



HOUSE OF REPRESENTATIVES

H. No. 6012

BY REPRESENTATIVES ROBES, TEODORO, SALVACION, UNABIA, BELLO (S.),
ARNAIZ, TAMBUNTING AND DELA CRUZ

AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE
FRANCHISE GRANTED TO BELL TELECOMMUNICATION
PHILIPPINES, INC., AMENDING FOR THE PURPOSE REPUBLIC
ACT NO. 7692, ENTITLED "AN ACT GRANTING TO BELL
TELECOMMUNICATION PHILIPPINES, INC., A FRANCHISE TO
INSTALL, OPERATE AND MAINTAIN TELECOMMUNICATIONS
SYSTEMS THROUGHOUT THE PHILIPPINES AND FOR OTHER
PURPOSES"

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

1 SECTION 1. The franchise of Bell Telecommunication Philippines, Inc.
2 granted under Republic Act No. 7692 is hereby amended to read as follows:
3 "[SECTION 1. *Nature and Scope of Franchise.* – Subject to
4 the provisions of the Constitution and applicable laws, rules
5 and regulations on public telecommunications, the Bell
6 Telecommunication Philippines, Inc., its successors or assigns, and
7 hereunder referred to as the grantee, is hereby granted the right,
8 privilege, and authority to carry on the business of providing
9 telecommunications services in and between provinces, cities, and
10 municipalities in the Philippines and between the Philippines and

1 other countries and territories and, for this purpose, to establish,
2 operate, manage, lease, maintain and purchase telecommunications
3 systems, including mobile, cellular and wired or wireless
4 telecommunications systems, fiber optics, satellite transmit and
5 receive systems, and other telecommunications systems and their
6 value-added services such as, but not limited to, transmission of
7 voice, data, facsimile, control signals, audio and video, information
8 service bureau, and all other telecommunications systems
9 technologies as are at present available or be made available
10 through technical advances or innovations in the future, or
11 construct, acquire, lease and operate or manage transmitting and
12 receiving stations and switching stations, both for local and
13 international services, lines, cables or systems, as is, or are,
14 convenient or essential to efficiently carry out the purposes of this
15 franchise.

16 *SEC. 2. Authority of the National Telecommunications*
17 *Commission.* – The grantee shall secure from the National
18 Telecommunications Commission, hereinafter referred to as the
19 Commission, a certificate of public convenience or appropriate
20 permits and licenses for the location, construction, installation, and
21 operation of its telecommunications systems. In issuing the
22 certificate, the Commission shall have the power to impose such
23 conditions relative to the construction, operation, maintenance, or
24 service level of the telecommunications systems. The Commission
25 shall have the authority to regulate the construction and operation
26 of its telecommunications systems. The grantee shall not use any
27 frequency in the radio spectrum without having been authorized by
28 the Commission. Such certificate shall state the areas covered and
29 date the grantee shall commence the service.

1 SEC. 3. *Responsibility to the Public.* – The grantee shall
2 provide telephone service in any municipality in the Philippines
3 where it has an approved certificate of public convenience for the
4 establishment, operation and maintenance of a local exchange
5 service, without discrimination to any applicant thereof, in the
6 order of the date of their applications.

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

13 SEC. 4. *Eminent Domain.* – The grantee may acquire such
14 private property as is actually necessary for the realization of the
15 purposes for which this franchise is granted: *Provided*, That in
16 case the owner refuses to sell or allow the use thereof, the proper
17 proceedings shall be instituted: *Provided, further*, That just
18 compensation is paid.

19 SEC. 5. *Ingress and Egress.* – For the purpose of installing,
20 operating and maintaining its telecommunication lines, it shall be
21 lawful for the grantee to make excavations or lay conduits in any
22 of the public places, highways, streets, lanes, sidewalks, bridges or
23 infrastructure in any provinces and municipalities: *Provided*,
24 however, That any public place, highway, street, lane, sidewalk,
25 bridge or infrastructure disturbed, altered, or changed thereby shall
26 be repaired and placed in a workmanlike manner by the grantee to
27 the satisfaction of the Department of Public Works and Highways
28 or the local engineering office, as the case may be, and/or in

1 accordance with existing laws or rules on excavations and
2 reconstitution of such public civil works.

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

12 SEC. 7. *Equality Clause.* – If any subsequent franchise for
13 telecommunications service is awarded or granted by the Congress
14 of the Philippines with terms, privileges and conditions more
15 favorable and beneficial than those contained in this Act, then the
16 same privileges or advantages shall *ipso facto* accrue to the herein
17 grantee and be deemed part of this Act.

