



SENATE  
Senate Bill No. 1987

'18 SEP 10 A11 :30

Introduced by **Senator FRANCIS G. ESCUDERO**

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### EXPLANATORY NOTE

Information and communication technology or (ICT) is but another and an extensional term for information technology (IT). It stresses the role of unified communication and the integration of telecommunication (telephone lines and wireless signals), computers as well as necessary enterprise software, middleware, storage, and audio-visual systems, which enable users to access, store, transmit, and manipulate information.<sup>1</sup>

As such, the Constitution provides, as a matter of State policy, that the "State recognizes the vital role of communication and information in nation building."<sup>2</sup>

The proposed measure under consideration seeks to renew the franchise of Philippine Communications Satellite Corporation (PHILCOMSAT) for another twenty five (25) years as previously granted by Republic Act (RA) Nos. 5514 and 7949. As currently legislated, PHILCOMSAT's franchise is set to expire on 21 June 2019.

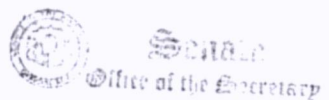
PHILCOMSAT is a subsidiary of the Philippine Overseas Telecommunication Corporation and thirty five percent (35%) owned by the government. Since 1969, it has pioneered satellites to provide media for information and communication within and outside the country.

With this bill, it is submitted that PHILCOMSAT stands to provide more benefits to Filipinos as it continues to make available the travel of internet broadband and virtual private network requirements for efficient exchange of information worldwide. And with the convergence of global communications and internet protocols and technologies, it can improve its services as it offers a wide range of applications and technologies from the traditional to the new ones.

Respectfully submitted.

<sup>1</sup> Information and Communication Technology from FOLDOC, 2008.

<sup>2</sup> Section 24, Article II



SENATE

Senate Bill No. 1987 '18 SEP 10 A11 :30

Introduced by Senator FRANCIS G. ESCUDERO

**AN ACT EXTENDING FOR ANOTHER TWENTY-FIVE YEARS (25) THE FRANCHISE GRANTED TO PHILIPPINE COMMUNICATIONS SATELLITE CORPORATION (PHILCOMSAT), AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 5514, AS AMENDED BY REPUBLIC ACT NO. 7949, ENTITLED "AN ACT GRANTING THE PHILIPPINE COMMUNICATIONS SATELLITE CORPORATION A FRANCHISE TO ESTABLISH AND OPERATE GROUND SATELLITE TERMINAL STATION OR STATIONS FOR TELECOMMUNICATION WITH SATELLITE FACILITIES AND DELIVERY TO COMMON CARRIERS**

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

1       SECTION 1. Section 1 of Republic Act No. 5514, as amended by Republic Act No.  
2       7949, is hereby further amended to read as follows:

3       "SECTION 1. **NATURE AND SCOPE OF FRANCHISE.** Subject to the  
4       provisions of the Constitution and applicable laws, **RULES AND**  
5       **REGULATIONS,** [there is hereby] **THE FRANCHISE** granted to the  
6       Philippine Communications Satellite Corporation (**PHILCOMSAT**),  
7       **UNDER REPUBLIC ACT NO. 5514, AS AMENDED BY REPUBLIC ACT**  
8       **NO. 7949, AND HEREUNDER REFERRED TO AS THE "GRANTEE",** its  
9       successors or assign**EEs,** [hereinafter referred to as the 'grantee,' a  
10      franchise] to establish, construct, maintain, operate, own, manage, lease  
11      and purchase, in the Philippines, [at] **OR IN** such places as the grantee  
12      may select, station or stations, telecommunications systems, **SATELLITE**  
13      **TERMINAL STATIONS,** lines, cable or systems and associated  
14      equipment and facilities for international and domestic communications,  
15      including [but not limited to] satellite transmissions, for any and all forms  
16      or types of telecommunications services with authority to receive and  
17      transmit messages, facsimile, impressions, pictures, music, data, and  
18      voice, without however engaging in broadcasting, telecasting and cable  
19      television services, throughout the Philippines and between the  
20      Philippines and other countries and territories, ships at sea, aircrafts and  
21      other conveyances, stations, and telecommunications systems of other  
22      countries, **IS HEREBY EXTENDED FOR ANOTHER TWENTY-FIVE (25)**  
23      **YEARS FROM THE DATE OF THE EFFECTIVITY OF THIS ACT.** This  
24      franchise include the right and privilege of cable and wireless operations,  
25      such as [but not limited to] telephone, mobile, cellular and wired or  
26      wireless telecommunications systems, [fiber optics, multi-channel  
27      transmission distribution system,] satellite transmit, receive and other  
28      telecommunications systems, and their value-added services, control



