

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES
SEVENTEENTH CONGRESS
First Regular Session

} *

HOUSE OF REPRESENTATIVES

H. No. 5556

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

AN ACT [EXTENDING] RENEWING 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 "THERE 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 “THE GRANTEE SHALL OPERATE AND
14 MAINTAIN ALL ITS STATIONS, LINES, CABLES,
15 SYSTEMS, AND EQUIPMENT FOR THE
16 TRANSMISSION AND RECEPTION OF MESSAGES,
17 SIGNALS, AND PULSES IN A SATISFACTORY
18 MANNER AT ALL TIMES AND, AS FAR AS
19 ECONOMICAL AND PRACTICABLE, MODIFY,
20 IMPROVE, OR CHANGE SUCH STATIONS, LINES,
21 CABLES, SYSTEMS, AND EQUIPMENT TO KEEP
22 ABREAST WITH THE ADVANCES IN SCIENCE AND
23 TECHNOLOGY.

24 “THE GRANTEE SHALL IMPROVE AND
25 EXTEND ITS SERVICES IN AREAS NOT YET
26 SERVED, AND IN HAZARD-AND TYPHOON-

1 PRONE AREAS THAT SHALL BE DETERMINED BY
2 THE NATIONAL DISASTER RISK REDUCTION
3 AND MANAGEMENT COUNCIL IN
4 COORDINATION WITH THE NTC.

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

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

18 "SEC. 10. *TAX PROVISIONS*. - THE GRANTEE,
19 ITS SUCCESSORS OR ASSIGNEES, SHALL BE
20 LIABLE TO PAY THE SAME TAXES ON THEIR
21 REAL ESTATE, BUILDINGS AND PERSONAL
22 PROPERTY, EXCLUSIVE OF THIS FRANCHISE, AS
23 OTHER PERSONS OR CORPORATIONS WHICH
24 ARE NOW OR THEREAFTER MAY BE ACQUIRED
25 BY LAW TO PAY, EXCEPT RADIO
26 TELECOMMUNICATIONS AND ELECTRONIC

1 COMMUNICATIONS EQUIPMENT, MACHINERY,
2 AND SPARE PARTS NEEDED IN THE
3 CONNECTION WITH THE BUSINESS OF THE
4 GRANTEE WHICH SHALL BE EXEMPT FROM
5 CUSTOMS DUTIES, TARIFFS AND OTHER TAXES,
6 AS WELL AS THOSE DECLARED EXEMPT IN THIS
7 SECTION. IN ADDITION THERETO, THE
8 GRANTEE, ITS SUCCESSORS OR ASSIGNEES,
9 SHALL PAY A VALUE-ADDED TAX ON ALL
10 GROSS RECEIPTS OF THE BUSINESS
11 TRANSACTED UNDER THIS FRANCHISE BY THE
12 GRANTEE, ITS SUCCESSORS OR ASSIGNEES, IN
13 THE PHILIPPINES IN LIEU OF ANY AND ALL,
14 TAXES OF ANY KIND, NATURE, OR DESCRIPTION
15 LEVIED, ESTABLISHED, OR COLLECTED BY AN
16 AUTHORITY WHATSOEVER INCLUDING, BUT
17 NOT LIMITED TO, CITY, MUNICIPAL,
18 PROVINCIAL, OR NATIONAL, FROM WHICH THE
19 GRANTEE IS HEREBY EXPRESSLY EXEMPTED
20 EFFECTIVE FROM THE DATE OF THE
21 EFFECTIVITY OF THIS ACT: *PROVIDED*, THAT
22 GRANTEE, ITS SUCCESSORS, OR ASSIGNEES,
23 SHALL CONTINUE TO BE LIABLE FOR INCOME
24 TAXES PAYABLE UNDER TITLE II OF THE
25 NATIONAL INTERNAL REVENUE CODE
26 PURSUANT TO SECTION 2 OF THE EXECUTIVE

1 ORDER NO. 72, UNLESS THE LATTER
2 ENACTMENT IS AMENDED OR REPEALED, IN
3 WHICH CASE AMENDMENT OR REPEAL SHALL
4 BE APPLICABLE THERETO.”

