



name, customer service number, and hours of service. This bill will also make it unlawful for any provider or distributor to impose any charge or fees not so disclosed or provide fewer minutes than disclosed.<sup>1</sup>

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<sup>1</sup> This bill was originally filed in the Fourteenth Congress, Second Regular Session

FIFTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

SECRETARY

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SENATE  
S. No. 1640

RECEIVED BY *[Signature]*

Introduced by Senator Miriam Defensor Santiago

1 AN ACT  
2 PROTECTING CONSUMERS OF PREPAID CALLING CARDS AND PROHIBITING  
3 DECEPTIVE PRACTICES IN THE PRE-PAID PHONE CARD INDUSTRY  
4

5 *Be it enacted by the Senate and the House of Representatives of the Philippines in*  
6 *Congress assembled:*  
7

8 SECTION 1. *Short Title.* This Act may be known as the "Prepaid Calling Card Consumer  
9 Protection Act of 2008.

10 SECTION 2. *Definitions.*

11 (a) COMMISSION- The term "Commission" means the National  
12 Telecommunications Commission (NTC).

13 (b) FEES-

14 1. IN GENERAL- The term "fees" means all charges, fees, taxes, or surcharges,  
15 including connection, hang-up, service, payphone, and maintenance charges,  
16 which may be applicable to the use of a prepaid telephone calling card or a  
17 prepaid telephone calling service used by a consumer for calls originating  
18 within the Philippines.

19 2. EXCLUSION- The term "fees" does not include the applicable per unit or per  
20 minute rate for the particular destination called by a consumer.

21 (c) INTERNATIONAL PREFERRED DESTINATION- The term "international  
22 preferred destination" means a specific international destination named on a  
23 prepaid telephone calling card or on the packaging material accompanying a  
24 prepaid telephone calling card.

25  
26 (d) PREPAID TELEPHONE CALLING CARD-

1 1. IN GENERAL- The terms “prepaid telephone calling card” mean any right of  
2 use purchased in advance for a sum certain linked to an access number and  
3 authorization code that enables a consumer to use a prepaid telephone calling  
4 service. Such rights of use may be embodied on a card or other physical object  
5 or may be purchased by an electronic or telephonic means through which the  
6 purchaser obtains access numbers and authorization codes that are not  
7 physically located on a card or other physical object.

8 2. EXCLUSION- The terms “prepaid telephone calling card” and “card” do not  
9 include cards or other rights of use that provide access to—

10 (i) a telecommunications service with respect to which the card or other  
11 rights of use and the telecommunications service are provided for free  
12 or at no additional charge as a promotional item accompanying a  
13 product or service purchased by a consumer; or

14 (ii) a wireless telecommunications service account with a wireless service  
15 provider that the purchaser has a preexisting relationship with or  
16 establishes a carrier-customer relationship with via the purchase of a  
17 prepaid wireless telecommunications service handset package.

18 (e) PREPAID TELEPHONE CALLING CARD DISTRIBUTOR-

19 1. IN GENERAL- The term “prepaid telephone calling card distributor”  
20 means any entity, corporation, company, association, firm, partnership, or  
21 person that purchases prepaid telephone calling cards or services from a  
22 prepaid telephone calling card distributor or prepaid telephone calling  
23 service provider and sells, resells, issues, or distributes prepaid telephone  
24 calling cards for a fee to one or more distributors of such cards or to one or  
25 more retail sellers of such cards.

26 2. EXCLUSION- The term “prepaid telephone calling card distributor” does  
27 not include any retail merchants or sellers of prepaid telephone calling  
28 cards exclusively engaged in point-of-sale transactions with end-user  
29 customers.

1 (f) PREPAID TELEPHONE CALLING SERVICE-

2 1. IN GENERAL- The terms “prepaid telephone calling service” and  
3 “service” mean any telecommunications service, paid for in advance by a  
4 consumer, that allows a consumer to originate voice telephone calls  
5 through a local, long distance, or toll-free access number and authorization  
6 code, whether manually or electronically dialed.

7 2. EXCLUSION- The terms “prepaid telephone calling service” and  
8 “service” do not include any service that provides access to a wireless  
9 telecommunications service account wherein the purchaser has a  
10 preexisting relationship with the wireless service provider or establishes a  
11 carrier-customer relationship via the purchase of a prepaid wireless  
12 telecommunications service handset package.

13 (g) PREPAID TELEPHONE CALLING SERVICE PROVIDER- The term  
14 “prepaid telephone calling service provider” means any entity, corporation,  
15 company, association, firm, partnership, or person providing prepaid  
16 telephone calling service to the public using its own, or a resold,  
17 telecommunications network or voice over Internet technology.

18 (h) WIRELESS TELECOMMUNICATIONS SERVICE- The term means the  
19 offering of Wireless Telecommunications for a fee directly to the public, or to  
20 such classes of users as to be effectively available directly to the public,  
21 regardless of the facilities used.