1 signals, audio and video, information serviceS bureau and other  
2 telecommunications systems[/technologies] as are at present available or  
3 be made available through technological/technical advances or  
4 innovations in the future, and to purchase any or all of the equipment and  
5 materials needed in its operations; and to establish, construct, maintain,  
6 operate, own, manage, lease and purchase transmitting and receiving  
7 stations, **SWITCHING PURCHASE TRANSMITTING AND RECEIVING**  
8 **STATIONS**, switching stations and gateway facilities, for local and  
9 international services, lines, cables or systems as may be convenient to  
10 efficiently carry out the purpose of this franchise. The grantee, its  
11 successors or assignEEs, are further authorized to connect and keep  
12 connected its telecommunications systems in the Philippines and other  
13 countries and territories. The grantee shall be authorized to lease or  
14 acquire facilities, channels or circuits in the pursuance of its business.

15  
16 SECTION 2. Section 2 of Republic Act No. 5514, as amended by Republic Act No.  
17 7949, is hereby further amended to read as follows:

18 "SEC. 2. **MANNER OF OPERATION OF STATIONS OR**  
19 **FACILITIES.** [Insofar as may be reasonably necessary to the  
20 establishment, maintenance, acquisition, construction, lease,  
21 management, and operation of its stations, lines, cables, systems, or other  
22 facilities, the grantee is hereby authorized to exercise the right of eminent  
23 domain. In no case shall private property be taken without proper  
24 condemnation proceedings and just compensation paid or tendered  
25 therefor.] **THE STATIONS OR FACILITIES OF THE GRANTEE SHALL**  
26 **BE CONSTRUCTED AND OPERATED IN A MANNER AS WILL, AT**  
27 **MOST, RESULT ONLY IN THE MINIMUM INTERFERENCE ON THE**  
28 **WAVELENGTHS OR FREQUENCIES OF EXISTING STATIONS OR**  
29 **OTHER STATIONS WHICH MAY BE ESTABLISHED BY LAW,**  
30 **WITHOUT IN ANY WAY DIMINISHING ITS OWN PRIVILEGE TO USE**  
31 **ITS ASSIGNED WAVELENGTHS OR FREQUENCIES AND THE**  
32 **QUALITY OF TRANSMISSION OR RECEPTION THEREON AS**  
33 **SHOULD MAXIMIZE RENDITION OF THE GRANTEE'S SERVICES OR**  
34 **THE AVAILABILITY THEREOF.**

35  
36  
37 SECTION 3. Sections 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 of Republic Act No.  
38 5514, as amended by Republic Act No. 7949, are hereby amended to read as follows:

39 "[SEC. 3. As herein amended, the franchise granted to the Philippine  
40 Communications Satellite Corporation is hereby extended by another  
41 twenty-five (25) years from June 21, 1994, to expire on June 21, 2019.

42 "SEC. 4. The President of the Philippines shall, through the proper  
43 government agency, exercise such supervision and control over  
44 relationships of the grantee with foreign governments or entities or with  
45 international bodies as may be appropriate to assure that such  
46 relationships shall be consistent with the national interest and policies. He  
47 shall take all necessary steps to insure appropriate utilization of the  
48 grantee's facilities for general governmental purposes whenever  
49 necessary.



1 "SEC. 5. The grantee is placed under the jurisdiction, control and  
2 regulation of the National Telecommunications Commission, including all  
3 its facilities and services, and the fixing of rates.

4 "SEC. 6. A special right is reserved to the government in time of war,  
5 insurrection, or national emergency, upon direction and order of the  
6 President, to take over and operate the said station or stations, lines,  
7 cables or systems without compensating the grantee for the use of said  
8 facilities during the period when they are operated by the government.

9 "SEC. 7. The grantee shall keep an account of the gross receipts of its  
10 business and shall furnish the Commission on Audit and the National  
11 Telecommunications Commission with a copy of such accounts not later  
12 than the thirty-first day of January of each year for the preceding year. All  
13 the books and accounts of the grantee pertaining to its business shall be  
14 subject to the official inspection of the Commission on Audit or its  
15 authorized representative and the audit and approval of such accounts  
16 shall be final and conclusive evidence as to the amount of said gross  
17 receipts, except that the grantee shall have the right to appeal to the  
18 courts under the terms and conditions provided in the laws of the  
19 Philippines.

