

SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

'17 SEP 14 P4:11

SENATE

S.B. No. 1589

RECEIVED



Introduced by Senator SONNY ANGARA

AN ACT

RENEWING AND AMENDING THE FRANCHISE GRANTED TO INNOVE COMMUNICATIONS, INC. (FORMERLY "ISLA COMMUNICATIONS, CO.") 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

EXPLANATORY NOTE

This bill seeks to extend Innove Communications Inc.'s (formerly "*Isla Communications Company, Inc.*"; hereinafter "Innove") legislative franchise for an additional period of twenty-five (25) years.

Innove is a corporation organized and existing under the laws of Republic of the Philippines. It is one hundred percent (100%) owned and controlled by Globe Telecom Inc. and holds its principal office at The Globe Tower – Cebu, Samar Loop corner Pasay Road, Cebu Business Park, 6000 Cebu City. Innove's legislative franchise, granted under Republic Act No. 7372 and valid for a period of twenty-five (25) years from the effectivity of the law, expired last March 23, 2017.

Innove provides wireless mobile, wireline, data and corporate communications solutions to households and corporate clients under the Globe Group of Companies. It also provides mobile and fixed-line telecommunications, internet, broadband and convergent services, networks for enterprise clients, services for internal applications, internet protocol based solutions and multimedia content delivery. It also offers wireline voice services, which offers homes and businesses access to advanced telecommunications functions and features; and wireline data services, which provides business customers high-speed data services over a nationwide

broadband network. Innove also has an authority to operate Local Exchange Carrier (LEC) Prepaid Services, International Gateway Facility (IGF), Cellular Mobile Telecommunications System (CMTS).

To date, Innove serves a total of not less than 18,500,000 subscribers in pre-paid mobile, fixed line, data and corporate telecom services. Subscribers include regular consumers, Top 7,000 companies in the Philippines, Small and Medium Enterprises (SMEs), and embassies and consulates located in the Philippines.

The proposed extension of the legislative franchise will allow Innove to continue providing various telecommunications services throughout the Philippines and between the Philippines and other countries and territories at rates affordable to the consuming public. It will also ensure the uninterrupted and improved delivery of its services to the Filipino people.

The immediate passage of the measure will be for the best interest of the State and the consuming public. Hence, the immediate approval of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read 'SONNY ANGARA', with a stylized flourish at the end.

SONNY ANGARA

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TERRITORY OF THE REPUBLIC OF THE PHILIPPINES AND INTERNATIONAL
POINTS AND FOR OTHER PURPOSES

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

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

2 "Section 1. **NATURE AND SCOPE OF FRANCHISE** - Subject to the
3 conditions established in this Act and the provisions of the Constitution
4 and the provisions of laws, orders or issuances not inconsistent
5 herewith, there is hereby granted to the **INNOVE COMMUNICATIONS**
6 **INC. [FORMERLY "Isla Communications Co. (ISLACOM)]**, its
7 successors or ASSIGNEES [assigns] the right, privilege and authority
8 to construct, **ESTABLISH, INSTALL, LEASE, CO-USE, PURCHASE,**
9 operate and maintain all types of mobile **AND FIXED WIRELESS**
10 telecommunications, including cellular [personal communications
11 network, paging and trunk radio services] **TELEPHONE SYSTEM,**
12 **BROADBAND AND INTERNET SERVICES** (such as but not limited to
13 the transmission and reception of voice, **DATA TRANSMISSION,**
14 **MESSAGE SERVICE/MESSAGING, ELECTRONIC MAIL,** data
15 facsimile, audio and video, and all other improvements and innovations
16 **AND CONVERGENCE OF SERVICES** pertaining to or as may be
17 applicable to mobile telecommunications technology) **AND USE ALL**
18 **THE APPARATUS, CONDUITS, APPLIANCES, RECEIVERS,**
19 **TRANSMITTERS, ANTENNAS, SATELLITES AND EQUIPMENT**

1 NECESSARY FOR THE TRANSMISSION/RECEPTION OF DATA,
2 MESSAGES, VIDEOS AND SIGNALS, WITH THE
3 CORRESPONDING TECHNOLOGICAL AUXILIARIES, FACILITIES,
4 DISTRIBUTION OR RELAY STATIONS, THROUGHOUT THE
5 PHILIPPINES, as well as multi-channel microwave, fiber optic and
6 satellite distribution systems that may be required for the purpose of
7 linking together said mobile, **FIXED OR CONVERGENT**,
8 telecommunications network internally and externally to other mobile
9 telecommunications network and traditional wireline telephone
10 systems, whether domestic or international, whether directly or
11 indirectly, through networks and, generally, to provide by means of this
12 telecommunications system a telephone service and such other
13 telecommunications services such as there may be demand for in the
14 Philippines.