5 “SEC. 11. *COMMITMENT TO PROVIDE AND*
6 *PROMOTE THE CREATION OF EMPLOYMENT*
7 *OPPORTUNITIES.* – THE GRANTEE SHALL
8 CREATE EMPLOYMENT OPPORTUNITIES AND
9 SHALL ALLOW ON-THE-JOB TRAININGS IN
10 THEIR FRANCHISE OPERATION: *PROVIDED,*
11 THAT PRIORITY SHALL BE ACCORDED TO THE
12 RESIDENTS IN AREA WHERE THEIR PRINCIPAL
13 OFFICE IS LOCATED: *PROVIDED, FURTHER,* THAT
14 THE GRANTEE SHALL FOLLOW THE
15 APPLICABLE LABOR STANDARDS AND
16 ALLOWANCE ENTITLEMENT UNDER EXISTING
17 LABOR LAWS, RULES AND REGULATIONS AND
18 SIMILAR ISSUANCES: *PROVIDED, FINALLY,* THAT
19 THE EMPLOYMENT OPPORTUNITIES OR JOBS
20 CREATED SHALL BE REFLECTED IN THE
21 GENERAL INFORMATION SHEET (GIS) TO BE
22 SUBMITTED TO SECURITIES AND EXCHANGE
23 COMMISSION ANNUALLY.”

24 “SEC. 12. *MOBILE NUMBER PORTABILITY.* –
25 THE GRANTEE SHALL PROVIDE MOBILE
26 NUMBER PORTABILITY (MNP). IT SHALL SET UP

1 A MECHANISM FOR THE PURPOSE OF
2 IMPLEMENTING MNP. IT SHALL INTERCONNECT
3 DIRECTLY OR INDIRECTLY WITH THE
4 INFRASTRUCTURE, FACILITIES, SYSTEMS, OR
5 EQUIPMENT OF OTHER TELECOMMUNICATIONS
6 FRANCHISES GRANTEEES. IT SHALL NOT
7 INSTALL NETWORK FEATURES, FUNCTIONS OR
8 CAPABILITES THAT WILL IMPEDE THE
9 IMPLEMENTATION OF A NATIONWIDE MNP
10 SYSTEM. THE NTC SHALL ISSUE RULES AND
11 REGULATIONS FOR THIS PURPOSE, THE
12 EFFECTIVITY OF WHICH SHALL COMMENCE
13 UPON APPLICABILITY WITH OTHER
14 TELECOMMUNICATIONS FRANCHISE GRANTEEES.”

15 “[SEC. 9. x x x]

16 “[SEC. 10. x x x]

17 “SEC. [[11]10] 13. *EMINENT DOMAIN*. – SUBJECT
18 TO THE LIMITATIONS AND PROCEDURES PRESCRIBED BY
19 LAW, THE GRANTEE IS AUTHORIZED TO EXERCISE THE
20 RIGHT OF EMINENT DOMAIN INSOFAR AS MAY BE
21 REASONABLY NECESSARY TO FURTHER THE ESTABLISHMENT
22 AND EFFICIENT MAINTENANCE AND OPERATION OF ITS
23 TELECOMMUNICATIONS SYSTEMS.

24 “No private property shall be taken for any purpose by
25 the grantee without proper condemnation proceedings and just
26 compensation paid or tendered therefor, and any authority to
27 take and occupy land contained herein shall not apply to the

1 taking, use or occupation of any land except such as is required
 2 for the actual and necessary purposes for which this franchise
 3 is granted.”