20 "SEC. 8. The grantee, its successors or assigns, shall be liable to pay the  
21 same taxes on its real estate, buildings and personal property, exclusive  
22 of this franchise, as other persons or corporations engaged in  
23 telecommunications services are now or hereafter may be required by law  
24 to pay. In addition, the grantee, its successors or assigns, shall pay to the  
25 Treasurer of the Philippines each year, within thirty days after the audit  
26 and approval of the accounts as prescribed in Section Seven of this Act, a  
27 franchise tax equivalent to three *per centum* (3%) on all gross receipts of  
28 its business transacted under this franchise by the grantee, its successors  
29 or assigns.

30 "SEC. 9. For the purpose of erecting and maintaining poles or other  
31 supports for wires or other conductors or for the purpose of laying and  
32 maintaining underground said wires, cables, or other conductors, it shall  
33 be lawful for the grantee, its successors or assigns, with the prior approval  
34 of the Department of Public Works and Highways, to make excavations or  
35 lay conduits in any of the public places, highways, streets, lanes, alleys,  
36 avenues, sidewalks or bridges of said provinces, cities and municipalities.

37 "SEC. 10. The grantee shall not lease, transfer, grant the usufruct of, sell  
38 or assign this franchise to any person or entity, without the previous  
39 approval of the Congress of the Philippines: *Provided*, That the grantee  
40 may enter into management contract with any person or entity, who must  
41 be a citizen of the Philippines and in case of an entity or a corporation, at  
42 least sixty *per centum* (60%) of the capital or capital stock of which is  
43 owned by citizens of the Philippines.

44 "SEC. 11. The grantee shall hold the national, provincial, and municipal  
45 governments of the Philippines harmless from all claims, accounts,  
46 demands, or actions arising out of accidents or injuries, whether to  
47 property or to persons, caused by the construction or operation of the  
48 stations, lines, cables, systems, and other facilities of the grantee.

49 "SEC. 12. The grantee shall be subject to the corporation law of the  
50 Philippines now existing or hereafter enacted.



1 "SEC. 13. The franchise hereby granted shall be subject to amendment,  
2 alteration, or repeal by the Congress of the Philippines when public  
3 interest so requires.

4 "SEC. 14. In the event of any other individual, partnership or corporation  
5 receiving from Congress a franchise to provide and conduct  
6 telecommunications services or businesses, or amendments to their  
7 already existing franchises in which there shall be any term or terms  
8 favorable than those herein granted, or tending to place the herein grantee  
9 at any disadvantage, then such favorable term or terms, and/or provisions  
10 shall *ipso facto* become part of the terms and/or provisions hereof, and  
11 shall operate equally in favor of the grantee as in the case of such other  
12 individual, partnership or corporation.

13 "In the like manner, if any provision providing a benefit to the grantee is  
14 nullified or repealed by a subsequent statute and subsequent to such  
15 repeal or nullification, the same provision, benefit or exemption is granted  
16 to another individual, partnership or corporation in its franchise to carry on  
17 telephone or communications business or amendments to their already  
18 existing franchise, such beneficial terms, provisions or exemption  
19 shall *ipso facto* be reconstituted and form part of the terms or provisions of  
20 the herein franchise and shall operate equally in favor of the grantee as in  
21 the case of such other individual, partnership or corporation.

22 "SEC. 15. Acceptance of this franchise by the grantee shall be given in  
23 writing six (6) months after approval of this Act. Upon acceptance by the  
24 grantee and upon approval of the bond aforesaid by Secretary of  
25 Transportation and Communications, the grantee shall be empowered to  
26 exercise the privileges granted thereby.

27 "Within sixty (60) days after effectivity of this Act, the grantee shall file with  
28 the Secretary of Transportation and Communications its written  
29 acceptance of this Act and all the terms and conditions hereof, and in  
30 default of such acceptance, within the time so limited, this Act shall  
31 become null and void."]

32 "SEC. 3. AUTHORITY OF THE NATIONAL  
33 TELECOMMUNICATIONS COMMISSION. – THE GRANTEE SHALL  
34 SECURE FROM THE NATIONAL TELECOMMUNICATIONS  
35 COMMISSION (NTC) A CERTIFICATE OF PUBLIC CONVENIENCE  
36 AND NECESSITY (CPCN) AND THE APPROPRIATE PERMITS AND  
37 LICENSES FOR THE CONSTRUCTION, INSTALLATION AND  
38 OPERATION OF ITS TELECOMMUNICATIONS SYSTEMS OR  
39 FACILITIES. IN ISSUING THE CERTIFICATE, THE NTC SHALL HAVE  
40 THE POWER TO IMPOSE SUCH CONDITIONS RELATIVE TO THE  
41 CONSTRUCTION, OPERATION, MAINTENANCE OR SERVICE LEVEL  
42 OF THE TELECOMMUNICATIONS SYSTEM. THE NTC SHALL HAVE  
43 THE AUTHORITY TO REGULATE THE CONSTRUCTION AND  
44 OPERATION OF ITS TELECOMMUNICATIONS SYSTEMS. THE  
45 GRANTEE SHALL NOT USE ANY FREQUENCY IN THE RADIO