18 SEC. 8. *Sale, Lease, Usufruct, etc.* – The grantee shall not
19 lease, transfer, grant the usufruct of, sell or assign this franchise or
20 the rights and privileges acquired thereunder to any person, firm,
21 company, corporation or entity, nor merge with any other
22 corporation or entity without the prior approval of the Congress of
23 the Philippines. Neither shall the controlling interest in the grantee
24 be transferred, whether as a whole or in parts and whether
25 simultaneously or contemporaneously, to any such person, firm,
26 company, corporation or entity without the prior approval of the
27 Congress of the Philippines: *Provided*, That the foregoing
28 limitations shall not apply to: (a) Any transfer or issuance of
29 shares of stock in the implementation of the requirement for the

1 dispersal of the grantee's ownership pursuant to Section 11 of this
2 Act; (b) any transfer or sale of shares of stock to a foreign investor
3 or investors; (c) any issuance of shares to any foreign or local
4 investors pursuant to or in connection with any increase in the
5 grantee's authorized capital stock which shall result in the dilution
6 of the stockholdings of the grantee's then existing stockholders;
7 (d) any combination thereof where such transfer, sale or issuance is
8 effected in order to enable the grantee to raise the necessary capital
9 or financing for the provision of any of the services authorized by
10 this Act and/or to carry out any of the purposes for which the
11 grantee has been incorporated or organized: *Provided, further,*
12 That any such transfer, sale or issuance is in accordance with any
13 applicable constitutional limitations. Any person or entity to
14 which this franchise is validly sold, transferred or assigned shall be
15 subject to all the same conditions, terms, restrictions, and
16 limitations of this Act.

17 SEC. 9. *Tax Provisions.* — The grantee shall be liable to pay
18 the same taxes on their real estate, buildings and personal property
19 exclusive of this franchise, as other persons or telecommunication
20 entities are now or hereafter may be required by law to pay. In
21 addition thereto, the grantee shall pay to the Bureau of Internal
22 Revenue each year three *per centum* (3%) of the gross receipts of
23 its regulated telecommunications services transacted under this
24 franchise, and the said percentage shall be in lieu of all taxes on
25 this franchise or earnings thereof: *Provided,* That the grantee shall
26 continue to be liable for income taxes payable under Title II of the
27 National Internal Revenue Code pursuant to Section 2 of Executive
28 Order No. 72 unless the latter enactment is amended or repealed, in
29 which case the amendment or repeal shall be applicable thereon.

1 SEC. 10. *Rates of Services.* – The tariffs and rates for
2 telephone service and other types of telecommunications services
3 of the grantee except the rate and charges on those that may
4 hereafter be declared or considered as non-regulated services,
5 whether flat rates or measured rates or variation thereof, shall be
6 effective only after approval of the Commission. The rates to be
7 charged by the grantee shall be unbundled, separable and distinct
8 among the services offered and shall be determined in such a
9 manner that regulated services do not subsidize the unregulated
10 ones.

11 SEC. 11. *Dispersal of Ownership.* – In accordance with the
12 constitutional provision to encourage public participation in public
13 utilities, the grantee shall offer at least thirty *per centum* (30%) of
14 its outstanding capital stock or a higher percentage that may
15 hereafter be provided by law in any securities exchange in the
16 Philippines within three (3) years from effectivity of this Act.

17 SEC. 12. *Term of Franchise.* – This franchise shall be for a
18 period of twenty-five (25) years from the date of effectivity of this
19 Act unless sooner revoked or cancelled. In the event the grantee
20 fails to operate continuously for two (2) years, this franchise shall
21 be deemed *ipso facto* revoked.

22 SEC. 13. *Acceptance of Franchise.* – Within sixty (60) days
23 after the effectivity of this Act, the grantee shall file with the
24 Secretary of Transportation and Communications its written
25 acceptance of this franchise and of all the terms and conditions
26 hereof. In default of such acceptance within the said time, this
27 franchise shall become null and void. As a guaranty that it has
28 accepted this franchise in good faith, the grantee shall, within thirty
29 (30) days, deposit with the National Treasury the sum of One

1 hundred thousand pesos (P100,000) in cash or negotiable
2 instruments of the Philippine Government and file a bond in the
3 amount of One million pesos (P1,000,000).

4 Should the grantee fail, refuse or neglect to begin the business
5 of providing a telephone service within two (2) years of the grant
6 of the certificate of public convenience and for any reason other
7 than an act of God, act of the public enemy, military power,
8 martial law, riot, civil commotion, or unavoidable cause, then the
9 deposit prescribed under this section shall be forfeited in favor of
10 the National Government as liquidated damages. Should the
11 grantee perform on time the undertaking for which the deposit is
12 required, then the deposit shall be returned to the grantee and its
13 bond cancelled within six (6) months of commencement of service.

14 SEC. 14. *Filing of Application with the Commission.* –
15 Within six (6) months after the effectivity of this Act, the grantee
16 shall file an application with the Commission for a certificate of
17 public convenience authorizing it to construct, operate and
18 maintain a telecommunications system and to offer the
19 corresponding telecommunication service in such municipalities as
20 it may deem in need of such service. Failure to file such an
21 application for any reason other than *force majeure* or acts of God
22 shall render this franchise void.

23 SEC. 15. *Warranty.* – The grantee shall hold the national,
24 provincial, city and municipal governments harmless from all
25 claims, accounts, demands or actions arising out of accidents or
26 injuries, whether to property or to persons, caused by the
27 installation and operation of the telecommunications systems of the
28 grantee.