15 THERE IS HEREBY GRANTED TO THE GRANTEE, ITS
16 SUCCESSORS OR ASSIGNEES, A FRANCHISE TO ENGAGE IN
17 TELECOMMUNICATIONS SERVICES BY INSTALLING,
18 MAINTAINING AND OPERATING TELECOMMUNICATIONS
19 PLANTS, EXCHANGES, NATIONWIDE AND/OR REGIONAL
20 TRANSMISSION (BACKBONE) NETWORK; TERRESTRIAL AND
21 MICROWAVE SYSTEMS, LINES, INSTRUMENTS, LANDLINES;
22 INTERNATIONAL AND DOMESTIC UNDERSEA CABLES,
23 STATIONS, APPARATUS, TELEPHONE SERVICES; LONG
24 DISTANCE TOLL SERVICES; INTERNATIONAL GATEWAY
25 FACILITIES/SERVICES; TRADITIONAL WIRELINE TELEPHONE
26 SYSTEMS, WHETHER DOMESTIC OR INTERNATIONAL,
27 WHETHER DIRECTLY OR INDIRECTLY THROUGH NETWORKS;
28 PUBLIC CALLING OFFICES (PAYPHONES); STATION OR
29 STATIONS AND ASSOCIATED EQUIPMENT AND FACILITIES FOR
30 INTERNATIONAL SATELLITE COMMUNICATIONS, SUCH
31 GROUND FACILITIES AS NEEDED TO DELIVER
32 TELECOMMUNICATIONS SERVICES FROM THE
33 COMMUNICATIONS SATELLITE SYSTEM AND GROUND
34 TERMINAL OR TERMINALS AND SUCH GROUND FACILITIES
35 SHALL NOT DUPLICATE EXISTING FACILITIES OF DOMESTIC
36 COMMON CARRIERS AND GRANTEE SHALL OPERATE AS A
37 CARRIER'S CARRIER; ANY AND ALL TYPES OF
38 TELECOMMUNICATIONS SERVICES AVAILABLE THROUGH THE
39 USE OF SPACE RELAY AND REPEATER STATIONS FOR
40 DOMESTIC PUBLIC COMMUNICATIONS WITH AUTHORITY TO
41 RECEIVE AND TRANSMIT MESSAGES, IMPRESSION, PICTURES,
42 MUSIC, ENTERTAINMENT, ADVERTISING AND SIGNAL
43 THROUGHOUT THE PHILIPPINES AND BETWEEN THE

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

12 The grantee is authorized to carry on the business of providing to the
13 public telecommunications services within the territory of the Republic
14 of the Philippines and other countries and territories and, for the
15 purpose of providing said telecommunications services, to construct,
16 own and operate telecommunications system in and between
17 provinces, cities and municipalities of the Republic of the Philippines
18 and to lay, place and operate and maintain telecommunications lines in
19 and between the territory of the Republic of the Philippines and other
20 countries, including the construction, operation and maintenance of an
21 international digital gateway facility, and to construct, maintain and
22 operate and use all telecommunications apparatus necessary for the
23 provision of telecommunications services and to install, construct and
24 maintain telecommunications apparatus in, on, over, or under the
25 public roads, government rights-of-way, lands bridges, rivers, waters,
26 streets, lanes and sidewalks of said provinces, cities and
27 municipalities, and to lay submarine telecommunications cables in the
28 surrounding waters of the Philippines and for the purpose of connecting
29 its telecommunications systems with other telecommunications
30 systems operated by others within the Philippines and with the
31 telecommunications systems of other countries, as may be necessary
32 and best adapted to said provision of telecommunications services,
33 and to connect and keep connected its telecommunications system to
34 other telecommunications systems for the interconnection of
35 telecommunications services within the territory of the Republic of the
36 Philippines and between the Republic of the Philippines and other
37 countries and territories."