1 SPECTRUM WITHOUT AUTHORIZATION FROM THE NTC. SUCH  
2 CERTIFICATE SHALL STATE THE AREAS COVERED AND THE DATE  
3 THE GRANTEE SHALL COMMENCE THE SERVICE. THE NTC,  
4 HOWEVER, SHALL NOT UNREASONABLY WITHHOLD OR DELAY  
5 THE GRANT OF SUCH AUTHORITY, PERMIT OR LICENSE.  
6

7 SEC. 4. EXCAVATION AND RESTORATION WORKS. — FOR  
8 THE PURPOSE OF ERECTING AND MAINTAINING POLES OR OTHER  
9 SUPPORTS FOR SAID WIRES OR OTHER CONDUCTORS FOR THE  
10 PURPOSE OF LAYING AND MAINTAINING UNDERGROUND WIRES,  
11 CABLES OR OTHER CONDUCTORS, IT SHALL BE LAWFUL FOR THE  
12 GRANTEE, ITS SUCCESSORS OR ASSIGNEES, WITH THE PRIOR  
13 APPROVAL OF THE DEPARTMENT OF PUBLIC WORKS AND  
14 HIGHWAYS (DPWH) OR THE LOCAL GOVERNMENT UNIT (LGU)  
15 CONCERNED, AS MAY BE APPROPRIATE, TO MAKE EXCAVATIONS  
16 OR LAY CONDUITS IN ANY OF THE PUBLIC PLACES, ROADS,  
17 HIGHWAYS, STREETS, LANES, ALLEYS, AVENUES, SIDEWALKS,  
18 OR BRIDGES OF THE PROVINCE, CITIES, OR MUNICIPALITIES:  
19 *PROVIDED*, HOWEVER, THAT A PUBLIC PLACE, ROAD, HIGHWAY,  
20 STREET, LANE, ALLEY, AVENUE, SIDEWALK, OR BRIDGE  
21 DISTURBED, ALTERED OR CHANGED BY REASON OF ERECTION  
22 OF POLES OR OTHER SUPPORTS OR THE UNDERGROUND LAYING  
23 OF WIRES, OTHER CONDUCTORS OR CONDUITS SHALL BE  
24 REPAIRED AND REPLACED IN WORKMANLIKE MANNER BY SAID  
25 GRANTEE, ITS SUCCESSORS OR ASSIGNEES, IN ACCORDANCE  
26 WITH THE STANDARDS SET BY THE DPWH OR THE LGU  
27 CONCERNED. SHOULD THE GRANTEE, ITS SUCCESSORS OR  
28 ASSIGNEES, AFTER THE TEN (10)-DAY NOTICE FROM THE SAID  
29 AUTHORITY, FAIL, REFUSE OR NEGLECT TO REPAIR OR REPLACE  
30 ANY PART OF PUBLIC PLACE, ROAD, HIGHWAY, STREET, LANE,  
31 ALLEY, AVENUE, SIDEWALK, OR BRIDGE DISTURBED, ALTERED  
32 OR CHANGED BY THE SAID GRANTEE, ITS SUCCESSORS OR  
33 ASSIGNEES, THEN THE DPWH OR THE LGU CONCERNED SHALL  
34 HAVE THE RIGHT TO HAVE THE SAME REPAIRED AND PLACED IN  
35 GOOD ORDER AND CONDITION AT DOUBLE THE AMOUNT SPENT  
36 FOR SUCH REPAIR OR REPLACEMENT, TO BE CHARGED AGAINST  
37 THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES.  
38



