THE INTERNATIONAL COMMUNICATIONS  
CORPORATION A FRANCHISE TO ESTABLISH RADIO  
STATIONS FOR DOMESTIC TELECOMMUNICATIONS,  
RADIOPHONE, BROADCASTING AND TELECASTING",  
AS AMENDED BY REPUBLIC ACT NOS. 4905 AND 7633

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

- 1       SECTION 1. *Nature and Scope of Franchise.* – Subject to the  
2 provisions of the Constitution and applicable laws, rules and  
3 regulations, the franchise granted to International Communications  
4 Corporation, presently known as Bayan Telecommunications, Inc.,  
5 hereunder referred to as the grantee, its successors or assignees,  
6 under Republic Act No. 3259, as amended by Republic Act Nos. 4905  
7 and 7633, to construct, install, establish, operate, and maintain for  
8 commercial purposes and in the public interest, in the Philippines  
9 and between the Philippines and other countries and territories,

1 wire and/or wireless telecommunications system including landline  
2 or local exchange services, mobile cellular, copper, fiber optics,  
3 satellite transmit and receive systems, switches and their value-  
4 added services such as the transmission of voice, data, facsimile,  
5 control signs, audio and video, information services including  
6 services for ships at sea, airplanes and other conveyances, by means  
7 of electricity, electromagnetic waves, or any other kind of energy,  
8 force, variations or impulses, radiated through space or transmitted  
9 through any other medium, and all other telecommunications  
10 system technologies as are at present available or will be made  
11 available through technological advances or innovations in the  
12 future; or construct, acquire, lease, and operate, or manage  
13 transmitting and receiving stations, lines, cables, or systems as  
14 are convenient or essential to efficiently carry out the purpose of  
15 this franchise, is hereby renewed for another twenty-five (25) years.

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

25       SEC. 3. *Authority of the National Telecommunications*  
26 *Commission.* — The grantee shall secure from the National  
27 Telecommunications Commission (NTC) a Certificate of Public

1 Convenience and Necessity or the appropriate permits and  
2 licenses for the construction, installation and operation of its  
3 telecommunications systems or facilities. In issuing the certificate,  
4 the NTC shall have the power to regulate and impose such  
5 conditions relative to the construction, operation, maintenance,  
6 or service level of the telecommunications systems or facilities.  
7 Such certificate shall state the areas covered and the date the  
8 grantee shall commence the service. The grantee shall not use any  
9 frequency in the radio spectrum without authorization from the  
10 NTC. The NTC, however, shall not unreasonably withhold or delay  
11 the grant of such authority, permit or license.

12 SEC. 4. *Excavation and Restoration Works.* – For the purpose  
13 of erecting and maintaining poles or other supports for said wires  
14 or other conductors for the purpose of laying and maintaining  
15 underground wires, cables, or other conductors, it shall be lawful  
16 for the grantee, its successors or assignees, with the prior approval  
17 of the Department of Public Works and Highways (DPWH) or the  
18 local government unit (LGU) concerned, as may be appropriate,  
19 to make excavations or lay conduits in any of the public places,  
20 roads, highways, streets, lanes, alleys, avenues, sidewalks, or  
21 bridges of the province, cities, or municipalities: *Provided, however,*  
22 *That a public place, road, highway, street, lane, alley, avenue,*  
23 *sidewalk, or bridge disturbed, altered, or changed by reason of*  
24 *erection of poles or other supports or the underground laying of*  
25 *wires, other conductors or conduits, shall be repaired and replaced*  
26 *in workmanlike manner by said grantee, its successors or assignees,*  
27 *in accordance with the standards set by the DPWH or the LGU*



1 concerned. Should the grantee, its successors or assignees, after the  
2 ten (10)-day notice from the said authority, fail, refuse, or neglect to  
3 repair or replace any part of public place, road, highway, street,  
4 lane, alley, avenue, sidewalk, or bridge altered, changed or disturbed  
5 by the said grantee, its successors or assignees, then the DPWH or  
6 the LGU concerned shall have the right to have the same repaired  
7 and placed in good order and condition, and charge the grantee, its  
8 successors or assignees, at double the amount of the costs and  
9 expenses for such repair or replacement.

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

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

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

1           The grantee shall also improve and upgrade its equipment,  
2 facilities and services, in order to ensure effective compliance with  
3 the objectives of Republic Act No. 10639 or "The Free Mobile  
4 Disaster Alerts Act".

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

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

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

26           SEC. 8. *Term of Franchise.* – This franchise shall be renewed  
27 and in effect for a period of twenty-five (25) years from the

1 expiration thereof on 9 August 2021, unless sooner revoked or  
2 cancelled.

3       SEC. 9. *Right of Interconnection.* — The grantee is  
4 hereby authorized to connect or demand connection of its  
5 telecommunications systems to other telecommunications  
6 systems installed, operated, and maintained by any other duly  
7 authorized person or entity in the Philippines for the purpose  
8 of providing extended and improved telecommunications services  
9 to the public, under the terms and conditions mutually agreed  
10 upon by the parties concerned. This right shall be subject to  
11 review and modification by the NTC.

12       SEC. 10. *Mobile Number Portability.* — The grantee shall  
13 provide mobile number portability (MNP) and its implementing  
14 mechanism, and shall interconnect, directly or indirectly, with  
15 the infrastructure, facilities, systems, or equipment of other  
16 telecommunications franchise grantees. It shall not install  
17 network features, functions, or capabilities that will impede  
18 the implementation of a nationwide MNP system. The NTC shall  
19 issue rules and regulations for this purpose, the effectivity of which  
20 shall commence upon applicability with other telecommunications  
21 franchise grantees.