1 SEC. 16. *Right of Government.* -- In the event of war,
2 rebellion, insurrection or similar national crisis and the
3 Government shall find it necessary to operate and maintain for
4 itself any or all of the telecommunication apparatus and system
5 herein authorized, the grantee shall temporarily turn over such
6 facilities or apparatus to the government in exchange for payment
7 of just and reasonable compensation for the use thereof.

8 SEC. 17. *Alteration or Repeal of Franchise.* -- This franchise
9 shall be subject to amendment, alteration or repeal by the Congress
10 of the Philippines. All lands or rights of use or occupation of lands
11 secured by virtue of this franchise shall revert upon its termination
12 to the national, provincial or municipal governments concerned
13 which were the owners thereof upon the date on which this
14 franchise was granted.

15 SEC. 18. *Separability Clause.* -- If any section or provision
16 of this Act is declared unconstitutional or invalid, the other
17 sections or provisions not affected thereby shall continue to be in
18 force and effect.

19 SEC. 19. *Effectivity Clause.* -- This Act shall take effect
20 fifteen (15) days after its publication in at least two (2) newspapers
21 of general circulation in the Philippines.]”

22 “SECTION 1. *NATURE AND SCOPE OF FRANCHISE.* --
23 SUBJECT TO THE PROVISIONS OF THE 1987 PHILIPPINE
24 CONSTITUTION AND APPLICABLE LAWS, RULES AND
25 REGULATIONS ON PUBLIC TELECOMMUNICATIONS, BELL
26 TELECOMMUNICATION PHILIPPINES, INC., HEREUNDER
27 REFERRED TO AS THE GRANTEE, ITS SUCCESSORS OR
28 ASSIGNEES, IS HEREBY GRANTED THE RIGHT, PRIVILEGE AND
29 AUTHORITY TO CARRY ON THE BUSINESS OF PROVIDING

1 TELECOMMUNICATIONS SERVICES IN AND BETWEEN PROVINCES,
2 CITIES AND MUNICIPALITIES IN THE PHILIPPINES AND BETWEEN
3 THE PHILIPPINES AND OTHER COUNTRIES AND TERRITORIES
4 AND, FOR THIS PURPOSE, TO ESTABLISH, OPERATE, MANAGE,
5 LEASE, MAINTAIN AND PURCHASE TELECOMMUNICATIONS
6 SYSTEMS, INCLUDING MOBILE, CELLULAR AND WIRED OR
7 WIRELESS TELECOMMUNICATIONS SYSTEMS, FIBER OPTICS,
8 SATELLITE TRANSMIT AND RECEIVE SYSTEMS, AND OTHER
9 TELECOMMUNICATIONS SYSTEMS AND THEIR VALUE-ADDED
10 SERVICES SUCH AS TRANSMISSION OF VOICE, DATA,
11 FACSIMILE, CONTROL SIGNALS, AUDIO AND VIDEO,
12 INFORMATION SERVICE BUREAU, AND ALL OTHER
13 TELECOMMUNICATIONS SYSTEMS TECHNOLOGIES AS ARE AT
14 PRESENT AVAILABLE OR BE MADE AVAILABLE THROUGH
15 TECHNICAL ADVANCES OR INNOVATIONS IN THE FUTURE, OR
16 CONSTRUCT, ACQUIRE, LEASE, AND OPERATE OR MANAGE
17 TRANSMITTING AND RECEIVING STATIONS AND SWITCHING
18 STATIONS, BOTH FOR LOCAL AND INTERNATIONAL SERVICES,
19 LINES, CABLES OR SYSTEMS, AS IS, OR ARE, CONVENIENT OR
20 ESSENTIAL TO EFFICIENTLY CARRY OUT THE PURPOSES OF THIS
21 FRANCHISE."

22 "SEC. 2. *MANNER OF OPERATION OF STATIONS OR*
23 *FACILITIES.* - THE STATIONS OR FACILITIES OF THE GRANTEE
24 SHALL BE CONSTRUCTED AND OPERATED IN A MANNER AS WILL,
25 AT MOST, RESULT ONLY IN THE MINIMUM INTERFERENCE ON
26 THE WAVELENGTHS OR FREQUENCIES OF EXISTING STATIONS OR
27 OTHER STATIONS WHICH MAY BE ESTABLISHED BY LAW,
28 WITHOUT IN ANY WAY DIMINISHING ITS OWN RIGHT TO USE ITS
29 ASSIGNED WAVELENGTHS OR FREQUENCIES AND THE QUALITY
30 OF TRANSMISSION OR RECEPTION THEREON AS SHOULD