1           SEC. 5. RESPONSIBILITY TO THE PUBLIC. — THE GRANTEE  
2           SHALL CONFORM TO THE ETHICS OF HONEST ENTERPRISE AND  
3           NOT USE ITS STATIONS OR FACILITIES FOR OBSCENE OR  
4           INDECENT TRANSMISSION, OR FOR DISSEMINATION OF  
5           DELIBERATELY FALSE INFORMATION, OR WILLFUL  
6           MISREPRESENTATION, OR ASSIST IN SUBVERSIVE OR  
7           TREASONABLE ACTS. THE GRANTEE SHALL OPERATE AND  
8           MAINTAIN ALL ITS STATIONS, LINES, CABLES, SYSTEMS, AND  
9           EQUIPMENT FOR THE TRANSMISSION AND RECEPTION OF  
10          MESSAGES, SIGNALS, AND PULSES IN A SATISFACTORY MANNER  
11          AT ALL TIMES AND, AS FAR AS ECONOMICAL AND PRACTICABLE,  
12          MODIFY, IMPROVE, OR CHANGE SUCH STATIONS, LINES, CABLES,  
13          SYSTEMS, AND EQUIPMENT TO KEEP ABREAST WITH THE  
14          ADVANCES IN SCIENCE AND TECHNOLOGY. THE GRANTEE SHALL  
15          IMPROVE AND EXTEND ITS SERVICES IN AREAS NOT YET SERVED,  
16          AND IN HAZARD- AND TYPHOON-PRONE AREAS THAT SHALL BE  
17          DETERMINED BY THE NATIONAL DISASTER RISK REDUCTION AND  
18          MANAGEMENT COUNCIL IN COORDINATION WITH THE NTC. THE  
19          GRANTEE SHALL ALSO IMPROVE AND UPGRADE ITS EQUIPMENT,  
20          FACILITIES AND SERVICES, IN ORDER TO ENSURE EFFECTIVE  
21          COMPLIANCE WITH THE OBJECTIVES OF REPUBLIC ACT NO. 10639  
22          OR "THE FREE MOBILE DISASTER ALERTS ACT".

23  
24          SEC. 6. RATES FOR SERVICES. — THE CHARGES AND  
25          RATES FOR TELECOMMUNICATIONS SERVICES OF THE GRANTEE,  
26          EXCEPT THE RATES AND CHARGES ON THOSE THAT MAY  
27          HEREAFTER BE DECLARED OR CONSIDERED AS NON-  
28          REGULATED SERVICES, WHETHER FLAT RATES OR MEASURED  
29          RATES OR VARIATION THEREOF SHALL BE SUBJECT TO THE  
30          APPROVAL OF THE NTC OR ITS LEGAL SUCCESSOR.

31  
32          SEC. 7. RIGHT OF THE GOVERNMENT. — THE RADIO  
33          SPECTRUM IS A FINITE RESOURCE THAT IS PART OF THE  
34          NATIONAL PATRIMONY AND THE USE THEREOF IS A PRIVILEGE  
35          CONFERRED UPON THE GRANTEE BY THE STATE AND MAY BE  
36          WITHDRAWN ANY TIME AFTER DUE PROCESS. A SPECIAL RIGHT  
37          IS HEREBY RESERVED TO THE PRESIDENT OF THE PHILIPPINES,  
38          IN TIMES OF WAR, REBELLION, PUBLIC PERIL, CALAMITY,

1 EMERGENCY, DISASTER OR DISTURBANCE OF PEACE AND  
2 ORDER, TO TEMPORARILY TAKE OVER AND OPERATE THE  
3 STATIONS, TRANSMITTERS, FACILITIES, OR EQUIPMENT OF THE  
4 GRANTEE; TO TEMPORARILY SUSPEND THE OPERATION OF ANY  
5 STATION, TRANSMITTER, FACILITY, OR EQUIPMENT IN THE  
6 INTEREST OF PUBLIC SAFETY, SECURITY, AND PUBLIC WELFARE;  
7 OR TO AUTHORIZE THE TEMPORARY USE AND OPERATION  
8 THEREOF BY ANY AGENCY OF THE GOVERNMENT, UPON DUE  
9 COMPENSATION TO THE GRANTEE FOR THE USE OF SAID  
10 STATIONS, TRANSMITTERS, FACILITIES, OR EQUIPMENT DURING  
11 THE PERIOD WHEN THESE SHALL BE SO OPERATED.  
12

13 SEC. 8. TERM OF FRANCHISE. ~ THIS FRANCHISE SHALL BE  
14 EXTENDED AND IN EFFECT FOR A PERIOD OF TWENTY-FIVE (25)  
15 YEARS FROM THE DATE OF THE EFFECTIVITY OF THIS ACT,  
16 UNLESS SOONER REVOKED OR CANCELLED. THIS FRANCHISE  
17 SHALL BE DEEMED *IPSO FACTO* REVOKED IN THE EVENT THAT  
18 GRANTEE FAILS TO OPERATE CONTINUOUSLY FOR TWO (2)  
19 YEARS.  
20