4 “[Sec. 12. x x x]

5 “[Sec. 13. x x x]

6 “[Sec. 14. x x x]

7 “SEC. [[15]11] 14. *RATES FOR SERVICES.* – [The
 8 rates for the telephone service or charges for every type of call,
 9 flat rates as well as measured rates, are subject to the approval
 10 of the National Telecommunications Commission.] **THE**
 11 **CHARGES AND RATES OF TELECOMMUNICATIONS SERVICES**
 12 **OF THE GRANTEE, EXCEPT THE RATES AND CHARGES ON**
 13 **THOSE THAT MAY HEREAFTER BE DECLARED OR**
 14 **CONSIDERED AS NON-REGULATED SERVICES, WHETHER FLAT**
 15 **RATES OR MEASURED RATES OR VARIATION THEREOF, SHALL**
 16 **BE SUBJECT TO THE APPROVAL OF THE NTC OR ITS LEGAL**
 17 **SUCCESSOR. [THE RATES TO BE CHARGED BY THE GRANTEE**
 18 **SHALL BE UNBUNDLED, SEPARABLE AND DISTINCT AMONG**
 19 **THE SERVICES OFFERED AND SHALL BE DETERMINED IN A**
 20 **MANNER THAT REGULATED SERVICES DO NOT SUBSIDIZE THE**
 21 **UNREGULATED ONES.]”**

22 “SEC. [[16]12] 15. *RIGHT OF INTERCONNECTION.* –
 23 The grantee is hereby authorized to connect **OR DEMAND**
 24 **CONNECTION** of its telecommunications systems to any other
 25 telecommunications systems installed, operated and maintained
 26 by any other [grantee] **DULY AUTHORIZED PERSON OR ENTITY**
 27 in the Philippines for the purpose of providing **EXTENDED AND**
 28 **IMPROVED** telecommunications services to the public [on

1 such] UNDER THE terms and conditions MUTUALLY AGREED
2 UPON BY THE PARTIES CONCERNED, [as may be prescribed
3 from time to time by the National Telecommunications
4 Commission] SUBJECT TO THE REVIEW AND MODIFICATION
5 OF THE NTC.”

6 “SEC. [[17]13] 16. *BOOKS AND ACCOUNTS.* – The
7 books and accounts of the grantee, its successors or [assigns]
8 ASSIGNEES shall always be open to the inspection of the
9 [Commissioner on Audit or his] COA OR ITS authorized
10 representatives, and it shall be the duty of the grantee to submit
11 to the [Commission on Audit] COA quarterly reports in
12 duplicate showing the gross receipts and the net receipts for the
13 past quarter and the general condition of the business.”

14 “SEC. [[18]14] 17. *NONEXCLUSIVITY.* – The rights
15 herein granted shall not be exclusive, and the rights and power
16 to grant to any corporation, association, or person other than
17 the grantee a franchise for the provision of telephone service
18 or the installation, operation and maintenance of a
19 telecommunications system shall not be impaired or affected
20 by the granting of this franchise: *Provided,* That the
21 telecommunications lines installed by virtue of any franchise
22 for the provision of a telecommunications service or
23 the installation, operation and maintenance of a
24 telecommunications systems grant subsequent to this franchise
25 shall be so placed as not to impair the efficient and effective
26 operation of the telecommunications system installed under
27 this franchise and actually in existence at the time of the

1 granting of said subsequent franchise: *Provided, further*, That
2 the [National Telecommunications Commission] NTC after
3 hearing both parties interested may compel the grantee of
4 this franchise or its successors or [assigns] ASSIGNEES to
5 remove, relocate or replace their telecommunications lines but
6 in such case the reasonable cost of the removal, relocation
7 or replacement shall be paid by the grantee of the
8 subsequent franchise or his successors or [assigns] ASSIGNEES
9 to the grantee of this franchise or its successors or [assigns]
10 ASSIGNEES.”

11 “SEC. [15] 18. *WARRANTY IN FAVOR OF THE NATIONAL*
12 *AND LOCAL GOVERNMENTS.* – THE GRANTEE SHALL HOLD
13 THE NATIONAL, PROVINCIAL, CITY, AND MUNICIPAL
14 GOVERNMENTS OF THE PHILIPPINES FREE FROM ALL CLAIMS,
15 LIABILITIES, DEMANDS, OR ACTIONS ARISING OUT OF
16 ACCIDENTS CAUSING INJURY TO PERSONS OR DAMAGE TO
17 PROPERTIES, DURING THE CONSTRUCTION OR OPERATION OF
18 THE STATIONS OF THE GRANTEE.”