1 MAXIMIZE RENDITION OF THE GRANTEE'S SERVICES AND/OR
2 THE AVAILABILITY THEREOF."

3 "SEC. 3. *AUTHORITY OF THE NATIONAL*
4 *TELECOMMUNICATIONS COMMISSION (NTC).* - THE GRANTEE
5 SHALL SECURE FROM THE NTC A CERTIFICATE OF PUBLIC
6 CONVENIENCE AND NECESSITY OR THE APPROPRIATE PERMITS
7 AND LICENSES FOR THE CONSTRUCTION, INSTALLATION
8 AND OPERATION OF ITS TELECOMMUNICATIONS
9 SYSTEMS/FACILITIES. IN ISSUING THE CERTIFICATE, THE NTC
10 SHALL HAVE THE POWER TO IMPOSE SUCH CONDITIONS
11 RELATIVE TO THE CONSTRUCTION, OPERATION, MAINTENANCE,
12 OR SERVICE LEVEL OF THE TELECOMMUNICATIONS SYSTEM.
13 THE NTC SHALL HAVE THE AUTHORITY TO REGULATE THE
14 CONSTRUCTION AND OPERATION OF ITS TELECOMMUNICATIONS
15 SYSTEMS. THE GRANTEE SHALL NOT USE ANY FREQUENCY IN
16 THE RADIO SPECTRUM WITHOUT AUTHORIZATION FROM THE
17 NTC. SUCH CERTIFICATE SHALL STATE THE AREAS COVERED
18 AND THE DATE THE GRANTEE SHALL COMMENCE THE SERVICE.
19 THE NTC, HOWEVER, SHALL NOT UNREASONABLY WITHHOLD
20 OR DELAY THE GRANT OF SUCH AUTHORITY, PERMIT OR
21 LICENSE."

22 "SEC. 4. *EXCAVATION AND RESTORATION WORKS.* - FOR
23 THE PURPOSE OF ERECTING AND MAINTAINING POLES OR OTHER
24 SUPPORTS FOR SAID WIRES OR OTHER CONDUCTORS FOR THE
25 PURPOSE OF LAYING AND MAINTAINING UNDERGROUND WIRES,
26 CABLES OR OTHER CONDUCTORS, IT SHALL BE LAWFUL FOR THE
27 GRANTEE, ITS SUCCESSORS OR ASSIGNEES, WITH THE PRIOR
28 APPROVAL OF THE DEPARTMENT OF PUBLIC WORKS AND
29 HIGHWAYS (DPWH) OR THE LOCAL GOVERNMENT UNIT (LGU)
30 CONCERNED, AS MAY BE APPROPRIATE, TO MAKE EXCAVATIONS

1 OR LAY CONDUITS IN ANY OF THE PUBLIC PLACES, ROADS,
2 HIGHWAYS, STREETS, LANES, ALLEYS, AVENUES, SIDEWALKS, OR
3 BRIDGES OF THE PROVINCE, CITIES, AND/OR MUNICIPALITIES:
4 *PROVIDED, HOWEVER, THAT A PUBLIC PLACE, ROAD, HIGHWAY,*
5 *STREET, LANE, ALLEY, AVENUE, SIDEWALK, OR BRIDGE*
6 *DISTURBED, ALTERED OR CHANGED BY REASON OF ERECTION OF*
7 *POLES OR OTHER SUPPORTS OR THE UNDERGROUND LAYING OF*
8 *WIRES, OTHER CONDUCTORS OR CONDUITS, SHALL BE REPAIRED*
9 *AND REPLACED IN WORKMANLIKE MANNER BY SAID GRANTEE,*
10 *ITS SUCCESSORS OR ASSIGNEES, IN ACCORDANCE WITH THE*
11 *STANDARDS SET BY THE DPWH OR THE LGU CONCERNED.*
12 *SHOULD THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES, AFTER*
13 *THE TEN (10)-DAY NOTICE FROM THE SAID AUTHORITY, FAIL,*
14 *REFUSE OR NEGLECT TO REPAIR OR REPLACE ANY PART OF*
15 *PUBLIC PLACE, ROAD, HIGHWAY, STREET, LANE, ALLEY,*
16 *AVENUE, SIDEWALK, OR BRIDGE ALTERED, CHANGED OR*
17 *DISTURBED BY THE SAID GRANTEE, ITS SUCCESSORS OR*
18 *ASSIGNEES, THEN THE DPWH OR THE LGU CONCERNED SHALL*
19 *HAVE THE RIGHT TO HAVE THE SAME REPAIRED AND PLACED IN*
20 *GOOD ORDER AND CONDITION AT DOUBLE EXPENSE TO BE*
21 *CHARGED AGAINST THE GRANTEE, ITS SUCCESSORS OR*
22 *ASSIGNEES."*

23 *"SEC. 5. RESPONSIBILITY TO THE PUBLIC. – THE GRANTEE*
24 *SHALL CONFORM TO THE ETHICS OF HONEST ENTERPRISE AND*
25 *NOT USE ITS STATIONS/FACILITIES FOR OBSCENE OR INDECENT*
26 *TRANSMISSION, OR FOR DISSEMINATION OF DELIBERATELY*
27 *FALSE INFORMATION, OR WILLFUL MISREPRESENTATION, OR*
28 *ASSIST IN SUBVERSIVE OR TREASONABLE ACTS.*