21 SEC. 9. RIGHT OF INTERCONNECTION. — THE GRANTEE IS  
22 HEREBY AUTHORIZED TO CONNECT OR DEMAND CONNECTION OF  
23 ITS TELECOMMUNICATIONS SYSTEMS TO OTHER  
24 TELECOMMUNICATIONS SYSTEMS INSTALLED, OPERATED, AND  
25 MAINTAINED BY ANY OTHER DULY AUTHORIZED PERSON OR  
26 ENTITY IN THE PHILIPPINES FOR THE PURPOSE OF PROVIDING  
27 EXTENDED AND IMPROVED TELECOMMUNICATIONS SERVICES TO  
28 THE PUBLIC, UNDER SUCH TERMS AND CONDITIONS MUTUALLY  
29 AGREED UPON BY THE PARTIES CONCERNED AND THE SAME  
30 SHALL BE SUBJECT TO THE REVIEW AND MODIFICATION OF THE  
31 NTC.  
32

33 SEC. 10. MOBILE NUMBER PORTABILITY. — THE GRANTEE  
34 SHALL PROVIDE MOBILE NUMBER PORTABILITY (MNP). IT SHALL  
35 SET UP A MECHANISM FOR THE PURPOSE OF IMPLEMENTING  
36 MNP. IT SHALL INTERCONNECT DIRECTLY OR INDIRECTLY WITH  
37 THE INFRASTRUCTURE, FACILITIES, SYSTEMS, OR EQUIPMET OF  
38 OTHER TELECOMMUNICATIONS FRANCHISES GRANTEES. IT



1 SHALL NOT INSTALL NETWORK FEATURES, FUNCTIONS OR  
2 CAPABILITIES THAT WILL IMPEDE THE IMPLEMENTATION OF A  
3 NATIONWIDE MNP SYSTEM. THE NTC SHALL ISSUE RULES AND  
4 REGULATIONS FOR THIS PURPOSE, THE EFFECTIVITY OF WHICH  
5 SHALL COMMENCE UPON APPLICABILITY WITH OTHER  
6 TELECOMMUNICATIONS FRANCHISE GRANTEES.

7  
8 SEC. 11. WARRANTY IN FAVOR OF THE NATIONAL AND  
9 LOCAL GOVERNMENTS. — THE GRANTEE SHALL HOLD THE  
10 NATIONAL, PROVINCIAL, CITY, AND MUNICIPAL GOVERNMENTS  
11 OF THE PHILIPPINES FREE FROM ALL CLAIMS, LIABILITIES,  
12 ACCOUNTS, DEMANDS, OR ACTIONS ARISING OUT OF  
13 ACCIDENTS, CAUSING INJURY TO PERSONS OR DAMAGE TO  
14 PROPERTIES, DURING THE CONSTRUCTION OR OPERATION OF  
15 THE STATIONS, TRANSMITTERS, FACILITIES, OR EQUIPMENT OF  
16 THE GRANTEE.

17  
18 SEC. 12. TAX PROVISIONS. — THE GRANTEE ITS  
19 SUCCESSORS OR ASSIGNEES, SHALL BE LIABLE TO PAY THE  
20 SAME TAXES ON THEIR REAL ESTATE, BUILDINGS AND  
21 PERSONAL PROPERTY, EXCLUSIVE OF THIS FRANCHISE, AS  
22 OTHER PERSONS OR CORPORATIONS WHICH ARE NOW OR  
23 THEREAFTER MAY BE ACQUIRED BY LAW TO PAY, EXCEPT RADIO  
24 TELECOMMUNICATIONS AND ELECTRONIC COMMUNICATIONS  
25 EQUIPMENT, MACHINERY, AND SPARE PARTS NEEDED IN  
26 CONNECTION WITH THE BUSINESS OF THE GRANTEE WHICH  
27 SHALL BE EXEMPT FROM CUSTOMS DUTIES, TARIFFS AND OTHER  
28 TAXES, AS WELL AS THOSE DECLARED EXEMPT IN THIS SECTION.  
29 IN ADDITION THERETO, THE GRANTEE, ITS SUCCESSORS, OR  
30 ASSIGNEES, SHALL PAY A VALUE-ADDED TAX ON ALL GROSS  
31 RECEIPTS OF THE BUSINESS TRANSACTED UNDER THIS  
32 FRANCHISE BY THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES,  
33 IN THE PHILIPPINES IN LIEU OF ANY AND ALL, TAXES OF ANY  
34 KIND, NATURE, OR DESCRIPTION LEVIED, ESTABLISHED, OR  
35 COLLECTED BY ANY AUTHORITY WHATSOEVER INCLUDING, BUT  
36 NOT LIMITED TO, CITY, MUNICIPAL PROVINCIAL, OR NATIONAL,  
37 FROM WHICH THE GRANTEE IS HEREBY EXPRESSLY EXEMPTED  
38 EFFECTIVE FROM THE DATE OF THE EFFECTIVITY OF THIS ACT:  
39 *PROVIDED*, THAT GRANTEE ITS SUCCESSORS OR ASSIGNEES,  
40 SHALL CONTINUE TO BE LIABLE FOR INCOME TAXES PAYABLE  
41 UNDER TITLE II OF THE NATIONAL INTERNAL REVENUE CODE  
42 PURSUANT TO SECTION 2 OF THE EXECUTIVE ORDER NO. 72,  
43 UNLESS THE LATTER ENACTMENT IS AMENDED OR REPEALED, IN



