



THE GRANTEE SHALL IMPROVE AND EXTEND ITS SERVICES IN AREAS NOT YET SERVED, AND IN HAZARD- AND TYPHOON-PRONE AREAS THAT SHALL BE DETERMINED BY THE NATIONAL DISASTER RISK REDUCTION AND MANAGEMENT COUNCIL IN COORDINATION WITH THE NTC.

THE GRANTEE SHALL ALSO IMPROVE AND UPGRADE ITS EQUIPMENT, FACILITIES, AND SERVICES, IN ORDER TO ENSURE EFFECTIVE COMPLIANCE WITH THE OBJECTIVES OF REPUBLIC ACT NO. 10639 OR THE "FREE MOBILE DISASTER ALERTS ACT".

2. On page 10 after line 19 insert new provisions that shall read as follows, and renumber the succeeding sections accordingly:

"SEC. 10. TAX PROVISIONS. - THE GRANTEE ITS SUCCESSORS OR ASSIGNEES, SHALL BE LIABLE TO PAY THE SAME TAXES ON THEIR REAL ESTATE, BUILDINGS AND PERSONAL PROPERTY, EXCLUSIVE OF THIS FRANCHISE, AS OTHER PERSONS OR CORPORATIONS WHICH ARE NOW OR THEREAFTER MAY BE ACQUIRED BY LAW TO PAY, EXCEPT RADIO TELECOMMUNICATIONS AND ELECTRONIC COMMUNICATIONS EQUIPMENT, MACHINERY, AND SPARE PARTS NEEDED IN THE CONNECTION WITH THE BUSINESS OF THE GRANTEE WHICH SHALL BE EXEMPT FROM CUSTOMS DUTIES, TARIFFS AND OTHER TAXES, AS WELL AS THOSE DECLARED EXEMPT IN THIS SECTION. IN ADDITION THERETO, THE GRANTEE, ITS SUCCESSORS,OR ASSIGNEES, SHALL PAY A VALUE-ADDED TAX ON ALL GROSS RECEIPTS OF THE BUSINESS TRANSACTED UNDER THIS FRANCHISE BY THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES, IN THE PHILIPPINES IN LIEU OF ANY AND ALL, TAXES OF ANY KIND, NATURE, OR DESCRIPTION LEVIED, ESTABLISHED, OR COLLECTED BY AN AUTHORITY WHATSOEVER INCLUDING, BUT NOT LIMITED TO, CITY, MUNICIPAL PROVINCIAL, OR NATIONAL, FROM WHICH THE GRANTEE IS HEREBY EXPRESSLY EXEMPTED EFFECTIVE FROM THE DATE OF THE EFFECTIVITY OF THIS ACT: PROVIDED, THAT GRANTEE ITS SUCCESSORS OR ASSIGNEES, SHALL CONTINUE TO BE LIABLE FOR INCOME TAXES PAYABLE UNDER TITLE II OF THE NATIONAL INTERNAL REVENUE CODE PURSUANT TO SECTION 2 OF THE EXECUTIVE ORDER NO. 72, UNLESS THE LATTER ENACTMENT IS AMENDED OR REPEALED, IN WHICH CASE AMENDMENT OR REPEAL SHALL BE APPLICABLE THERETO."

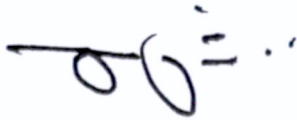
"SEC. 11. COMMITMENT TO PROVIDE AND PROMOTE THE CREATION OF EMPLOYMENT OPPORTUNITIES. - THE GRANTEE SHALL CREATE EMPLOYMENT OPPORTUNITIES AND SHALL ALLOW ON-THE-JOB TRAININGS IN THEIR FRANCHISE OPERATION. PROVIDED, THAT PRIORITY SHALL BE ACCORDED TO THE RESIDENTS IN AREA WHERE THEIR PRINCIPAL OFFICE IS LOCATED. PROVIDED, FURTHER, THAT THE GRANTEE SHALL FOLLOW THE APPLICABLE LABOR STANDARDS AND ALLOWANCE ENTITLEMENT UNDER EXISTING LABOR LAWS, RULES AND REGULATIONS AND SIMILAR ISSUANCES, PROVIDED FINALLY, THAT THE EMPLOYMENT OPPORTUNITIES OR JOBS CREATED SHALL BE REFLECTED IN THE GENERAL INFORMATION SHEET (GIS) TO BE SUBMITTED TO SECURITIES AND EXCHANGE COMMISSION ANNUALLY."

"SEC. 12. MOBILE NUMBER PORTABILITY. - THE GRANTEE SHALL PROVIDE MOBILE NUMBER PORTABILITY (MNP). IT SHALL SET UP A MECHANISM FOR THE PURPOSE OF IMPLEMENTING MNP. IT SHALL INTERCONNECT DIRECTLY OR INDIRECTLY WITH THE INFRASTRUCTURE, FACILITIES, SYSTEMS, OR EQUIPMENT OF OTHER TELECOMMUNICATIONS FRANCHISES GRANTEES. IT SHALL NOT INSTALL NETWORK FEATURES, FUNCTIONS OR CAPABILITIEWS THAT WILL IMPEDE THE IMPLEMENTATION OF A NATIONWIDE MNP SYSTEM. THE NTC SHALL ISSUE RULES AND REGULATIONS FOR THIS PURPOSE, THE EFFECTIVITY OF WHICH SHALL COMMENCE UPON APPLICABILITY WITH OTHER TELECOMMUNICATIONS FRANCHISE GRANTEES."