38 **"SECTION 2. MANNER OF OPERATION OF STATIONS OR**
39 **FACILITIES – THE STATIONS OR FACILITIES OF THE GRANTEE**
40 **SHALL BE CONSTRUCTED AND OPERATED IN A MANNER AS**
41 **WILL, AT MOST, RESULT ONLY IN THE MINIMUM INTERFERENCE**
42 **ON THE WAVELENGTHS OR FREQUENCIES OF EXISTING**

1 STATIONS OR OTHER STATIONS WHICH MAY BE ESTABLISHED
2 BY LAW, WITHOUT IN ANY WAY DIMINISHING ITS OWN
3 PRIVILEGE TO USE ITS ASSIGNED WAVELENGTHS OR
4 FREQUENCIES AND THE QUALITY OF TRANSMISSION OR
5 RECEPTION THEREON AS SHOULD MAXIMIZE RENDITION OF
6 THE GRANTEE'S SERVICES AND/OR AVAILABILITY THEREOF."

7 "Section [2]3. **RIGHT OF GOVERNMENT** - The President of the
8 Philippines, in times of war, rebellion, public peril, calamity, emergency,
9 disaster or disturbance of peace and order, may **TEMPORARILY** take
10 over and operate the stations, transmitter systems, facilities and
11 equipment of the grantee, temporarily suspend the operation of any
12 station in the interest of public safety, security and public welfare, or
13 authorize the temporary use and operation thereof by any agency of
14 the Government, upon due compensations to the grantee, for the use
15 of said stations, transmitter systems, facilities and equipment during
16 the period when they shall so operated.

17
18 **THE RADIO SPECTRUM IS A FINITE RESOURCE THAT IS PART**
19 **OF THE NATIONAL PATRIMONY AND THE USE THEREOF IS A**
20 **PRIVILEGE CONFERRED UPON THE GRANTEE BY THE STATE**
21 **AND MAY BE WITHDRAWN ANYTIME AFTER DUE PROCESS."**

22 "Section [3]4. **AUTHORITY OF THE NATIONAL**
23 **TELECOMMUNICATIONS COMMISSION (NTC)** – THE GRANTEE
24 SHALL NOT EXERCISE ANY RIGHT OR PRIVILEGE UNDER THIS
25 FRANCHISE WITHOUT FIRST HAVING OBTAINED SUCH
26 CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AND
27 SUCH OTHER PERMITS OR LICENSES FROM THE NATIONAL
28 TELECOMMUNICATIONS COMMISSION ("NTC"). THIS FRANCHISE
29 SHALL NOT TAKE EFFECT NOR SHALL ANY POWER BE
30 EXERCISED BY THE GRANTEE UNTIL THE NTC SHALL HAVE
31 ALLOTTED TO THE GRANTEE THE FREQUENCIES AND
32 WAVELENGTHS TO BE USED AND DETERMINED THE STATIONS
33 TO AND FROM WHICH EACH FREQUENCY AND WAVELENGTH
34 MAY BE USED, AND ISSUED TO THE GRANTEE A LICENSE FOR
35 SUCH USE. **THE NTC, HOWEVER, SHALL NOT UNREASONABLY**
36 **WITHHOLD OR DELAY THE GRANT OF ANY SUCH AUTHORITY,**
37 **PERMITS OR LICENSES.**

38 The grantee may install, operate and maintain radio
39 telecommunications system to provide a telephone service and other
40 telecommunications services including mobile services within the
41 territory of the Republic of the Philippines and between the Republic of

1 the Philippines and ships at sea, aircraft in the air, and the
2 telecommunications systems of other countries: provided, that the
3 location, installation or operation of any such radio telecommunications
4 system must be previously approved by the **NTC** [National
5 Telecommunications Commission]: provided further, that the **NTC**
6 [National Telecommunications Commission] shall have the authority to
7 supervise and regulate the installation or operation of such radio
8 telecommunications system.”