1 WHICH CASE AMENDMENT OR REPEAL SHALL BE APPLICABLE  
2 THERETO.”  
3

4 SEC. 13. SALE, LEASE, TRANSFER, USUFRUCT, OR  
5 ASSIGNMENT OF FRANCHISE. – THE GRANTEE SHALL NOT SELL,  
6 LEASE, TRANSFER, GRANT THE USUFRUCT OF, NOR ASSIGN THIS  
7 FRANCHISE OR THE RIGHTS AND PRIVILEGES ACQUIRED  
8 THEREUNDER TO ANY PERSON, FIRM, COMPANY, CORPORATION  
9 OR OTHER COMMERCIAL OR LEGAL ENTITY, NOR MERGE WITH  
10 ANY OTHER CORPORATION OR ENTITY, NOR SHALL TRANSFER  
11 THE CONTROLLING INTEREST OF THE GRANTEE, WHETHER AS A  
12 WHOLE OR IN PART, AND WHETHER SIMULTANEOUSLY OR  
13 CONTEMPORANEOUSLY, TO ANY PERSON, FIRM, COMPANY,  
14 CORPORATION, OR ENTITY WITHOUT THE PRIOR APPROVAL OF  
15 THE CONGRESS OF THE PHILIPPINES AND COMPLIANCE WITH  
16 LEGAL REQUIREMENTS STIPULATED IN OTHER STATUTES:  
17 PROVIDED, THAT ANY PERSON OR ENTITY TO WHICH THIS  
18 FRANCHISE IS VALIDLY SOLD, TRANSFERRED, OR ASSIGNED  
19 SHALL BE SUBJECT TO THE SAME CONDITIONS, TERMS,  
20 RESTRICTIONS, AND LIMITATIONS OF THIS ACT.  
21

22 SEC. 14. DISPERSAL OF OWNERSHIP. — IN ACCORDANCE  
23 WITH THE CONSTITUTIONAL PROVISION TO ENCOURAGE PUBLIC  
24 PARTICIPATION IN PUBLIC UTILITIES, THE GRANTEE SHALL  
25 CONTINUE TO OFFER TO FILIPINO CITIZENS AT LEAST THIRTY  
26 PERCENT (30%) OR A HIGHER PERCENTAGE THAT MAY  
27 HEREAFTER BE PROVIDED BY LAW OF ITS COMMON STOCKS IN  
28 ANY SECURITIES EXCHANGE IN THE PHILIPPINES WITHIN FIVE (5)  
29 YEARS FROM THE RENEWAL OF ITS FRANCHISE: PROVIDED, THAT  
30 IN CASES WHERE PUBLIC OFFER OF SHARES IS NOT  
31 APPLICABLE, OTHER METHODS OF ENCOURAGING PUBLIC  
32 PARTICIPATION BY CITIZENS AND CORPORATIONS OPERATING  
33 PUBLIC UTILITIES MUST BE IMPLEMENTED. NON-COMPLIANCE  
34 THEREWITH SHALL RENDER THE FRANCHISE *IPSO FACTO*  
35 REVOKED.  
36

37 SEC. 15. COMMITMENT TO PROVIDE AND PROMOTE THE  
38 CREATION OF EMPLOYMENT OPPORTUNITIES. — THE GRANTEE  
39 SHALL CREATE EMPLOYMENT OPPORTUNITIES AND SHALL



1 ALLOW ON-THE-JOB TRAININGS IN THEIR FRANCHISE  
2 OPERATION. PROVIDED, THAT PRIORITY SHALL BE ACCORDED TO  
3 THE RESIDENTS IN THE AREA WHERE THEIR PRINCIPAL OFFICE IS  
4 LOCATED. PROVIDED, FURTHER, THAT THE GRANTEE SHALL  
5 FOLLOW THE APPLICABLE LABOR STANDARDS AND ALLOWANCE  
6 ENTITLEMENT UNDER EXISTING LABOR LAWS, RULES AND  
7 REGULATIONS AND SIMILAR ISSUANCES, PROVIDED FINALLY,  
8 THAT THE EMPLOYMENT OPPORTUNITIES OR JOBS CREATED  
9 SHALL BE REFLECTED IN THE GENERAL INFORMATION SHEET  
10 (GIS) TO BE SUBMITTED TO SECURITIES AND EXCHANGE  
11 COMMISSION ANNUALLY.  
12