3. On page 11, on lines 23 to 27, after the word "successor", delete the sentence "THE RATES TO BE CHARGED BY THE GRANTEE SHALL BE UNBUNDLED, SEPARABLE, AND DISTINCT AMONG THE SERVICES OFFERED AND SHALL BE DETERMINED IN SUCH A MANNER THAT REGULATED SERVICES DO NOT SUBSIDIZE AND UNREGULATED ONES."
4. On page 16, after line 18 after the word "fine" insert the phrase and figures "**IN THE AMOUNT OF ONE MILLION PESOS (1,000,000.00) PER WORKING DAY OF NONCOMPLIANCE, THE EFFECTIVITY OF WHICH SHALL COMMENCE UPON APPLICABILITY WITH OTHER TELECOMMUNICATIONS FRANCHISE GRANTEES: PROVIDED, THAT IN THE INTERIM, THE GRANTEE SHALL BE LIABLE TO PAY THE FINE** of five hundred pesos (P500.00) per working day of noncompliance.";
5. On same page, line 20, after the word "collected.", delete the word "separately";
6. On same page, line 21, after the letter "NTC" delete the phrase until line 23 and in lieu thereof insert the sentence "**FROM THE DELIQUENT FRANCHISE GRANTEE SEPARATE FROM THE REPORTORIAL PENALTIES IMPOSED BY THE NTC AND THE SAME SHALL BE REMITTED TO THE NATIONAL TREASURY.**";
7. On page 16, lines 24 and 25, after the title of Section 20, delete the phrase "Except for taxes and customs duties,";
8. On same page, line 27, insert the word "*ipso facto*" between the words "shall" and "become";
9. On page 17, line 2, delete the phrase "territorial coverage, the term" and in lieu thereof, replace with the phrase "**TERRITORY COVERED BY THE FRANCHISE, THE LIFE SPAN OF THE FRANCHISE**"; and
10. The sections shall be renumbered accordingly.

RESPECTFULLY SUBMITTED:

  
GRACE POE  
Chairperson  
Committee on Public Services



JOSEPH VICTOR G. EJERCITO  
Vice-Chairperson  
Committee on Public Services

FRANCIS "Chiz" G. ESCUDERO  
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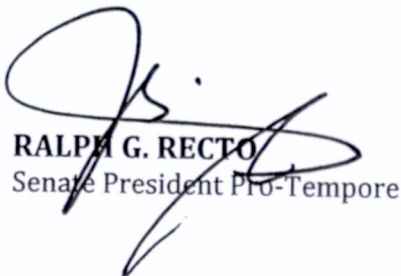
*committee - Senator*  
RISA HONTIVEROS  
*Will interpellate & propose amendments.*

ANTONIO "Sonny" F. TRILLANES IV

  
JUAN MIGUEL "Migz" F. ZUBIRI

  
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RALPH G. RECTO  
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Majority Floor Leader

  
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Minority Floor Leader  
*will interpellate*

HON. AQUILINO "Koko" PIMENTEL III  
President  
Senate of the Philippines



HOUSE OF REPRESENTATIVES

H. No. 5556

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BY REPRESENTATIVES UMALI, ALVAREZ (F.), MARCOLETA AND SALCEDA, PER  
COMMITTEE REPORT NO. 207

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AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO ISLA COMMUNICATIONS COMPANY, INC., PRESENTLY KNOWN AS INNOVE COMMUNICATIONS, INC., AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7372, ENTITLED "AN ACT GRANTING THE ISLA COMMUNICATIONS CO. A FRANCHISE TO INSTALL, OPERATE AND MAINTAIN TELECOMMUNICATIONS SERVICES WITHIN THE TERRITORY OF THE REPUBLIC OF THE PHILIPPINES AND INTERNATIONAL POINTS AND FOR OTHER PURPOSES"

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

1 SECTION 1. Republic Act No. 7372 is hereby amended to read as  
2 follows:

3 "SECTION 1. *NATURE AND SCOPE OF FRANCHISE.* -  
4 Subject to the conditions established in this Act and the  
5 provisions of the Constitution and the provisions of  
6 laws, orders or issuances not inconsistent herewith, there  
7 is hereby granted to the Isla Communications COMPANY,  
8 INC., (ISLACOM), PRESENTLY KNOWN AS INNOVE  
9 COMMUNICATIONS, INC., its successors or [assigns]