9 “Section [4]5. **EXCAVATION AND RESTORATION WORKS** – For the
10 purpose of [installing, operating and maintaining its
11 telecommunications lines], **ERECTING AND MAINTAINING POLES**
12 **OR OTHER SUPPORTS FOR WIRES OR OTHER CONDUCTORS**
13 **FOR LAYING AND MAINTAINING UNDERGROUND WIRES,**
14 **CABLES OR OTHER CONDUCTORS** [it shall be lawful for] , the
15 grantee, its successors and **ASSIGNEES** [assigns] **SHALL BE**
16 **AUTHORIZED** to make excavations, **INSTALL POSTS** or lay conduits
17 in any of the public places, **ROADS**, highways, streets, lanes, alleys,
18 avenues, sidewalks, bridges of [said] **THE** provinces, cities and/OR
19 municipalities, **WITH THE PRIOR APPROVAL OF THE**
20 **DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS (DPWH) OR**
21 **THE LOCAL GOVERNMENT UNIT (LGU) CONCERNED, AS MAY BE**
22 **APPROPRIATE:** Provided, however, that any public place, highway,
23 **ROAD**, street, lane, alley, avenue, sidewalk or bridge disturbed, altered
24 or changed by reason of [the installation, operation and maintenance of
25 said telecommunications lines underground] **ERECTION OF POLES**
26 **OR OTHER SUPPORTS OR THE UNDERGROUND LAYING OF**
27 **WIRES, OTHER CONDUCTORS OR CONDUITS,** shall be repaired
28 and replaced in a workmanlike manner by said grantee, its successors
29 or **ASSIGNEES** [assigns] to [the satisfaction of the National
30 Telecommunications Commission] **IN ACCORDANCE WITH THE**
31 **STANDARDS SET BY DPWH OR THE LGU CONCERNED.** Should
32 the grantee, its successors or **ASSIGNEES** [assigns], after thirty (30)
33 days notice from the [proper] **SAID** authority, fail, refuse or neglect to
34 repair or replace any part of a public place, road, highway, street, lane,
35 alley, avenue, sidewalk or bridge altered, changed or disturbed by said
36 grantee, its successors or **ASSIGNEES** [assigns], then the **DPWH OR**
37 **THE LGU CONCERNED** [Secretary of Transportation and
38 Communication] shall have the right to have the same repaired and
39 placed in good order and condition [at the cost and expense of] **AND**
40 **CHARGE** the grantee, its successors and **ASSIGNEES** [assigns], **AT**
41 **DOUBLE THE AMOUNT OF THE COSTS AND EXPENSES FOR**
42 **SUCH REPAIR OR REPLACEMENT.”**

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

6 "Section [6]7. **ACCEPTANCE AND COMPLIANCE** - Acceptance of
7 this franchise shall be given in writing **TO THE CONGRESS OF THE**
8 **PHILIPPINES, THROUGH THE COMMITTEE ON LEGISLATIVE**
9 **FRANCHISES OF THE HOUSE OF REPRESENTATIVES AND THE**
10 **COMMITTEE ON PUBLIC SERVICES OF THE SENATE**, within sixty
11 (60) days after the effectivity of this Act. **UPON RECEIPT OF SUCH**
12 **ACCEPTANCE IN WRITING, THE GRANTEE SHALL EXERCISE**
13 **THE PRIVILEGES GRANTED UNDER THIS ACT. NON-**
14 **ACCEPTANCE SHALL RENDER THE FRANCHISE VOID.** [The
15 grantee shall operate the telecommunications system for which this
16 franchise is granted within four (4) years from the date of its
17 acceptance in writing of this franchise. Refusal or failure to accept the
18 franchise or to operate within the prescribed period shall render the
19 franchise void.]"

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

27 All telecommunications systems owned, operated or maintained by the
28 grantee, its successors or ASSIGNEES [assigns] shall be maintained
29 and operated at all times in a satisfactory manner, and it shall be the
30 further duty of said GRANTEE [grantee], its successors or
31 ASSIGNEES [assigns], whenever required to do so by the NTC
32 [National Telecommunications Commission], to modify, improve and
33 change such telecommunications systems in such manner and to such
34 extent as the progress of science and improvements in the method of
35 conveyance of telecommunications messages by means of said
36 systems may make reasonable, proper and economically feasible."