29 *"THE GRANTEE SHALL PROVIDE BASIC OR ENHANCED*
30 *TELEPHONE SERVICE IN ANY CITY AND/OR MUNICIPALITY IN THE*

1 PHILIPPINES WHERE IT HAS AN APPROVED CERTIFICATE OF
2 PUBLIC CONVENIENCE AND NECESSITY FOR THE
3 ESTABLISHMENT, OPERATION AND MAINTENANCE OF A LOCAL
4 EXCHANGE SERVICE, WITHOUT DISCRIMINATION TO ANY
5 APPLICANT THEREFOR, IN THE ORDER OF THE DATE OF THEIR
6 APPLICATIONS, UP TO THE LIMIT OF THE CAPACITY OF ITS
7 LOCAL TELEPHONE EXCHANGE AND, SHOULD THE DEMAND FOR
8 THE TELEPHONE SERVICE AT ANY TIME INCREASE BEYOND THE
9 CAPACITY THEREOF, THE GRANTEE SHALL INCREASE THE SAME
10 TO MEET THE DEMAND: *PROVIDED*, THAT IN CASE THE TOTAL
11 DEMAND TO BE SATISFIED BY THE EXPANSION IS LESS THAN THE
12 SMALLEST VIABLE LOCAL EXCHANGE AVAILABLE IN THE
13 MARKET AS DETERMINED BY THE NTC, THE GRANTEE SHALL
14 NOT BE OBLIGED TO FURNISH SUCH SERVICE UNLESS THE
15 APPLICANT FOR TELEPHONE SERVICE DEFRAYS THE
16 ACTUAL EXPENSES FOR THE INSTALLATION OF THE
17 TELECOMMUNICATIONS APPARATUS NECESSARY FOR THE
18 SERVICES AND IN SUCH CASE, THE NTC MAY EXTEND THE TIME
19 WITHIN WHICH THE GRANTEE SHALL FURNISH THE SERVICE.

20 "THE GRANTEE SHALL OPERATE AND MAINTAIN ALL ITS
21 STATIONS, LINES, CABLES, SYSTEMS, AND EQUIPMENT FOR THE
22 TRANSMISSION AND RECEPTION OF MESSAGES, SIGNALS, AND
23 PULSES IN A SATISFACTORY MANNER AT ALL TIMES, AND AS FAR
24 AS ECONOMICAL AND PRACTICABLE, MODIFY, IMPROVE, OR
25 CHANGE SUCH STATIONS, LINES, CABLES, SYSTEMS, AND
26 EQUIPMENT TO KEEP ABREAST WITH THE ADVANCES IN
27 SCIENCE AND TECHNOLOGY."

28 "SEC. 6. *RATES FOR SERVICES.* - THE CHARGES AND
29 RATES FOR TELECOMMUNICATIONS SERVICES OF THE GRANTEE,
30 EXCEPT THE RATES AND CHARGES ON THOSE THAT MAY
31 HEREAFTER BE DECLARED OR CONSIDERED AS

1 NONREGULATED SERVICES, WHETHER FLAT RATES OR
2 MEASURED RATES OR VARIATION THEREOF, SHALL BE SUBJECT
3 TO THE APPROVAL OF THE NTC OR ITS LEGAL SUCCESSOR.
4 THE RATES TO BE CHARGED BY THE GRANTEE SHALL BE
5 UNBUNDLED, SEPARABLE AND DISTINCT AMONG THE SERVICES
6 OFFERED AND SHALL BE DETERMINED IN A MANNER THAT
7 REGULATED SERVICES DO NOT SUBSIDIZE THE UNREGULATED
8 ONES."

9 "SEC. 7. *RIGHT OF GOVERNMENT.* -- A SPECIAL RIGHT IS
10 HEREBY RESERVED TO THE PRESIDENT OF THE PHILIPPINES,
11 IN TIMES OF WAR, REBELLION, PUBLIC PERIL, CALAMITY,
12 EMERGENCY, DISASTER OR DISTURBANCE OF PEACE AND ORDER:
13 TO TEMPORARILY TAKE OVER AND OPERATE THE STATIONS,
14 TRANSMITTERS, FACILITIES, OR EQUIPMENT OF THE GRANTEE;
15 TO TEMPORARILY SUSPEND THE OPERATION OF ANY STATION,
16 TRANSMITTER, FACILITY, OR EQUIPMENT IN THE INTEREST OF
17 PUBLIC SAFETY, SECURITY, AND PUBLIC WELFARE; OR TO
18 AUTHORIZE THE TEMPORARY USE AND OPERATION THEREOF BY
19 ANY AGENCY OF THE GOVERNMENT, UPON DUE COMPENSATION
20 TO THE GRANTEE, FOR THE USE OF SAID STATIONS,
21 TRANSMITTERS, FACILITIES, OR EQUIPMENT DURING THE
22 PERIOD WHEN THESE SHALL BE SO OPERATED.

