


SIXTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES)  
Third Regular Session )



15 NOV 25 P12:16

SENATE

RECEIVED BY: 

COMMITTEE REPORT NO. 295

Submitted by the Committee on Public Services on NOV 25 2015

RE : H. B. No. 6012

Recommending its approval with amendment.

Sponsor : Senator Osmeña, III

MR. PRESIDENT:

The Senate Committee on Public Services to which was referred H. B. No. 6012, introduced by Representatives Robes, Teodoro, Salvacion, *et al.*, entitled:

**"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."**

has considered the same and has the honor to report it back to the Senate with the recommendation that the attached H. B. No. 6012 be approved with amendment, to wit:

1. On page 6 line 18, after the word "years" delete the words "from the date of effectivity of this Act," and insert the phrase "THAT SHALL TAKE EFFECT UPON THE EXPIRATION OF THE TERM GRANTED UNDER SECTION 12 OF REPUBLIC ACT NO. 7692", with Senator Osmeña as sponsor thereof.

Respectfully submitted:

RAMON BONG REVILLA, JR.  
Chairperson

  
SERGIO R. OSMEÑA, III  
Acting Chairperson

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**PIA S. CAYETANO**



**JINGGOY EJERCITO ESTRADA**



**JOSEPH VICTOR G. EJERCITO**

**GREGORIO B. HONASAN, II**

**TEOFISTO "TG" L. GUINGONA III**



**GRACE POE**

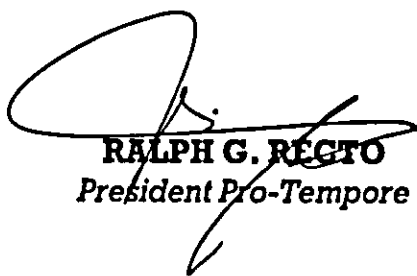


**ANTONIO F. TRILLANES, IV**



**CYNTHIA A. VILLAR**

**EX-OFFICIO MEMBERS:**



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*President Pro-Tempore*



**JUAN PONCE ENRILE**  
*Minority Floor Leader*

**ALAN PETER S. CAYETANO**  
*Majority Floor Leader*

**FRANKLIN M. DRILON**  
*Senate President*  
*Pasay City*



HOUSE OF REPRESENTATIVES

II. No. 6012

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

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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           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 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 (31<sup>ST</sup>) 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

1 SERVICES AUTHORIZED BY THIS ACT AND/OR TO CARRY OUT ANY  
2 OF THE PURPOSES FOR WHICH THE GRANTEE HAS BEEN  
3 INCORPORATED OR ORGANIZED: *PROVIDED, FURTHER, THAT*  
4 ANY SUCH TRANSFER, SALE OR ISSUANCE IS IN ACCORDANCE  
5 WITH ANY APPLICABLE CONSTITUTIONAL LIMITATIONS. ANY  
6 PERSON OR ENTITY TO WHICH THIS FRANCHISE IS VALIDLY SOLD,  
7 TRANSFERRED OR ASSIGNED SHALL BE SUBJECT TO ALL THE  
8 SAME CONDITIONS, TERMS, RESTRICTIONS, AND LIMITATIONS OF  
9 THIS ACT: *PROVIDED, FURTHERMORE, THAT CONGRESS SHALL*  
10 *BE INFORMED OF ANY SALE, LEASE, TRANSFER, GRANT OF*  
11 *USUFRUCT, OR ASSIGNMENT OF FRANCHISE OR THE RIGHTS AND*  
12 *PRIVILEGES ACQUIRED THEREUNDER, OR OF THE MERGER, OR*  
13 *TRANSFER OF CONTROLLING INTEREST OF THE GRANTEE,*  
14 *WITHIN SIXTY (60) DAYS AFTER THE COMPLETION OF SAID*  
15 *TRANSACTION: PROVIDED, MOREOVER, THAT FAILURE TO*  
16 *REPORT TO CONGRESS SUCH CHANGE OF OWNERSHIP SHALL*  
17 *RENDER THE FRANCHISE IP SO FACTO REVOKED: PROVIDED,*  
18 *FINALLY, THAT ANY PERSON OR ENTITY TO WHICH THIS*  
19 *FRANCHISE IS SOLD, TRANSFERRED, OR ASSIGNED, SHALL BE*  
20 *SUBJECT TO THE SAME CONDITIONS, TERMS, RESTRICTIONS, AND*  
21 *LIMITATIONS OF THIS ACT."*

22 "SEC. 15. *DISPERSAL OF OWNERSHIP.* - IN ACCORDANCE  
23 WITH THE CONSTITUTIONAL PROVISION TO ENCOURAGE PUBLIC  
24 PARTICIPATION IN PUBLIC UTILITIES, THE GRANTEE SHALL  
25 OFFER TO FILIPINO CITIZENS AT LEAST THIRTY PERCENT (30%)  
26 OR A HIGHER PERCENTAGE THAT MAY HEREAFTER BE PROVIDED  
27 BY LAW OF ITS OUTSTANDING CAPITAL STOCK IN ANY  
28 SECURITIES EXCHANGE IN THE PHILIPPINES WITHIN FIVE (5)  
29 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,

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