37 "Section [8]9. **GROSS RECEIPTS** - The grantee, its successors or
38 ASSIGNEES [assigns] shall keep a separate account of the gross
39 receipts of the telecommunications service business transacted by it
40 and shall furnish the Commission on Audit ("COA") and the National

1 Treasurer a copy of such account not later than the thirty-first day of
2 January of each year for the preceding twelve (12) months."

3 ["Section 9. The grantee shall not exercise any right or privilege under
4 this franchise without first having obtained such certificate of public
5 convenience and necessity from the National Telecommunications
6 Commission. This franchise shall not take effect nor shall any power
7 be exercised by the grantee until the Telecommunications Commission
8 shall have allotted to the grantee the frequencies and wavelengths to
9 be used and determined the stations to and from which each frequency
10 and wavelength may be used, and issued to the grantee a license for
11 such case.]

12 ["Section 10. The stations of the grantee shall be so constructed and
13 operated and the wavelengths so selected as to avoid interference with
14 existing stations and to permit the expansion of the grantee's services.]

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

22 No private property shall be taken for any purpose by the grantee
23 without proper condemnation proceedings and just compensation paid
24 or tendered therefore, and any authority to take and occupy land
25 contained herein shall not apply to the taking, use or occupation of any
26 land except such as is required for the actual and necessary purposes
27 for which this franchise is granted."

28 [Section 12. As a guaranty that this franchise has been accepted in
29 good faith, the grantee, its successors or assigns shall file, after the
30 granting of the certificate of public convenience and necessity by the
31 National Telecommunications Commission, with the National Treasurer
32 , a surety bond in such amounts as may be fixed by the proper
33 government authority to guarantee full compliance and fulfillment of the
34 conditions under which this franchise is granted.

35 Should the said grantee, its successors or assigns, for any other
36 cause than the act of God or the public enemy, usurpation of military
37 power, martial law, riot, civil commotion or inevitable cause, fail, refuse
38 or neglect to begin, within two (2) years from the date of the granting of

1 said certificate of public convenience and necessity, the business of
2 providing telecommunications service or fail, refuse or neglect to be
3 fully equipped and ready to operate, within two (2) years from the date
4 of granting of said certificate of public convenience and necessity , a
5 telecommunications system as have been agreed with competent
6 authority, according to the terms of this franchise, then the bond
7 prescribed by this section to be filed with the National Treasurer shall
8 become the property of the National Government as liquidated
9 damages caused to the Government by such failure, refusal or neglect,
10 and thereafter no interest on said bond shall be paid to the grantee, its
11 successors or assigns.

12 Should the grantee, its successors or assigns begin the business of
13 providing a telephone service and be ready to operate according to the
14 terms of this franchise a telecommunications system within two (2)
15 years from the date of the granting of said certificate of public
16 convenience and necessity, then and in that event the bond prescribed
17 by this section shall be returned by the Government to the grantee, its
18 successors or assigns as soon as the telephone service has begun in
19 accordance with the terms of this franchise; Provided, further, that all
20 the time during which the grantee, its successors or assigns may be
21 prevented from carrying out the terms and conditions of this franchise
22 by any of said causes shall be added to the time allowed by this
23 franchise for compliance with its provisions.]

24 ["Section 13. From the date the National Telecommunications
25 Commission allots the grantee the frequencies and wavelengths to be
26 used by it, the grantee shall be allowed for a period of three (3) years
27 to import all its capital equipment on a tax and duty-free basis.]

28 "Section [14]11. **TAX PROVISIONS** - The grantee, its successors or
29 ASSIGNEES [assigns] shall be liable to pay the same taxes on their
30 real estate, buildings and personal property, exclusive of this franchise,
31 as other persons or corporations which are now or hereafter may be
32 required by law to pay, **EXCEPT RADIO TELECOMMUNICATIONS**
33 **AND ELECTRONIC COMMUNICATIONS EQUIPMENT, MACHINERY**
34 **AND SPARE PARTS NEEDED IN CONNECTION WITH THE**
35 **BUSINESS OF THE GRANTEE WHICH SHALL BE EXEMPT FROM**
36 **CUSTOMS DUTIES, TARIFFS AND OTHER TAXES, AS WELL AS**
37 **THOSE DECLARED EXEMPT IN THIS SECTION.** In addition thereto,
38 the grantee, its successors or ASSIGNEES [assigns] shall pay a
39 [franchise tax equivalent to three percent (3%) of] **VALUE-ADDED**
40 **TAX ON** all gross receipts of the business transacted under this
41 franchise by the grantee, its successors or ASSIGNEES [assigns] **IN**