23 "THE RADIO SPECTRUM IS A FINITE RESOURCE THAT IS
24 PART OF THE NATIONAL PATRIMONY AND THE USE THEREOF IS
25 A PRIVILEGE CONFERRED UPON THE GRANTEE BY THE
26 STATE, AND MAY BE WITHDRAWN ANYTIME AFTER DUE
27 PROCESS."

28 "SEC. 8. *TERM OF FRANCHISE.* -- THIS FRANCHISE SHALL
29 BE IN EFFECT FOR A PERIOD OF TWENTY-FIVE (25) YEARS FROM
30 THE DATE OF THE EFFECTIVITY OF THIS ACT, UNLESS SOONER

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

4 "SEC. 9. *ACCEPTANCE AND COMPLIANCE.* - ACCEPTANCE
5 OF THIS FRANCHISE SHALL BE GIVEN IN WRITING TO THE
6 CONGRESS OF THE PHILIPPINES, THROUGH THE COMMITTEE
7 ON LEGISLATIVE FRANCHISES OF THE HOUSE OF
8 REPRESENTATIVES AND THE COMMITTEE ON PUBLIC SERVICES
9 OF THE SENATE, WITHIN SIXTY (60) DAYS FROM THE
10 EFFECTIVITY OF THIS ACT. UPON GIVING SUCH ACCEPTANCE,
11 THE GRANTEE SHALL EXERCISE THE PRIVILEGES GRANTED
12 UNDER THIS ACT. NONACCEPTANCE SHALL RENDER THE
13 FRANCHISE VOID. AS A GUARANTY THAT IT HAS ACCEPTED THIS
14 FRANCHISE IN GOOD FAITH, THE GRANTEE SHALL, WITHIN
15 THIRTY (30) DAYS, DEPOSIT WITH THE NATIONAL TREASURY
16 THE SUM OF ONE HUNDRED THOUSAND PESOS (P100,000.00) IN
17 CASH OR NEGOTIABLE INSTRUMENTS OF THE PHILIPPINE
18 GOVERNMENT AND FILE A BOND IN THE AMOUNT OF ONE
19 MILLION PESOS (P1,000,000.00).

20 "SHOULD THE GRANTEE FAIL, REFUSE OR NEGLECT TO
21 BEGIN THE BUSINESS OF PROVIDING A TELEPHONE SERVICE
22 WITHIN TWO (2) YEARS OF THE GRANT OF THE CERTIFICATE OF
23 PUBLIC CONVENIENCE AND NECESSITY AND FOR ANY REASON
24 OTHER THAN AN ACT OF GOD, ACT OF THE PUBLIC ENEMY,
25 MILITARY POWER, MARTIAL LAW, RIOT, CIVIL COMMOTION, OR
26 UNAVOIDABLE CAUSE, THEN THE DEPOSIT PRESCRIBED UNDER
27 THIS SECTION SHALL BE FORFEITED IN FAVOR OF THE NATIONAL
28 GOVERNMENT AS LIQUIDATED DAMAGES. SHOULD THE GRANTEE
29 PERFORM ON TIME THE UNDERTAKING FOR WHICH THE DEPOSIT
30 IS REQUIRED, THEN THE DEPOSIT SHALL BE RETURNED TO THE

1 GRANTEE AND ITS BOND CANCELLED WITHIN SIX (6) MONTHS OF
2 COMMENCEMENT OF SERVICE."

3 "SEC. 10. *RIGHT OF INTERCONNECTION.* - THE GRANTEE
4 IS HEREBY AUTHORIZED TO CONNECT OR DEMAND
5 CONNECTION OF ITS TELECOMMUNICATIONS SYSTEMS TO OTHER
6 TELECOMMUNICATIONS SYSTEMS INSTALLED, OPERATED, AND
7 MAINTAINED BY ANY OTHER DULY AUTHORIZED PERSON OR
8 ENTITY IN THE PHILIPPINES FOR THE PURPOSE OF PROVIDING
9 EXTENDED AND IMPROVED TELECOMMUNICATIONS SERVICES TO
10 THE PUBLIC, UNDER THE TERMS AND CONDITIONS MUTUALLY
11 AGREED UPON BY THE PARTIES CONCERNED; THIS RIGHT SHALL
12 BE SUBJECT TO THE REVIEW AND MODIFICATION OF THE NTC."

13 "SEC. 11. *GROSS RECEIPTS.* - THE GRANTEE, ITS
14 SUCCESSORS OR ASSIGNEES, SHALL KEEP A SEPARATE ACCOUNT
15 OF THE GROSS RECEIPTS OF THE BUSINESS TRANSACTED BY IT
16 AND SHALL FURNISH THE COMMISSION ON AUDIT (COA) AND
17 THE NATIONAL TREASURY A COPY OF SUCH ACCOUNT NOT
18 LATER THAN THE THIRTY-FIRST (31ST) DAY OF JANUARY OF
19 EACH YEAR FOR THE PRECEDING TWELVE (12) MONTHS."