1       ASSIGNEES, the right, privilege and authority to construct,  
2       ESTABLISH, INSTALL, LEASE, CO-USE, PURCHASE, operate and  
3       maintain all types of mobile AND FIXED WIRELESS  
4       telecommunications, including cellular, [personal  
5       communications network, paging and trunk radio services]  
6       TELEPHONE SYSTEM, BROADBAND AND INTERNET SERVICES  
7       (such as, but not limited to, the transmission and reception of  
8       voice, DATA TRANSMISSION, MESSAGE SERVICE/MESSAGING,  
9       ELECTRONIC MAIL, data facsimile, audio and video, and all  
10      other improvements and innovations AND CONVERGENCE OF  
11      SERVICES pertaining to or as may be applicable to mobile  
12      telecommunications technology) AND USE ALL THE  
13      APPARATUS, CONDUITS, APPLIANCES, RECEIVERS,  
14      TRANSMITTERS, ANTENNAS, SATELLITES AND EQUIPMENT  
15      NECESSARY FOR THE TRANSMISSION/RECEPTION OF DATA,  
16      MESSAGES, VIDEOS AND SIGNALS, WITH THE CORRESPONDING  
17      TECHNOLOGICAL AUXILIARIES, FACILITIES, DISTRIBUTION  
18      OR RELAY STATIONS, THROUGHOUT THE PHILIPPINES, as  
19      well as multi-channel microwave, fiber optic and satellite  
20      distribution systems that may be required for the purpose of  
21      linking together said mobile, FIXED OR CONVERGENT  
22      telecommunications network internally and externally to other  
23      mobile telecommunications network and traditional wireline  
24      telephone systems, whether domestic or international, whether  
25      directly or indirectly, through networks and, generally, to  
26      provide by means of this telecommunications system a  
27      telephone service and such other telecommunications services  
28      such as there may be demand for in the Philippines.

1           "THESE IS HEREBY GRANTED TO THE GRANTEE, ITS  
2           SUCCESSORS OR ASSIGNEES, A FRANCHISE TO ENGAGE  
3           IN TELECOMMUNICATIONS SERVICES BY INSTALLING,  
4           MAINTAINING AND OPERATING TELECOMMUNICATIONS  
5           PLANTS, EXCHANGES, NATIONWIDE AND/OR REGIONAL  
6           TRANSMISSION (BACKBONE) NETWORK; TERRESTRIAL AND  
7           MICROWAVE SYSTEMS, LINES, INSTRUMENTS, LANDLINES;  
8           INTERNATIONAL AND DOMESTIC UNDERSEA CABLES,  
9           STATIONS, APPARATUS, TELEPHONE SERVICES; LONG  
10          DISTANCE TOLL SERVICES; INTERNATIONAL GATEWAY  
11          FACILITIES/SERVICES; TRADITIONAL WIRELINE TELEPHONE  
12          SYSTEMS, WHETHER DOMESTIC OR INTERNATIONAL,  
13          WHETHER DIRECTLY OR INDIRECTLY THROUGH, NETWORKS;  
14          PUBLIC CALLING OFFICES (PAYPHONES); STATION OR  
15          STATIONS AND ASSOCIATED EQUIPMENT AND FACILITIES  
16          FOR INTERNATIONAL SATELLITE COMMUNICATIONS,  
17          SUCH GROUND FACILITIES AS NEEDED TO DELIVER  
18          TELECOMMUNICATIONS SERVICES FROM THE  
19          COMMUNICATIONS SATELLITE SYSTEM AND GROUND  
20          TERMINAL OR TERMINALS AND SUCH GROUND FACILITIES  
21          SHALL NOT DUPLICATE EXISTING FACILITIES OF DOMESTIC  
22          COMMON CARRIERS AND GRANTEE SHALL OPERATE AS  
23          A CARRIER'S CARRIER; ANY AND ALL TYPES OF  
24          TELECOMMUNICATIONS SERVICES AVAILABLE THROUGH  
25          THE USE OF SPACE RELAY AND REPEATER STATIONS  
26          FOR DOMESTIC PUBLIC COMMUNICATIONS WITH AUTHORITY  
27          TO RECEIVE AND TRANSMIT MESSAGES, IMPRESSIONS,  
28          PICTURES, MUSIC, ENTERTAINMENT, ADVERTISING AND  
29          SIGNAL THROUGHOUT THE PHILIPPINES AND BETWEEN  
30          THE PHILIPPINES AND SHIPS AT SEA, AIRPLANES AND  
31          OTHER CONVEYANCES; ANY AND ALL KINDS OF EQUIPMENT

1 OR MAINTENANCE FOR COMMUNICATIONS AND THE  
2 TRANSMISSION OF MESSAGES, DATA, VIDEO, PICTURES,  
3 IMPRESSIONS AND SIGNALS; OR ANY OTHER MEANS WHICH  
4 MAY HEREAFTER BE USED FOR COMMUNICATIONS IN THEIR  
5 STEAD; AND TO INSTALL, MAINTAIN, OPERATE OR LEASE, IN  
6 WHOLE OR IN PART, TELEPHONE LINES AND SYSTEMS AND  
7 ALL OTHER SYSTEMS AND LINES OF COMMUNICATIONS,  
8 WITHIN THE TERRITORY OF THE PHILIPPINES AND WITH  
9 OTHER COUNTRIES AND TERRITORIES.