1 **THE PHILIPPINES** [and the said percentage shall be] in lieu of **ANY**
2 **AND** all taxes [on this franchise or earnings thereof] **OF ANY KIND,**
3 **NATURE OR DESCRIPTION LEVIED, ESTABLISHED OR**
4 **COLLECTED BY AN AUTHORITY WHATSOEVER INCLUDING, BUT**
5 **NOT LIMITED TO, CITY, MUNICIPAL, PROVINCIAL OR NATIONAL,**
6 **FROM WHICH THE GRANTEE IS HEREBY EXPRESSLY**
7 **EXEMPTED EFFECTIVE FROM THE DATE OF THE EFFECTIVITY**
8 **OF THIS ACT:** *Provided,* That grantee shall continue to be liable for
9 income taxes payable under Title II of the National Internal Revenue
10 Code pursuant to Sec. 2 of Executive Order No. 72 unless the latter
11 enactment is amended or repealed, in which case the amendment or
12 repeal shall be applicable thereto.

13 The grantee shall file the return with and pay the tax due thereon to the
14 Commissioner of Internal Revenue or his duly authorized
15 representative in accordance with the National Internal Revenue Code.
16 The return shall be subject to audit by the Bureau of Internal Revenue."

17 "Section [15] **12. RATES FOR SERVICE** - The rates for the telephone
18 service or charges for every type of call, flat rates as well as measured
19 rates, are subject to the approval of the **NTC** [National
20 Telecommunications Commission]"

21 "Section [16] **13. RIGHT OF INTERCONNECTION** - The grantee is
22 hereby authorized to connect **OR DEMAND CONNECTION OF** its
23 telecommunications systems to any other telecommunications systems
24 installed, operated and maintained by any other **DULY AUTHORIZED**
25 **PERSON OR ENTITY** in the Philippines for the purpose of providing
26 telecommunications services to the public on such terms and
27 conditions as may be prescribed from time to time by the **NTC**
28 [National Telecommunications Commission]."

29 "Section [17] **14. BOOKS AND ACCOUNTS** - The books and accounts
30 of the grantee, its successors or **ASSIGNEES** [assigns] shall always be
31 open to the inspection of the COA or ITS [his] authorized
32 representatives, and it shall be the duty of the grantee to submit to the
33 COA quarterly reports in duplicate showing the gross receipts and the
34 net receipts for the past quarter and the general condition of the
35 business."

36 "Section [18] **15. NON-EXCLUSIVITY** - The rights herein granted shall
37 not be exclusive, and the rights and power to grant to any corporation,
38 association, or person other than the grantee a franchise for the
39 provision of telephone service or the installation, operation and

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

17 **“SECTION 16. WARRANTY IN FAVOR OF THE NATIONAL AND**
18 **LOCAL GOVERNMENT – THE GRANTEE SHALL HOLD THE**
19 **NATIONAL, PROVINCIAL, CITY AND MUNICIPAL GOVERNMENTS**
20 **OF THE PHILIPPINES FREE FROM ALL CLAIMS, ACCOUNTS,**
21 **DEMANDS, OR ACTIONS ARISING OUT OF ACCIDENTS OR**
22 **INJURIES, WHETHER TO PROPERTY OR TO PERSONS, CAUSED**
23 **BY THE CONSTRUCTION OR OPERATION OF THE STATIONS,**
24 **TRANSMITTERS, FACILITIES, OR EQUIPMENT OF THE**
25 **GRANTEE.”**