20 "SEC. 12. *BOOKS AND ACCOUNTS.* - THE BOOKS AND
21 ACCOUNTS OF THE GRANTEE, ITS SUCCESSOR OR ASSIGNEES,
22 SHALL ALWAYS BE OPEN TO THE INSPECTION OF THE COA AND
23 ITS DULY AUTHORIZED REPRESENTATIVES. IT SHALL BE THE
24 DUTY OF THE GRANTEE TO SUBMIT TO THE COA TWO (2) COPIES
25 OF THE QUARTERLY REPORTS ON THE GROSS RECEIPTS, THE NET
26 PROFITS AND THE GENERAL CONDITION OF THE BUSINESS."

27 "SEC. 13. *WARRANTY IN FAVOR OF THE NATIONAL AND*
28 *LOCAL GOVERNMENTS.* - THE GRANTEE SHALL HOLD THE
29 NATIONAL, PROVINCIAL, CITY, AND MUNICIPAL GOVERNMENTS
30 OF THE PHILIPPINES FREE FROM ALL CLAIMS, ACCOUNTS,

1 DEMANDS, OR ACTIONS ARISING OUT OF ACCIDENTS OR
2 INJURIES, WHETHER TO PROPERTY OR TO PERSONS, CAUSED BY
3 THE CONSTRUCTION OR OPERATION OF THE STATIONS,
4 TRANSMITTERS, FACILITIES, OR EQUIPMENT OF THE GRANTEE."

5 "SEC. 14. SALE, LEASE, TRANSFER, USUFRUCT, OR
6 ASSIGNMENT OF FRANCHISE. — THE GRANTEE SHALL NOT LEASE,
7 TRANSFER, GRANT THE USUFRUCT OF, SELL NOR ASSIGN THIS
8 FRANCHISE OR THE RIGHTS AND PRIVILEGES ACQUIRED
9 THEREUNDER TO ANY PERSON, FIRM, COMPANY, CORPORATION
10 OR ENTITY, NOR MERGE WITH ANY OTHER CORPORATION OR
11 ENTITY WITHOUT THE PRIOR APPROVAL OF THE CONGRESS OF
12 THE PHILIPPINES. NEITHER SHALL THE CONTROLLING INTEREST
13 OF THE GRANTEE BE TRANSFERRED, WHETHER AS A WHOLE OR
14 IN PARTS AND WHETHER SIMULTANEOUSLY OR
15 CONTEMPORANEOUSLY, TO ANY SUCH PERSON, FIRM, COMPANY,
16 CORPORATION OR ENTITY WITHOUT THE PRIOR APPROVAL OF
17 THE CONGRESS OF THE PHILIPPINES: *PROVIDED*, THAT THE
18 FOREGOING LIMITATIONS SHALL NOT APPLY TO: (A) ANY
19 TRANSFER OR ISSUANCE OF SHARES OF STOCK IN THE
20 IMPLEMENTATION OF THE REQUIREMENT FOR THE DISPERSAL
21 OF THE GRANTEE'S OWNERSHIP PURSUANT TO SECTION 15 OF
22 THIS ACT; (B) ANY TRANSFER OR SALE OF SHARES OF STOCK TO
23 A FOREIGN INVESTOR OR INVESTORS; (C) ANY ISSUANCE OF
24 SHARES TO ANY FOREIGN OR LOCAL INVESTORS PURSUANT TO
25 OR IN CONNECTION WITH ANY INCREASE IN THE GRANTEE'S
26 AUTHORIZED CAPITAL STOCK WHICH SHALL RESULT IN THE
27 DILUTION OF THE STOCKHOLDINGS OF THE GRANTEE'S THEN
28 EXISTING STOCKHOLDERS; (D) ANY COMBINATION THEREOF
29 WHERE SUCH TRANSFER, SALE OR ISSUANCE IS EFFECTED IN
30 ORDER TO ENABLE THE GRANTEE TO RAISE THE NECESSARY
31 CAPITAL OR FINANCING FOR THE PROVISION OF ANY OF THE

SERVICES AUTHORIZED BY THIS ACT AND/OR TO CARRY OUT ANY OF THE PURPOSES FOR WHICH THE GRANTEE HAS BEEN INCORPORATED OR ORGANIZED: *PROVIDED, FURTHER, THAT* ANY SUCH TRANSFER, SALE OR ISSUANCE IS IN ACCORDANCE WITH ANY APPLICABLE CONSTITUTIONAL LIMITATIONS. ANY PERSON OR ENTITY TO WHICH THIS FRANCHISE IS VALIDLY SOLD, TRANSFERRED OR ASSIGNED SHALL BE SUBJECT TO ALL THE SAME CONDITIONS, TERMS, RESTRICTIONS, AND LIMITATIONS OF THIS ACT: *PROVIDED, FURTHERMORE, THAT* 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 CONTROLLING INTEREST OF THE GRANTEE, WITHIN SIXTY (60) DAYS AFTER THE COMPLETION OF SAID TRANSACTION: *PROVIDED, MOREOVER, THAT* FAILURE TO REPORT TO CONGRESS SUCH CHANGE OF OWNERSHIP SHALL RENDER THE FRANCHISE *IPSO FACTO* REVOKED: *PROVIDED, FINALLY, THAT* 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."