10 "The grantee is authorized to carry on the business of  
11 providing to the public telecommunications services within the  
12 territory of the Republic of the Philippines and other countries  
13 and territories and, for the purpose of providing said  
14 telecommunications services, to construct, own and operate  
15 telecommunications system in and between provinces, cities  
16 and municipalities of the Republic of the Philippines and  
17 to lay, place and operate and maintain telecommunications  
18 lines in and between the territory of the Republic of the  
19 Philippines and other countries, including the construction,  
20 operation and maintenance of an international digital gateway  
21 facility, and to construct, maintain and operate and use  
22 all telecommunications apparatus necessary for the provision  
23 of telecommunications services and to install, construct  
24 and maintain telecommunications apparatus in, on, over, or  
25 under the public roads, government rights-of-way, lands,  
26 bridges, rivers, waters, streets, lanes and sidewalks of said  
27 provinces, cities and municipalities, and to lay submarine  
28 telecommunications cables in the surrounding waters of  
29 the Philippines and for the purpose of connecting its



1 telecommunications systems with other telecommunications  
2 systems operated by others within the Philippines and with  
3 the telecommunications systems of other countries, as  
4 may be necessary and best adapted to said provision  
5 of telecommunications services, and to connect and  
6 keep connected its telecommunications system to other  
7 telecommunications systems for the interconnection of  
8 telecommunications services within the territory of the  
9 Republic of the Philippines and between the Republic of the  
10 Philippines and other countries and territories.”

11 “SEC. 2. *MANNER OF OPERATION OF STATIONS*  
12 *OR FACILITIES.* – THE STATIONS OR FACILITIES OF THE  
13 GRANTEE SHALL BE CONSTRUCTED AND OPERATED IN A  
14 MANNER AS WILL, AT MOST, RESULT ONLY IN THE MINIMUM  
15 INTERFERENCE ON THE WAVELENGTHS OR FREQUENCIES OF  
16 EXISTING STATIONS OR OTHER STATIONS WHICH MAY BE  
17 ESTABLISHED BY LAW, WITHOUT IN ANY WAY DIMINISHING  
18 ITS OWN PRIVILEGE TO USE ITS ASSIGNED WAVELENGTHS OR  
19 FREQUENCIES AND THE QUALITY OF TRANSMISSION OR  
20 RECEPTION THEREON AS SHOULD MAXIMIZE RENDITION OF  
21 THE GRANTEE’S SERVICES AND/OR THE AVAILABILITY  
22 THEREOF.”

23 “SEC. [2]3. *RIGHT OF THE GOVERNMENT.* – THE  
24 RADIO SPECTRUM IS A FINITE RESOURCE THAT IS PART OF  
25 THE NATIONAL PATRIMONY AND THE USE THEREOF IS A  
26 PRIVILEGE CONFERRED UPON THE GRANTEE BY THE STATE  
27 AND MAY BE WITHDRAWN ANY TIME AFTER DUE PROCESS.

28 “The President of the Philippines, in times of war,  
29 rebellion, public peril, calamity, emergency, disaster or  
30 disturbance of peace and order, may TEMPORARILY take over

1 and operate the stations, transmitter systems, facilities and  
2 equipment of the grantee, temporarily suspend the operation of  
3 any station in the interest of public safety, security and public  
4 welfare, or authorize the temporary use and operation thereof  
5 by any agency of the Government, upon due compensation to  
6 the grantee, for the use of said stations, transmitter systems,  
7 facilities and equipment during the period when [they] THESE  
8 shall be so operated."

9 "SEC. [3]4. *POWERS OF THE NATIONAL*  
10 *TELECOMMUNICATIONS COMMISSION.* - THE GRANTEE SHALL  
11 NOT EXERCISE ANY RIGHT OR PRIVILEGE UNDER THIS  
12 FRANCHISE WITHOUT FIRST HAVING OBTAINED SUCH  
13 CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
14 AND SUCH OTHER PERMITS OR LICENSES FROM THE  
15 NATIONAL TELECOMMUNICATIONS COMMISSION (NTC).  
16 THIS FRANCHISE SHALL NOT TAKE EFFECT NOR SHALL ANY  
17 POWER BE EXERCISED BY THE GRANTEE UNTIL THE NTC  
18 SHALL HAVE ALLOTTED TO THE GRANTEE THE FREQUENCIES  
19 AND WAVELENGTHS TO BE USED, DETERMINED THE STATIONS  
20 TO AND FROM WHICH EACH FREQUENCY AND WAVELENGTH  
21 MAY BE USED, AND ISSUED TO THE GRANTEE A LICENSE  
22 FOR SUCH USE. THE NTC, HOWEVER, SHALL NOT  
23 UNREASONABLY WITHHOLD OR DELAY THE GRANT OF ANY  
24 SUCH AUTHORITY, PERMITS OR LICENSES.

25 "THE STATIONS OF THE GRANTEE SHALL BE SO  
26 CONSTRUCTED AND OPERATED AND THE WAVELENGTHS SO  
27 SELECTED AS TO AVOID INTERFERENCE WITH EXISTING  
28 STATIONS AND TO PERMIT THE EXPANSION OF THE  
29 GRANTEE'S SERVICES.

1           “The grantee may install, operate and maintain radio  
2 telecommunications system to provide a telephone service  
3 and other telecommunications services including mobile  
4 services within the territory of the Republic of the  
5 Philippines and between the Republic of the Philippines and  
6 ships at sea, aircraft in the air, and the telecommunications  
7 systems of other countries: *Provided*, That the location,  
8 installation or operation of any such radio telecommunications  
9 system must be previously approved by the [National  
10 Telecommunications Commission] NTC: *Provided, further*,  
11 That the [National Telecommunications Commission] NTC  
12 shall have the authority to supervise and regulate the  
13 installation or operation of such radio telecommunications  
14 system.”