26
27 **“Section [19]17. SALE, LEASE, TRANSFER, USUFRUCT, OR**
28 **ASSIGNMENT OF FRANCHISE -** The grantee shall not lease,
29 transfer, grant the usufruct of, sell or assign this franchise or the rights
30 and privileges acquired thereunder to any person, firm, company,
31 corporation or entity, nor merge with any other corporation or entity
32 [without the prior approval of the Congress of the Philippines. Neither]
33 **NOR** shall the controlling interest in the grantee be transferred,
34 whether as a whole or in parts and whether simultaneously or
35 contemporaneously, to any such person, firm, company, corporation or
36 entity without the prior approval of the Congress of the Philippines:
37 **PROVIDED, THAT THE FOREGOING LIMITATIONS SHALL NOT**
38 **APPLY** [, except (a) when [the transfer is done: (a) through a stock
39 exchange transaction; (b) for purposes of qualifying persons for
40 election to the board; and (c)] **(A) WHEN TRANSFER IS** to a
41 corporation that is controlled by the same stockholders
42 **CONTROLLING** [as that of] the grantee. **(B) TO ANY TRANSFER OR**
43 **SALE OF SHARES TO A FOREIGN INVESTOR OR INVESTORS; (C)**

1 TO ANY ISSUANCE OF SHARES TO ANY FOREIGN OR LOCAL
2 INVESTORS, PURSUANT TO OR IN CONNECTION WITH ANY
3 INCREASE IN THE GRANTEE'S AUTHORIZED CAPITAL STOCK;
4 (D) TO ANY TRANSFER TO ANOTHER CORPORATION WHICH IS
5 A GRANTEE OF ANOTHER CONGRESSIONAL FRANCHISE FOR
6 PROVISION OF TELECOMMUNICATIONS SERVICES; AND (E) TO
7 ANY COMBINATION THEREOF WHERE SUCH TRANSFER, SALE
8 OR ISSUANCE IS EFFECTED IN ORDER TO ENABLE THE
9 GRANTEE TO RAISE THE NECESSARY CAPITAL OR FINANCING
10 FOR THE PROVISION OF THE SERVICES AUTHORIZED BY THIS
11 ACT AND/OR TO CARRY OUT ANY OF THE PURPOSES FOR
12 WHICH THE GRANTEE HAS BEEN INCORPORATED OR
13 ORGANIZED: *PROVIDED, FURTHER*, THAT ANY TRANSFER,
14 SALE OR ISSUANCE IS IN ACCORDANCE WITH ANY
15 APPLICABLE CONSTITUTIONAL LIMITATIONS: *PROVIDED,*
16 *FURTHERMORE*, THAT CONGRESS SHALL BE INFORMED OF
17 ANY SALE, LEASE, TRANSFER, GRANT OF USUFRUCT, OR
18 ASSIGNMENT OF FRANCHISE OR THEIR RIGHTS AND
19 PRIVILEGES ACQUIRED THEREUNDER WITHIN SIXTY (60) DAYS
20 AFTER THE COMPLETION OF THE TRANSACTION: *PROVIDED,*
21 *MOREOVER*, THAT FAILURE TO REPORT TO CONGRESS THE
22 CHANGE OF OWNERSHIP SHALL RENDER THE FRANCHISE
23 *IPSO FACTO* REVOKED: *PROVIDED, FINALLY, THAT* [A]any
24 person or entity to which this franchise is validly sold, transferred or
25 assigned shall be subject to all the same conditions, terms, restrictions
26 and limitations of this Act."

27 "Section [20]18. **DISPERSAL OF OWNERSHIP** - In [compliance]
28 **ACCORDANCE** with the constitutional mandate to [democratize
29 ownership of public] **ENCOURAGE PUBLIC PARTICIPATION IN**
30 utilities, the herein grantee shall [make a public offering through the
31 stock exchange of at least thirty percent (30%) of its common stocks
32 within a period of three (3) years from the date of the effectivity of this
33 Act: provided, that no single person or entity shall be allowed to own
34 more than five percent (5%) of their stock offering.] **COMPLY WITH**
35 **THE ENABLING LAW IMPLEMENTING THE DEMOCRATIZATION**
36 **OF OWNERSHIP OF PUBLIC UTILITIES."**

37 ["Section 21. The grantee shall comply with and be subject to the
38 provisions of a general telecommunications policy law that may
39 hereafter be enacted.]