"SEC. 15. *DISPERSAL OF OWNERSHIP.* - IN ACCORDANCE WITH THE CONSTITUTIONAL PROVISION TO ENCOURAGE PUBLIC PARTICIPATION IN PUBLIC UTILITIES, THE GRANTEE SHALL OFFER TO FILIPINO CITIZENS AT LEAST THIRTY PERCENT (30%) OR A HIGHER PERCENTAGE THAT MAY HEREAFTER BE PROVIDED BY LAW OF ITS OUTSTANDING CAPITAL STOCK IN ANY SECURITIES EXCHANGE IN THE PHILIPPINES WITHIN FIVE (5) YEARS FROM THE COMMENCEMENT OF ITS OPERATIONS."

1 **"SEC. 16. REPORTORIAL REQUIREMENT. --** THE GRANTEE
2 **SHALL SUBMIT AN ANNUAL REPORT TO THE CONGRESS OF THE**
3 **PHILIPPINES, THROUGH THE COMMITTEE ON LEGISLATIVE**
4 **FRANCHISES OF THE HOUSE OF REPRESENTATIVES AND THE**
5 **COMMITTEE ON PUBLIC SERVICES OF THE SENATE, ON ITS**
6 **COMPLIANCE WITH THE TERMS AND CONDITIONS OF THE**
7 **FRANCHISE AND ON ITS OPERATIONS ON OR BEFORE APRIL 30 OF**
8 **EVERY YEAR DURING THE TERM OF ITS FRANCHISE. THE**
9 **REPORTORIAL COMPLIANCE CERTIFICATE ISSUED BY**
10 **CONGRESS SHALL BE REQUIRED BEFORE ANY APPLICATION FOR**
11 **PERMIT OR CERTIFICATE IS ACCEPTED BY THE NTC."**

12 **"SEC. 17. PENALTY CLAUSE. -- FAILURE OF THE GRANTEE**
13 **TO SUBMIT THE REQUISITE ANNUAL REPORT TO CONGRESS**
14 **SHALL BE PENALIZED WITH A FINE IN THE AMOUNT OF FIVE**
15 **HUNDRED PESOS (P500.00) PER WORKING DAY OF**
16 **NONCOMPLIANCE. THE FINE SHALL BE COLLECTED BY THE**
17 **NTC FROM THE DELINQUENT FRANCHISE GRANTEE SEPARATE**
18 **FROM THE REPORTORIAL PENALTIES IMPOSED BY THE NTC."**

19 **"SEC. 18. EQUALITY CLAUSE. -- ANY ADVANTAGE, FAVOR,**
20 **PRIVILEGE, EXEMPTION, OR IMMUNITY GRANTED UNDER OTHER**
21 **EXISTING FRANCHISES, OR WHICH MAY HEREAFTER BE**
22 **GRANTED, UPON PRIOR REVIEW AND APPROVAL OF CONGRESS,**
23 **SHALL BECOME PART OF THIS FRANCHISE AND SHALL BE**
24 **ACCORDED IMMEDIATELY AND UNCONDITIONALLY TO THE**
25 **HEREIN GRANTEE: PROVIDED, THAT THE FOREGOING SHALL**
26 **NEITHER APPLY TO NOR AFFECT PROVISIONS OF**
27 **TELECOMMUNICATIONS FRANCHISES CONCERNING TERRITORY**
28 **COVERED BY THE FRANCHISE, THE LIFE SPAN OF THE FRANCHISE**
29 **OR THE TYPE OF SERVICE AUTHORIZED BY THE FRANCHISE."**

1 **"SEC. 19. SEPARABILITY CLAUSE. — IF ANY OF THE**
2 **SECTIONS OR PROVISIONS OF THIS ACT IS HELD INVALID, ALL**
3 **OTHER PROVISIONS NOT AFFECTED THEREBY SHALL REMAIN**
4 **VALID."**

5 **"SEC. 20. REPEALABILITY AND NONEXCLUSIVITY CLAUSE. —**
6 **THIS FRANCHISE SHALL BE SUBJECT TO AMENDMENT,**
7 **ALTERATION, OR REPEAL BY THE CONGRESS OF THE**
8 **PHILIPPINES WHEN THE PUBLIC INTEREST SO REQUIRES AND**
9 **SHALL NOT BE INTERPRETED AS AN EXCLUSIVE GRANT OF THE**
10 **PRIVILEGE HEREIN PROVIDED FOR."**

11 SEC. 2. *Repealing Clause.* — All laws, decrees, orders, resolutions,
12 instructions and rules and regulations or parts thereof which are inconsistent
13 with this Act are hereby deemed repealed or modified accordingly.

14 SEC. 3. *Effectivity.* — This Act shall take effect fifteen (15) days after
15 its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,