15           “SEC. [4]5. *EXCAVATION AND RESTORATION WORKS.*

16           - For the purpose of [installing, operating and maintaining its  
17 telecommunications lines,] **ERECTING AND MAINTAINING**  
18 **POLES OR OTHER SUPPORTS FOR WIRES OR OTHER**  
19 **CONDUCTORS FOR LAYING AND MAINTAINING UNDERGROUND**  
20 **WIRES, CABLES OR OTHER CONDUCTORS**, [it shall be lawful  
21 for] the grantee, its successors or [assigns] **ASSIGNEES, SHALL**  
22 **BE AUTHORIZED** to make excavations or lay conduits in any of  
23 the public places, **ROADS**, highways, streets, lanes, alleys,  
24 avenues, sidewalks, bridges of [said] **THE** provinces, cities  
25 and/OR municipalities, **WITH THE PRIOR APPROVAL OF THE**  
26 **DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH)**  
27 **AND THE LOCAL GOVERNMENT UNIT (LGU) CONCERNED, AS**

1           **MAY BE APPROPRIATE:** *Provided, however,* That any public  
2           place, highway, ROAD, street, lane, alley, avenue, sidewalk  
3           or bridge disturbed, altered or changed by reason of  
4           [the installation, operation and maintenance of said  
5           telecommunications lines underground] **ERECTION OF POLES**  
6           **OR OTHER SUPPORTS OR THE UNDERGROUND LAYING OF**  
7           **WIRES, OTHER CONDUCTORS OR CONDUITS,** shall be repaired  
8           and replaced in a workmanlike manner by said grantee,  
9           its successors or [assigns] **ASSIGNEES,** [to the satisfaction  
10           of the National Telecommunications Commission] **IN**  
11           **ACCORDANCE WITH THE STANDARDS SET BY THE DPWH AND**  
12           **THE LGU CONCERNED.** Should the grantee, its successors  
13           or [assigns] **ASSIGNEES,** after [thirty (30) days] **THE TEN**  
14           **(10)-DAY** notice from the [proper] SAID authority, fail, refuse  
15           or neglect to repair or replace any part of a public place, road,  
16           highway, street, lane, alley, avenue, sidewalk or bridge  
17           [altered, changed or disturbed] **DISTURBED, ALTERED OR**  
18           **CHANGED** by said grantee, its successors or [assigns]  
19           **ASSIGNEES,** then the [Secretary of the Transportation and  
20           Communications] **DPWH OR THE LGU CONCERNED**  
21           shall have the right to have the same repaired and placed  
22           in good order and condition [at the cost and expense of]  
23           **AND CHARGE** the grantee, its successors [and] **OR [assigns]**  
24           **ASSIGNEES, AT DOUBLE THE AMOUNT OF THE COSTS AND**  
25           **EXPENSES FOR SUCH REPAIR OR REPLACEMENT."**

1           “SEC. [5]6. *TERM.* - This franchise shall be for a  
2 term of twenty-five (25) years from the date of effectivity of  
3 this Act, unless sooner revoked or cancelled. In any event that  
4 the grantee fails to operate continuously for two (2) years, (this  
5 franchise shall be deemed *ipso facto* revoked.)”

6           “SEC. [6]7. *ACCEPTANCE OF FRANCHISE.* -

7 Acceptance OF THE TERM of this franchise shall be given in  
8 writing TO THE CONGRESS OF THE PHILIPPINES, THROUGH  
9 THE COMMITTEE ON LEGISLATIVE FRANCHISES OF THE  
10 HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON  
11 PUBLIC SERVICES OF THE SENATE, within sixty (60) days  
12 [after] FROM the effectivity of this Act. [The grantee shall  
13 operate the telecommunications systems for which this  
14 franchise is granted within four (4) years from the date of its  
15 acceptance in writing of this franchise. Refusal or failure to  
16 accept the franchise or to operate within the prescribed period  
17 shall render the franchise void.] UPON GIVING SUCH  
18 ACCEPTANCE, THE GRANTEE SHALL EXERCISE THE  
19 PRIVILEGES GRANTED UNDER THIS ACT.

20           “NONACCEPTANCE SHALL RENDER THE FRANCHISE  
21 VOID.”

22           “SEC. [7]8. *RESPONSIBILITY TO THE PUBLIC.* - THE  
23 GRANTEE SHALL CONFORM TO THE ETHICS OF HONEST  
24 ENTERPRISE AND NOT USE ITS STATIONS/FACILITIES  
25 FOR OBSCENE OR INDECENT TRANSMISSION, OR FOR  
26 DISSEMINATION OF DELIBERATELY FALSE INFORMATION,  
27 OR WILLFUL MISREPRESENTATION, OR ASSIST IN SUBVERSIVE  
28 OR TREASONABLE ACTS.