19 “SEC. [[19]16] 19. *SALE, LEASE, TRANSFER,*
20 *USUFRUCT, OR ASSIGNMENT OF FRANCHISE.* – The grantee
21 shall not SELL, lease, transfer, grant the usufruct of, [sell or]
22 NOR assign this franchise or the rights and privileges acquired
23 thereunder to any person, firm, company, corporation or entity,
24 nor merge with any other corporation or entity, [without the
25 prior approval of the Congress of the Philippines. Neither] NOR
26 shall the controlling interest [in] OF the grantee be transferred,
27 whether as a whole or in part[s], and whether simultaneously

1 or contemporaneously, to any such person, firm, company,
2 corporation or entity without the prior approval of the Congress
3 of the Philippines, except when the transfer is done: (a) through
4 a stock exchange transaction; (b) for purposes of qualifying
5 persons for election to the board; [and] (c) to a corporation that
6 is controlled by the same stockholders as that of the grantee[.];
7 (D) TO PERSON, FIRM, COMPANY, CORPORATION OR ENTITY
8 WITH A VALID AND EXISTING LEGISLATIVE FRANCHISE FOR
9 TELECOMMUNICATIONS; OR (E) WHERE THE GRANTEE IS
10 THE SURVIVING CORPORATION: *PROVIDED*, THAT THE
11 FOREGOING LIMITATIONS SHALL NOT APPLY TO: (1) ANY
12 TRANSFER OR ISSUANCE OF SHARES OF STOCK IN
13 THE IMPLEMENTATION OF THE REQUIREMENT FOR THE
14 DISPERSAL OF THE GRANTEE'S OWNERSHIP PURSUANT TO
15 SECTION [17] 20 OF THIS ACT; (2) ANY TRANSFER OR SALE
16 OF SHARES OF STOCK TO A FOREIGN INVESTOR OR
17 INVESTORS; (3) ANY ISSUANCE OF SHARES TO A FOREIGN OR
18 LOCAL INVESTOR PURSUANT TO OR IN CONNECTION WITH
19 ANY INCREASE IN THE GRANTEE'S AUTHORIZED CAPITAL
20 STOCK WHICH RESULTS IN THE DILUTION OF THE
21 STOCKHOLDINGS OF THE GRANTEE'S THEN EXISTING
22 STOCKHOLDERS; OR (4) ANY COMBINATION THEREOF WHERE
23 SUCH TRANSFER, SALE OR ISSUANCE IS EFFECTED IN ORDER
24 TO ENABLE THE GRANTEE TO RAISE THE NECESSARY CAPITAL
25 OR FINANCING FOR THE PROVISION OF THE SERVICES FOR
26 WHICH THE GRANTEE HAS BEEN INCORPORATED OR
27 ORGANIZED: *PROVIDED, FURTHER*, THAT ANY SUCH
28 TRANSFER, SALE OR ISSUANCE IS IN ACCORDANCE WITH ANY
29 APPLICABLE CONSTITUTIONAL PROVISION. Any person or
30 entity to which this franchise is validly sold, transferred or

1 assigned shall be subject to all the same conditions, terms,
2 restrictions and limitations of this Act.”

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

16 “[Sec. 21. x x x]

17 “SEC. [[22]18] 21. *CONTRACT WITH PRIVATE*
18 *ENTITIES.* – The grantee is authorized to contract the
19 installation and operation of the telecommunications system
20 which is the subject of this grant [to private] WITH entities
21 with expertise in the field of telecommunications under such
22 terms and conditions as may be approved by the
23 [National Telecommunications Commission] NTC.”