22 SECTION 3. *Required Disclosures Of Prepaid Telephone Calling Cards Or Services.*

23 (a) Rulemaking- Not later than 180 days after the date of the enactment of this Act, the  
24 Commission shall prescribe regulations that require every prepaid telephone calling  
25 service provider and prepaid telephone calling card distributor to disclose, with  
26 respect to the terms and conditions of a prepaid telephone calling card or service  
27 provided, sold, resold, issued, or distributed by such service provider or distributor, as  
28 the case may be, the following:

- 1           1. The number of calling units or minutes of domestic calls provided by such card or  
2           service at the time of purchase; or the peso value of such card or service and the  
3           domestic interstate rate per minute provided by such card or service at the time of  
4           purchase.
- 5           2. The applicable calling unit or per minute rates for all international preferred  
6           destinations served by such card or service.
- 7           3. The applicable per minute rates for all individual international destinations served  
8           by such card or service.
- 9           4. That the rates described in paragraph (3) may be obtained through the prepaid  
10          telephone calling card provider's toll-free customer service number or Internet  
11          website.
- 12          5. All terms and conditions pertaining to the use of such card or service, including  
13          the following:
  - 14                i. The maximum amount and frequency of all fees.
  - 15                ii. Applicable policies relating to refund, recharge, decrement, and  
16                expiration.
  - 17                iii. Limitations, if any, on the use or period of time for which the displayed,  
18                promoted, or advertised minutes or rates will be available to the customer.
- 19          6. The name and address of such service provider.
- 20          7. A toll-free telephone number to contact the customer service department of such  
21          service provider and the hours of service of such customer service department.

22 (b) Clear and Conspicuous Disclosure of Required Information and Language  
23 Requirements- The regulations prescribed under subsection (a) shall include  
24 requirements as follows:

- 25          1. CARDS- In the case of a prepaid telephone calling card, the disclosures described  
26          in subsection (a) (other than paragraph (3) of such subsection) shall be printed in  
27          plain English or Filipino in a clear and conspicuous location on each prepaid  
28          telephone calling card or the packaging of such card so that such disclosures are  
29          plainly visible to a consumer at the point of sale.

1           2. ONLINE SERVICES- In the case of a prepaid telephone calling service that  
2           consumers access and purchase via the Internet, the disclosures described in  
3           subsection (a) (other than paragraph (4) of such subsection) shall be displayed in  
4           plain English or Filipino in a clear and conspicuous location on the Internet site  
5           from which the consumer purchases such service.

6           3. , ADVERTISING AND OTHER PROMOTIONAL MATERIAL- The disclosures  
7           described in subsection (a) (other than paragraph (3) of such subsection) shall be  
8           printed on any advertising for the prepaid telephone calling card or service,  
9           including on any signs for display by retail merchants, any promotional emails,  
10          any Internet site used to promote such card or service, and on any other  
11          promotional material.

12          (c) Additional Regulations- The Commission may, subject to existing laws and  
13          regulation, prescribe such other regulations as the Commission determines are  
14          necessary to protect consumers of prepaid telephone calling cards and services.

15          SECTION 4. *Prohibited Acts.*

16          (a) Prepaid Telephone Calling Service Provider- It shall be unlawful for any prepaid  
17          telephone calling service provider to do any of the following:

18               1. UNDISCLOSED FEES AND CHARGES- To assess or deduct from the  
19               balance of a prepaid telephone calling card any fee or other amount for use of  
20               the prepaid telephone calling service, except--

21                   i. the per minute rate or value for each particular destination called by the  
22                   consumer; and

23                   ii. fees that are disclosed as required by regulations prescribed under section 3.

24               2. MINUTES AND RATES AS PROMOTED AND ADVERTISED- With  
25               respect to a prepaid telephone calling card for a service of the prepaid  
26               telephone calling service provider, to provide fewer minutes than the number  
27               of minutes promoted or advertised, or to charge a higher per minute rate to a

1 specific destination than the per minute rate to that specific destination  
2 promoted or advertised, on--

- 3 i. the prepaid telephone calling card;
- 4 ii. any point-of-sale material relating to the card; or
- 5 iii. other advertising related to the card or service.

6 3. MINUTES ANNOUNCED, PROMOTED, AND ADVERTISED THROUGH  
7 VOICE PROMPTS- To provide fewer minutes than the number of minutes  
8 announced, promoted, or advertised through any voice prompt given by the  
9 prepaid telephone calling service provider to a consumer at the time the  
10 consumer places a call to a dialed destination with a prepaid telephone calling  
11 card or service.

12 4. EXPIRATION- Unless a different expiration date is clearly disclosed pursuant  
13 to the disclosure requirements of regulations prescribed under section 3, to  
14 provide, sell, resell, issue, or distribute a prepaid telephone calling card or  
15 service that expires--

- 16 i. before the date that is 1 year after the date on which such card or service is  
17 first used; or
- 18 ii. in the case of a prepaid telephone calling card or service that permits a  
19 consumer to purchase additional usage minutes or add additional value to  
20 the card or service, before the date that is 1 year after the date on which the  
21 consumer last purchased additional usage minutes or added additional value  
22 to the card or service.