1 "All telecommunications systems owned, operated or  
 2 maintained by the grantee, its successors or [assigns]  
 3 ASSIGNEES shall be maintained and operated at all times in a  
 4 satisfactory manner, and it shall be the further duty of said  
 5 grantee, its successors or [assigns] ASSIGNEES, whenever  
 6 required to do so by the [National Telecommunications  
 7 Commission] NTC, to modify, improve and change such  
 8 telecommunications systems in such manner and to such extent  
 9 as the progress of science and improvements in the method of  
 10 conveyance of telecommunications messages by means of said  
 11 systems may make reasonable, proper, and economically  
 12 feasible."

13 "SEC. [8]9. *GROSS RECEIPTS.* - The grantee, its  
 14 successors or [assigns] ASSIGNEES shall keep a separate  
 15 account of the gross receipts of the telecommunications service  
 16 business transacted by it and shall furnish the Commission on  
 17 Audit (COA) and the National Treasurer a copy of such  
 18 account not later than [the thirty-first day of] January 31 of  
 19 each year for the preceding twelve (12) months."

20 "[SEC. 9] <sup>105</sup> [x x x]

21 "[SEC. 10] <sup>11</sup> [x x x]

22 "SEC. [11] <sup>12.5</sup> 10. *EMINENT DOMAIN.* - SUBJECT TO THE  
 23 LIMITATIONS AND PROCEDURES PRESCRIBED BY  
 24 LAW, THE GRANTEE IS AUTHORIZED TO EXERCISE THE  
 25 RIGHT OF EMINENT DOMAIN INsofar AS MAY BE  
 26 REASONABLY NECESSARY TO FURTHER THE ESTABLISHMENT

→  
 11  
 12  
 13  
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 16

1 AND EFFICIENT MAINTENANCE AND OPERATION OF ITS  
2 TELECOMMUNICATIONS SYSTEMS.

3 "No private property shall be taken for any purpose by  
4 the grantee without proper condemnation proceedings and just  
5 compensation paid or tendered therefor, and any authority to  
6 take and occupy land contained herein shall not apply to the  
7 taking, use or occupation of any land except such as is required  
8 for the actual and necessary purposes for which this franchise  
9 is granted."

10 "[Sec. 12.<sup>6</sup> x x x]

11 "[Sec. 13.<sup>7</sup> x x x]

12 "[Sec. 14.<sup>8</sup> x x x]

13 "SEC. [15]<sup>9</sup> *RATES FOR SERVICES.* - [The rates for  
14 the telephone service or charges for every type of call, flat rates  
15 as well as measured rates, are subject to the approval of the  
16 National Telecommunications Commission.] THE CHARGES  
17 AND RATES OF TELECOMMUNICATIONS SERVICES OF THE  
18 GRANTEE, EXCEPT THE RATES AND CHARGES ON THOSE  
19 THAT MAY HEREAFTER BE DECLARED OR CONSIDERED AS  
20 NON-REGULATED SERVICES, WHETHER FLAT RATES OR  
21 MEASURED RATES OR VARIATION THEREOF, SHALL BE  
22 SUBJECT TO THE APPROVAL OF THE NTC OR ITS LEGAL  
23 SUCCESSOR. [THE RATES TO BE CHARGED BY THE GRANTEE  
24 SHALL BE UNBUNDLED, SEPARABLE AND DISTINCT AMONG  
25 THE SERVICES OFFERED AND SHALL BE DETERMINED IN A  
26 MANNER THAT REGULATED SERVICES DO NOT SUBSIDIZE THE  
27 UNREGULATED ONES." ]

20  
1 "SEC. [16]12. *RIGHT OF INTERCONNECTION.* - The  
2 grantee is hereby authorized to connect OR DEMAND  
3 CONNECTION OF its telecommunications systems to any other  
4 telecommunications systems installed, operated and maintained  
5 by any other [grantee] DULY AUTHORIZED PERSON OR ENTITY  
6 in the Philippines for the purpose of providing EXTENDED AND  
7 IMPROVED telecommunications services to the public [on  
8 such] UNDER THE terms and conditions MUTUALLY AGREED  
9 UPON BY THE PARTIES CONCERNED, [as may be prescribed  
10 from time to time by the National Telecommunications  
11 Commission] SUBJECT TO THE REVIEW AND MODIFICATION  
12 OF THE NTC."

21  
13 "SEC. [17]13. *BOOKS AND ACCOUNTS.* - The books  
14 and accounts of the grantee, its successors or [assigns]  
15 ASSIGNEES shall always be open to the inspection of the  
16 [Commissioner on Audit or his] COA OR ITS authorized  
17 representatives, and it shall be the duty of the grantee to submit  
18 to the [Commission on Audit] COA quarterly reports in  
19 duplicate showing the gross receipts and the net receipts for the  
20 past quarter and the general condition of the business."