22       SEC. 11. *Warranty in Favor of the National and Local*  
23 *Governments.* — The grantee shall hold the national, provincial,  
24 city, and municipal governments of the Philippines free from all  
25 claims, liabilities, accounts, demands, or actions arising out of  
26 accidents causing injury to persons or damage to properties, during

1 the construction or operation of the stations, transmitters, facilities,  
2 or equipment of the grantee.

3       SEC. 12. *Sale, Lease, Transfer, Grant of Usufruct, or*  
4 *Assignment of Franchise.* – The grantee shall not sell, lease,  
5 transfer, grant the usufruct of, nor assign this franchise or  
6 the rights and privileges acquired thereunder to any person,  
7 firm, company, partnership, corporation, or other commercial  
8 or legal entity, nor merge with any person, firm, company,  
9 partnership or corporation organized for the same purpose  
10 without the prior approval of the Congress of the Philippines,  
11 except: (a) where the grantee is the surviving corporation;  
12 (b) when the transfer is done through a stock exchange  
13 transaction; (c) when the transfer is done for the purposes  
14 of qualifying persons for election to the board; (d) when the  
15 transferee is a corporation that is controlled by the same  
16 stockholders as that of the grantee; and (e) when the  
17 vendor/lessee/transferee/grantee/assignee is a person, firm,  
18 company, corporation or entity with a valid and existing legislative  
19 franchise for telecommunications: *Provided, further,* That any such  
20 transfer, sale or issuance is in accordance with any applicable  
21 constitutional provision.

22       Any corporation to which this franchise may be sold,  
23 transferred or assigned shall be subject to all conditions, terms,  
24 restrictions, and limitations of this Act.

25       SEC. 13. *Dispersal of Ownership.* – Subject to the  
26 requirements of the Securities and Exchange Commission (SEC)  
27 and the stock exchange concerned, the herein grantee shall make

1 public utilities offering to the stock exchanges at least thirty  
2 percent (30%) of its authorized capital stock in any securities  
3 exchange in the Philippines within a period of three (3) years  
4 from the date of the effectivity of this Act, unless the grantee is  
5 wholly owned by a public listed company with at least thirty  
6 *percentum* (30%) of whose authorized capital stock is publicly  
7 owned.

8 SEC. 14. *Contract with Telecommunications Entities.* – The  
9 grantee is authorized to contract the installation and operations  
10 of telecommunications systems which is the subject of this grant  
11 with entities with expertise in the field of telecommunications  
12 under such terms and conditions as may be approved by the NTC.

13 SEC. 15. *Commitment to Provide and Promote the*  
14 *Creation of Employment Opportunities.* – The grantee shall  
15 create employment opportunities as well as accept on-the-job  
16 trainees in their franchise operations: *Provided*, That priority  
17 shall be accorded to the residents of the place where their principal  
18 office is located: *Provided, further*, That the grantee shall follow  
19 the applicable labor standards and allowance entitlement under  
20 existing labor laws, rules and regulations and similar issuances:  
21 *Provided, finally*, That the employment opportunities or jobs  
22 created shall be reflected in the General Information Sheet (GIS)  
23 to be submitted to the SEC annually.

24 SEC. 16. *Reportorial Requirement.* – The grantee shall  
25 submit an annual report to the Congress of the Philippines,  
26 through the Committee on Legislative Franchises of the House  
27 of Representatives and the Committee on Public Services of

1 the Senate, on its compliance with the terms and conditions of  
2 the franchise and on its operations on or before April 30 of every  
3 year during the term of its franchise.

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

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

13 SEC. 17. *Fine.* - Failure of the grantee to submit the  
14 requisite annual report to Congress shall be penalized with a  
15 fine in the amount of One million pesos (P1,000,000.00) per  
16 working day of noncompliance, the effectivity of which shall  
17 commence upon applicability with other telecommunications  
18 franchise grantees: *Provided*, That in the interim, the grantee  
19 shall be liable to pay the fine of Five hundred pesos (P500.00)  
20 per working day of noncompliance. The fine shall be collected by  
21 the NTC from the delinquent franchise grantee separate from  
22 the reportorial penalties imposed by the NTC, and the same shall  
23 be remitted to the Bureau of the Treasury.

24 SEC. 18. *Equality Clause.* - Any advantage, favor, privilege,  
25 exemption, or immunity granted under existing franchises,  
26 or which may hereafter be granted, upon prior review and approval  
27 of Congress, shall become part of this franchise and shall be

1    accorded immediately and unconditionally to the herein grantee:  
2    *Provided*, That the foregoing shall neither apply to nor affect the  
3    provisions of telecommunications franchises concerning territorial  
4    coverage, the term, or the type of service authorized by the  
5    franchise.

6        SEC. 19. *Applicability Clause*. – The grantee, its successors  
7    or assignees shall be subject to the corporation laws of the  
8    Philippines now existing or hereafter enacted.

9        SEC. 20. *Repealability and Nonexclusivity Clause*. – This  
10   franchise shall be subject to amendment, alteration, or repeal  
11   by the Congress of the Philippines when the public interest so  
12   requires and shall not be interpreted as an exclusive grant of the  
13   privilege herein provided for.

14        SEC. 21. *Separability Clause*. – If any of the sections or  
15   provisions of this Act is held invalid, all other provisions not  
16   affected thereby shall remain valid.

17        SEC. 22. *Repealing Clause*. – All laws, decrees, orders,  
18   resolutions, instructions, rules and regulations, and other  
19   issuances or parts thereof which are inconsistent with the  
20   provisions of this Act are hereby repealed, amended, or modified  
21   accordingly.

22        SEC. 23. *Effectivity*. – This Act shall take effect fifteen (15)  
23   days after its publication in the *Official Gazette* or in a newspaper  
24   of general circulation.

Approved,

O