40 "Section [22]19. **CONTRACT WITH PRIVATE ENTITIES** - The grantee
41 is authorized to contract the installation and operation of the

1 telecommunications system which is the subject of this grant, to entities
2 with expertise in the field of telecommunications under such terms and
3 conditions as may be approved by the NTC [National
4 Telecommunications Commission].”

5 “SECTION 20. *REPORTORIAL REQUIREMENT* – THE GRANTEE
6 SHALL SUBMIT AN ANNUAL REPORT TO THE CONGRESS OF
7 THE PHILIPPINES, THROUGH THE COMMITTEE ON LEGISLATIVE
8 FRANCHISES OF THE HOUSE OF REPRESENTATIVES AND THE
9 COMMITTEE ON PUBLIC SERVICES OF THE SENATE, ON ITS
10 COMPLIANCE WITH THE TERMS AND CONDITIONS OF THE
11 FRANCHISE AND ON ITS OPERATIONS ON OR BEFORE APRIL 30
12 OF EVERY YEAR DURING THE TERM OF ITS FRANCHISE. THE
13 REPORTORIAL COMPLIANCE CERTIFICATE ISSUED BY
14 CONGRESS SHALL BE REQUIRED BEFORE ANY APPLICATION
15 FOR PERMIT OR CERTIFICATE IS ACCEPTED BY THE NTC.

16 FAILURE OF THE GRANTEE TO SUBMIT THE REQUISITE
17 ANNUAL REPORT TO CONGRESS SHALL BE PENALIZED WITH A
18 FINE IN THE AMOUNT OF FIVE HUNDRED PESOS (P500.00) PER
19 WORKING DAY OF NON-COMPLIANCE. THE FINE SHALL BE
20 COLLECTED BY THE NTC FROM THE DELINQUENT FRANCHISE
21 GRANTEE SEPARATE FROM THE REPORTORIAL PENALTIES
22 IMPOSED BY THE NTC.

23
24 “SECTION 21. *EQUALITY CLAUSE* – ANY ADVANTAGE, FAVOR,
25 PRIVILEGE, EXEMPTION, OR IMMUNITY GRANTED UNDER
26 OTHER EXISTING FRANCHISES, OR WHICH MAY HEREAFTER BE
27 GRANTED SHALL, *IPSO FACTO*, BECOME PART OF THIS
28 FRANCHISE AND SHALL BE ACCORDED IMMEDIATELY AND
29 UNCONDITIONALLY TO THE HEREIN GRANTEE: PROVIDED,
30 THAT THE FOREGOING SHALL NEITHER APPLY TO NOR AFFECT
31 PROVISIONS OF TELECOMMUNICATIONS FRANCHISES
32 CONCERNING TERRITORIAL COVERAGE, THE TERM OR THE
33 TYPE OF SERVICE AUTHORIZED BY THE FRANCHISE.”

34
35 “Section [23]22. *REPEALABILITY* - This franchise is granted with the
36 understanding and upon the condition that it shall be subject to
37 amendment, alteration or repeal by the Congress [as provided in the
38 Constitution, and that all lands or rights or use or occupation of lands
39 secured by virtue of this franchise shall revert upon its termination to
40 the national, provincial, city or municipal governments which were the
41 owners thereof upon the date on which this franchise was granted. The
42 pertinent provisions of the Constitution are hereby incorporated in and

1 made part of these presents, with the same effect as if they were
2 expressed herein] **OF THE PHILIPPINES WHEN THE PUBLIC**
3 **INTEREST AND COMMON GOOD SO REQUIRE AND SHALL NOT**
4 **BE INTERPRETED AS AN EXCLUSIVE GRANT OF THE PRIVILEGE**
5 **HEREIN PROVIDED FOR.”**

6 “Section 23. **SEPARABILITY CLAUSE – IF ANY OF THE SECTIONS**
7 **OR PROVISIONS OF THIS ACT IS HELD INVALID, ALL OTHER**
8 **PROVISIONS NOT AFFECTED THEREBY SHALL REMAIN VALID.”**

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

13 **SEC. 3.** All the other provisions, terms and conditions contained in Republic
14 Act No. 7372 which are inconsistent herewith are hereby repealed.

15 **SEC. 4. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after
16 its publication in at least two (2) newspapers of general circulation in the Philippines.

Approved,