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"SEC. [18]14. *NONEXCLUSIVITY.* - The rights herein  
granted shall not be exclusive, and the rights and power to  
grant to any corporation, association, or person other than  
the grantee a franchise for the provision of telephone service  
or the installation, operation and maintenance of a  
telecommunications system shall not be impaired or affected



1 by the granting of this franchise: *Provided*, That the  
2 telecommunications lines installed by virtue of any franchise  
3 for the provision of a telecommunications service or  
4 the installation, operation and maintenance of a  
5 telecommunications systems grant subsequent to this franchise  
6 shall be so placed as not to impair the efficient and effective  
7 operation of the telecommunications system installed under  
8 this franchise and actually in existence at the time of the  
9 granting of said subsequent franchise: *Provided, further*, That  
10 the [National Telecommunications Commission] NTC after  
11 hearing both parties interested may compel the grantee of  
12 this franchise or its successors or [assigns] ASSIGNEES to  
13 remove, relocate or replace their telecommunications lines but  
14 in such case the reasonable cost of the removal, relocation  
15 or replacement shall be paid by the grantee of the  
16 subsequent franchise or his successors or [assigns] ASSIGNEES  
17 to the grantee of this franchise or its successors or [assigns]  
18 ASSIGNEES."

19 "SEC. 15. <sup>15</sup> *WARRANTY IN FAVOR OF THE NATIONAL*  
20 *AND LOCAL GOVERNMENTS.* - THE GRANTEE SHALL  
21 HOLD THE NATIONAL, PROVINCIAL, CITY, AND MUNICIPAL  
22 GOVERNMENTS OF THE PHILIPPINES FREE FROM ALL CLAIMS,  
23 LIABILITIES, DEMANDS, OR ACTIONS ARISING OUT OF  
24 ACCIDENTS CAUSING INJURY TO PERSONS OR DAMAGE TO  
25 PROPERTIES, DURING THE CONSTRUCTION OR OPERATION OF  
26 THE STATIONS OF THE GRANTEE."

27 "SEC. [19]16. <sup>16</sup> *SALE, LEASE, TRANSFER, USUFRUCT,*  
28 *OR ASSIGNMENT OF FRANCHISE.* - The grantee shall not

1       SELL, lease, transfer, grant the usufruct of, [sell or] NOR assign  
2       this franchise or the rights and privileges acquired thereunder  
3       to any person, firm, company, corporation or entity, nor  
4       merge with any other corporation or entity, [without the prior  
5       approval of the Congress of the Philippines. Neither] NOR shall  
6       the controlling interest [in] OF the grantee be transferred,  
7       whether as a whole or in part[s], and whether simultaneously  
8       or contemporaneously, to any such person, firm, company,  
9       corporation or entity without the prior approval of the Congress  
10       of the Philippines, except when the transfer is done: (a) through  
11       a stock exchange transaction; (b) for purposes of qualifying  
12       persons for election to the board; [and] (c) to a corporation that  
13       is controlled by the same stockholders as that of the grantee[.];  
14       (D) TO PERSON, FIRM, COMPANY, CORPORATION OR ENTITY  
15       WITH A VALID AND EXISTING LEGISLATIVE FRANCHISE FOR  
16       TELECOMMUNICATIONS; OR (E) WHERE THE GRANTEE IS  
17       THE SURVIVING CORPORATION: *PROVIDED, THAT THE*  
18       FOREGOING LIMITATIONS SHALL NOT APPLY TO: (1) ANY  
19       TRANSFER OR ISSUANCE OF SHARES OF STOCK IN  
20       THE IMPLEMENTATION OF THE REQUIREMENT FOR THE  
21       DISPERSAL OF THE GRANTEE'S OWNERSHIP PURSUANT TO  
22       SECTION 17 OF THIS ACT; (2) ANY TRANSFER OR SALE OF  
23       SHARES OF STOCK TO A FOREIGN INVESTOR OR INVESTORS;  
24       (3) ANY ISSUANCE OF SHARES TO A FOREIGN OR LOCAL  
25       INVESTOR PURSUANT TO OR IN CONNECTION WITH ANY  
26       INCREASE IN THE GRANTEE'S AUTHORIZED CAPITAL STOCK  
27       WHICH RESULTS IN THE DILUTION OF THE STOCKHOLDINGS  
28       OF THE GRANTEE'S THEN EXISTING STOCKHOLDERS; OR

1 (4) ANY COMBINATION THEREOF WHERE SUCH TRANSFER,  
2 SALE OR ISSUANCE IS EFFECTED IN ORDER TO ENABLE THE  
3 GRANTEE TO RAISE THE NECESSARY CAPITAL OR FINANCING  
4 FOR THE PROVISION OF THE SERVICES FOR WHICH THE  
5 GRANTEE HAS BEEN INCORPORATED OR ORGANIZED:  
6 *PROVIDED, FURTHER, THAT ANY SUCH TRANSFER, SALE*  
7 *OR ISSUANCE IS IN ACCORDANCE WITH ANY APPLICABLE*  
8 *CONSTITUTIONAL PROVISION. Any person or entity to which*  
9 *this franchise is validly sold, transferred or assigned shall be*  
10 *subject to all the same conditions, terms, restrictions and*  
11 *limitations of this Act."*

12 "SEC. [20]17.<sup>20</sup> *DISPERSAL OF OWNERSHIP. - [In*  
13 *compliance with the constitutional mandate to democratize*  
14 *ownership of public utilities, the herein grantee shall make a*  
15 *public offering through the stock exchange of at least thirty*  
16 *percent (30%) of its common stocks within a period of three*  
17 *(3) years from the date of the effectivity of this Act: Provided,*  
18 *That no single person or entity shall be allowed to own*  
19 *more than five percent (5%) of their stock offering.] IN*  
20 *ACCORDANCE WITH THE CONSTITUTIONAL MANDATE TO*  
21 *ENCOURAGE PUBLIC PARTICIPATION IN PUBLIC UTILITIES,*  
22 *THE HEREIN GRANTEE SHALL COMPLY WITH THE ENABLING*  
23 *LAW IMPLEMENTING THE DEMOCRATIZATION OF OWNERSHIP*  
24 *OF PUBLIC UTILITIES."*