23 5. CHARGES FOR UNCONNECTED CALLS- To assess any fee or charge for  
24 any unconnected telephone call. For purposes of this paragraph, a telephone  
25 call shall not be considered connected if the person placing the call receives a  
26 busy signal or if the call is unanswered.

27 (b) Prepaid Telephone Calling Card Distributor- It shall be unlawful for any prepaid  
28 telephone calling card distributor to do any of the following:

- 1           1. UNDISCLOSED FEES AND CHARGES- To assess or deduct from the  
2           balance of a prepaid telephone calling card any fee or other amount for use of  
3           the prepaid telephone calling service, except--
- 4                 i. the per minute rate or value for each particular destination called by  
5                 the consumer; and
- 6                 ii. fees that are disclosed as required by regulations prescribed under  
7                 section 3.
- 8           2. MINUTES AS PROMOTED AND ADVERTISED- To sell, resell, issue, or  
9           distribute any prepaid telephone calling card that the distributor knows  
10          provides fewer minutes than the number of minutes promoted or advertised, or  
11          a higher per minute rate to a specific destination than the per minute rate to  
12          that specific destination promoted or advertised, on--
- 13                 i. the prepaid telephone calling card;
- 14                 ii. any point of sale material relating to the card; or
- 15                 iii. other advertising relating to the card or service.
- 16          3. MINUTES ANNOUNCED, PROMOTED, OR ADVERTISED THROUGH  
17          VOICE PROMPTS- To sell, resell, issue, or distribute a prepaid telephone  
18          calling card that such distributor knows provides fewer minutes than the  
19          number of minutes announced, promoted, or advertised through any voice  
20          prompt given to a consumer at the time the consumer places a call to a dialed  
21          destination with the prepaid telephone calling card or service.
- 22          4. EXPIRATION- Unless a different expiration date is clearly disclosed pursuant  
23          to the disclosure requirements of regulations prescribed under section 3, to  
24          provide, sell, resell, issue, or distribute a prepaid telephone calling card that  
25          expires—
- 26                 i. before the date that is 1 year after the date on which such card or  
27                 service is first used; or
- 28                 ii. in the case of a prepaid telephone calling card or service that permits a  
29                 consumer to purchase additional usage minutes or add additional value

1 to the card or service, before the date that is 1 year after the date on  
2 which the consumer last purchased additional usage minutes or added  
3 additional value to the card or service.

4 (c) Liability- A prepaid telephone calling service provider or a prepaid telephone calling  
5 card distributor may not avoid liability under this section by stating that the displayed,  
6 announced, promoted, or advertised minutes, or the per minute rate to a specific  
7 destination, are subject to fees or charges, or by utilizing other disclaimers or  
8 limitations.

9 SECTION 5. Penalties. —

10 (a) Any person who shall violate any provision of Section 4 of this Act shall upon  
11 conviction, be subject to a fine of not less than One thousand pesos (P1,000.00) but  
12 not more than Ten thousand pesos (P10,000.00) or imprisonment of not less than two  
13 (2) months but not more than one (1) year, or both upon the discretion of the court.

14 If the offender is an alien, he shall be deported after service of sentence and  
15 payment of fine without further deportation proceedings.

16 (b) In case the offender is a naturalized citizen, he shall, in addition to the penalty  
17 prescribed herein, suffer the penalty of cancellation of his naturalization certificate  
18 and its registration in the civil register and immediate deportation after service of  
19 sentence and payment of fine.

20 (c) Any director, officer or agent of a corporation who shall authorize, order or perform  
21 any of the acts or practices constituting in whole or in part a violation of Article 18,  
22 and who has knowledge or notice of noncompliance received by the corporation from  
23 the concerned department, shall be subject to penalties to which that corporation may  
24 be subject.

25 In case the violation is committed by, or in the interest of a foreign juridical person  
26 duly licensed to engage in business in the Philippines, such license to engage in  
27 business in the Philippines shall immediately be revoked.

1           SECTION 6. *Authority of the Commission.* The Commission shall enforce this Act in the  
2 same manner and by the same means as though all applicable terms and provisions of the Public  
3 Telecommunications Policy Act of the Philippines were incorporated into and made part hereof.

4           The Commission may prescribe regulations to carry out this Act.  
5

6           SECTION 7. *Separability Clause.* – If any provision, or part thereof, is held invalid or  
7 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain  
8 valid and subsisting.

9           SECTION 8. *Repealing Clause.* – Any law, presidential decree or issuance, executive  
10 order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent  
11 with the provisions of this Act is hereby repealed, modified or amended accordingly.

12           SECTION 9. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its  
13 publication in at least two (2) newspapers of general circulation.

14           Approved.