24 “SEC. [19] 22. *REPORTORIAL REQUIREMENTS.* – THE
25 GRANTEE SHALL SUBMIT AN ANNUAL REPORT TO
26 THE CONGRESS OF THE PHILIPPINES, THROUGH THE
27 COMMITTEE ON LEGISLATIVE FRANCHISES OF THE
28 HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON

1 PUBLIC SERVICES OF THE SENATE, ON ITS COMPLIANCE
2 WITH THE TERMS AND CONDITIONS OF THE FRANCHISE AND
3 ON ITS OPERATIONS ON OR BEFORE APRIL 30 OF EVERY YEAR
4 DURING THE TERM OF ITS FRANCHISE. THE REPORTORIAL
5 COMPLIANCE CERTIFICATE ISSUED BY CONGRESS SHALL BE
6 REQUIRED BEFORE ANY APPLICATION FOR PERMIT OR
7 CERTIFICATE IS ACCEPTED BY THE NTC.

8 "FAILURE OF THE GRANTEE TO SUBMIT THE
9 REQUISITE AND SEPARATE ANNUAL REPORT TO CONGRESS
10 SHALL BE PENALIZED WITH A FINE IN THE AMOUNT OF
11 ONE MILLION PESOS (P1,000,000.00) PER
12 WORKING DAY OF NONCOMPLIANCE, THE
13 EFFECTIVITY OF WHICH SHALL COMMENCE
14 UPON APPLICABILITY WITH OTHER
15 TELECOMMUNICATIONS FRANCHISE GRANTEES:
16 *PROVIDED*, THAT IN THE INTERIM, THE
17 GRANTEE SHALL BE LIABLE TO PAY THE FINE
18 OF FIVE HUNDRED PESOS (P500.00) PER WORKING DAY OF
19 NONCOMPLIANCE. THE FINE SHALL BE COLLECTED
20 [SEPARATELY] BY THE NTC [DISTINCT FROM THE
21 PENALTIES IT IMPOSES FOR NONCOMPLIANCE OF ITS OWN
22 REPORTORIAL REQUIREMENTS] FROM THE
23 DELINQUENT FRANCHISE GRANTEE SEPARATE
24 FROM THE REPORTORIAL PENALTIES IMPOSED
25 BY THE NTC AND THE SAME SHALL BE
26 REMITTED TO THE NATIONAL TREASURY."

1 “SEC. [20] 23. *EQUALITY CLAUSE.* – [EXCEPT FOR
2 TAXES AND CUSTOMS DUTIES,] ANY ADVANTAGE, FAVOR,
3 PRIVILEGE, EXEMPTION, OR IMMUNITY WHICH MAY
4 HEREAFTER BE GRANTED SHALL *IPSO FACTO* BECOME
5 PART OF THIS FRANCHISE AND SHALL BE ACCORDED
6 IMMEDIATELY AND UNCONDITIONALLY TO THE HEREIN
7 GRANTEE: *PROVIDED*, THAT THE FOREGOING SHALL
8 NEITHER APPLY TO NOR AFFECT THE PROVISIONS
9 OF TELECOMMUNICATIONS FRANCHISES CONCERNING
10 [TERRITORIAL COVERAGE, THE TERM,] TERRITORY
11 COVERED BY THE FRANCHISE, THE LIFE SPAN
12 OF THE FRANCHISE OR THE TYPE OF SERVICE
13 AUTHORIZED BY THE FRANCHISE.”

14 “[SEC. 23. x x x]

15 “[SEC. 24. x x x]

16 “[SEC. 25. x x x].”

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

21 SEC. 3. *Separability Clause.* – If any of the sections or provisions of
22 this Act is held invalid, all other provisions not affected thereby shall remain
23 valid.

24 SEC. 4. *Repealability and Exclusivity Clause.* – This franchise is
25 granted with the understanding and upon condition that it shall be subject to
26 amendment, alteration or repeal by the Congress of the Philippines when the
27 public interest so requires and shall not be interpreted as an exclusive grant of
28 the privilege herein provided.

1 SEC. 5. *Repealing Clause.* – All laws, decrees, executive orders, rules
2 and regulations or parts or provisions thereof which are not consistent with this
3 Act are hereby repealed, amended, or modified accordingly.

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

Approved,

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