25 "[Sec. 21. x x x]

26 "SEC. [22]18.<sup>18</sup> *CONTRACT WITH PRIVATE ENTITIES. -*  
27 *The grantee is authorized to contract the installation*  
28 *and operation of the telecommunications system which is*  
29 *the subject of this grant [to private] WITH entities with*

1 expertise in the field of telecommunications under such  
 2 terms and conditions as may be approved by the  
 3 [National Telecommunications Commission] NTC."

4 "SEC. 19. *REPORTORIAL REQUIREMENTS.* - THE  
 5 GRANTEE SHALL SUBMIT AN ANNUAL REPORT TO  
 6 THE CONGRESS OF THE PHILIPPINES, THROUGH THE  
 7 COMMITTEE ON LEGISLATIVE FRANCHISES OF THE  
 8 HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON  
 9 PUBLIC SERVICES OF THE SENATE, ON ITS COMPLIANCE  
 10 WITH THE TERMS AND CONDITIONS OF THE FRANCHISE AND  
 11 ON ITS OPERATIONS ON OR BEFORE APRIL 30 OF EVERY YEAR  
 12 DURING THE TERM OF ITS FRANCHISE. THE REPORTORIAL  
 13 COMPLIANCE CERTIFICATE ISSUED BY CONGRESS SHALL BE  
 14 REQUIRED BEFORE ANY APPLICATION FOR PERMIT OR  
 15 CERTIFICATE IS ACCEPTED BY THE NTC.

16 "FAILURE OF THE GRANTEE TO SUBMIT THE  
 17 REQUISITE AND SEPARATE ANNUAL REPORT TO CONGRESS  
 18 SHALL BE PENALIZED WITH A FINE OF FIVE HUNDRED <sup>one million pesos</sup>  
 19 PESOS (P500.00) PER WORKING DAY OF NONCOMPLIANCE.  
 20 THE FINE SHALL BE COLLECTED [SEPARATELY] BY THE  
 21 NTC [DISTINCT] FROM THE <sup>delinquent franchise grantees separate</sup> PENALTIES IT IMPOSES <sup>from</sup>  
 22 FOR NONCOMPLIANCE OF ITS OWN <sup>the</sup> REPORTORIAL <sup>penalties</sup>  
 23 REQUIREMENTS." <sup>Penalty clause imposed by the NTC</sup>

24 "SEC. 20. <sup>24</sup> *EQUALITY CLAUSE.* - EXCEPT FOR TAXES  
 25 AND CUSTOMS DUTIES, ANY ADVANTAGE, FAVOR, PRIVILEGE,  
 26 EXEMPTION, OR IMMUNITY WHICH MAY HEREAFTER BE  
 27 GRANTED SHALL <sup>IPSO FACTO</sup> BECOME PART OF THIS FRANCHISE AND  
 28 SHALL BE ACCORDED IMMEDIATELY AND UNCONDITIONALLY  
 29 TO THE HEREIN GRANTEE: *PROVIDED*, THAT THE FOREGOING  
 30 SHALL NEITHER APPLY TO NOR AFFECT THE PROVISIONS

1 OF TELECOMMUNICATIONS FRANCHISES CONCERNING  
 2 <sup>TERRITORY COVERED BY THE FRANCHISE, THE LIFE SPAN OF THE</sup>  
 (TERRITORIAL COVERAGE, [THE TERM] OR THE TYPE OF FRANCHISE OR  
 3 SERVICE AUTHORIZED BY THE FRANCHISE.)"

4 "[SEC. 23. x x x]"

5 "[SEC. 24. x x x]"

6 "[SEC. 25. x x x]."

7 SEC. 2. *Renewal of Franchise.* - The term of the franchise granted  
 8 under Republic Act No. 7372 is hereby extended to another twenty-five (25)  
 9 years from the date of its expiration. This franchise shall be deemed *ipso facto*  
 10 revoked in the event the grantee fails to operate continuously for two (2) years.

11 SEC. 3. *Separability Clause.* - If any of the sections or provisions of  
 12 this Act is held invalid, all other provisions not affected thereby shall remain  
 13 valid.

14 SEC. 4. *Repealability and Exclusivity Clause.* - This franchise is  
 15 granted with the understanding and upon condition that it shall be subject to  
 16 amendment, alteration or repeal by the Congress of the Philippines when the  
 17 public interest so requires and shall not be interpreted as an exclusive grant of  
 18 the privilege herein provided.

19 SEC. 5. *Repealing Clause.* - All laws, decrees, executive orders, rules  
 20 and regulations or parts or provisions thereof which are not consistent with this  
 21 Act are hereby repealed, amended, or modified accordingly.

22 SEC. 6. *Effectivity.* - This Act shall take effect fifteen (15) days after  
 23 its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,