13 SEC. 16. REPORTORIAL REQUIREMENT. — THE GRANTEE  
14 SHALL SUBMIT AN ANNUAL REPORT TO BOTH HOUSES OF  
15 CONGRESS OF THE PHILIPPINES, THROUGH THE COMMITTEE ON  
16 LEGISLATIVE FRANCHISES OF THE HOUSE OF REPRESENTATIVES  
17 AND THE COMMITTEE ON PUBLIC SERVICES OF THE SENATE, ON  
18 ITS COMPLIANCE WITH THE TERMS AND CONDITIONS OF THE  
19 FRANCHISE AND ON ITS OPERATIONS ON OR BEFORE APRIL 30  
20 OF EVERY YEAR DURING THE TERM OF ITS FRANCHISE. THE  
21 REPORTORIAL COMPLIANCE CERTIFICATE ISSUED BY CONGRESS  
22 SHALL BE REQUIRED BEFORE AN APPLICATION FOR ANY PERMIT,  
23 CPCN OR ANY EQUIVALENT THEREOF IS ACCEPTED BY THE NTC.  
24

25 SEC. 17. PENALTY CLAUSE. — FAILURE OF THE GRANTEE  
26 TO SUBMIT THE REQUISITE ANNUAL REPORT TO CONGRESS  
27 SHALL BE PENALIZED WITH A FINE IN THE AMOUNT OF ONE  
28 MILLION PESOS (P1,000,000.00) PER WORKING DAY OF NON-  
29 COMPLIANCE, THE EFFECTIVITY OF WHICH SHALL COMMENCE  
30 UPON APPLICABILITY WITH OTHER TELECOMMUNICATIONS  
31 FRANCHISE GRANTEES: *PROVIDED*, THAT IN THE INTERIM, THE  
32 GRANTEE SHALL BE LIABLE TO PAY THE FINE OF FIVE HUNDRED  
33 PESOS (P500.00) PER WORKING DAY OF NON-COMPLIANCE. THE  
34 FINE SHALL BE COLLECTED BY THE NTC FROM THE DELINQUENT  
35 FRANCHISE GRANTEE SEPARATE FROM THE REPORTORIAL  
36 PENALTIES IMPOSED BY THE NTC AND THE SAME SHALL BE  
37 REMITTED TO THE NATIONAL TREASURY.  
38



1           SEC. 18. EQUALITY CLAUSE. — ANY ADVANTAGE, FAVOR,  
2           PRIVILEGE, EXEMPTION, OR IMMUNITY GRANTED UNDER OTHER  
3           EXISTING FRANCHISES, OR WHICH MAY HEREAFTER BE  
4           GRANTED, UPON PRIOR REVIEW AND APPROVAL OF CONGRESS,  
5           SHALL BECOME PART OF THIS FRANCHISE AND SHALL BE  
6           ACCORDED IMMEDIATELY AND UNCONDITIONALLY TO THE  
7           HEREIN GRANTEE: *PROVIDED*, THAT THE FOREGOING SHALL  
8           NEITHER APPLY TO NOR AFFECT PROVISIONS OF  
9           TELECOMMUNICATIONS FRANCHISES CONCERNING THE  
10          TERRITORY, LIFE SPAN, OR TYPE OF SERVICE AUTHORIZED BY  
11          THE FRANCHISE.”

12  
13          SEC. 4. Separability Clause. — If any of the sections or provisions of this Act is  
14          held invalid, all other provisions not affected thereby shall remain valid.

15  
16          SEC. 5. Repealability and Nonexclusivity Clause. — This franchise shall be  
17          subject to amendment, alteration, or repeal by the Congress of the Philippines when the  
18          public interest so requires and shall not be interpreted as an exclusive grant of the  
19          privilege herein provided for.

20  
21          SEC. 6. Repealing Clause. — All other laws, orders, issuances, rules and  
22          regulations or parts thereof inconsistent with this Act are hereby repealed, amended or  
23          modified accordingly.

24  
25          SEC. 7. Effectivity. — This Act shall take effect fifteen (15) days after its  
26          publication in the Official Gazette or in any newspaper of general circulation.

27  
28          *Approved,*  
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