

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES  
SEVENTEENTH CONGRESS  
*Third Regular Session*

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HOUSE OF REPRESENTATIVES

H. No. 8633

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BY REPRESENTATIVES FERRER (J.), ALVAREZ (F.) AND SY-ALVARADO,  
PER COMMITTEE REPORT NO. 944

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AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25)  
YEARS THE FRANCHISE GRANTED TO ULTIMATE  
ENTERTAINMENT, INC., UNDER REPUBLIC ACT  
NO. 8102, ENTITLED "AN ACT GRANTING THE  
ULTIMATE ENTERTAINMENT, INC., A FRANCHISE  
TO CONSTRUCT, INSTALL, MAINTAIN AND OPERATE  
RADIO BROADCASTING STATIONS WITHIN THE  
PHILIPPINES"

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

1           SECTION 1. *Nature and Scope of Franchise.* – Subject to the  
2 provisions of the Constitution and applicable laws, rules and  
3 regulations, the franchise granted to Ultimate Entertainment, Inc.,  
4 its successors or assignees, under Republic Act No. 8102, to  
5 construct, install, establish, operate, and maintain for commercial  
6 purposes and in the public interest, radio broadcasting stations  
7 where frequencies and/or channels are still available for radio  
8 broadcasting, through microwave, satellite or whatever means,  
9 including the use of any new technology in radio systems, with the

1 corresponding technological auxiliaries and facilities, special  
2 broadcast and other program and distribution services and relay  
3 stations in the Philippines, is hereby renewed for another  
4 twenty-five (25) years from the effectivity of this Act.

5       SEC. 2. *Manner of Operation of Stations or Facilities.* – The  
6 stations or facilities of the grantee shall be constructed and  
7 operated in a manner as will, at most, result only in the minimum  
8 interference on the wavelengths or frequencies of existing stations  
9 or other stations which may be established by law, without in any  
10 way diminishing its own privilege to use its assigned wavelengths  
11 or frequencies and the quality of transmission or reception thereon  
12 as should maximize rendition of the grantee's services and/or the  
13 availability thereof.

14       SEC. 3. *Prior Approval of the National Telecommunications*  
15 *Commission.* – The grantee shall secure from the National  
16 Telecommunications Commission (NTC) the appropriate permits  
17 and licenses for the construction and operation of its stations or  
18 facilities and shall not use any frequency in the radio spectrum  
19 without authorization from the NTC. The NTC, however, shall not  
20 unreasonably withhold or delay the grant of any such authority.

21       SEC. 4. *Responsibility to the Public.* – The grantee shall  
22 provide, free of charge, adequate public service time which is  
23 reasonable and sufficient to enable the government, through the  
24 broadcasting stations or facilities of the grantee, to reach the  
25 pertinent populations or portions thereof, on important public issues  
26 and relay important public announcements and warnings  
27 concerning public emergencies and calamities, as necessity, urgency

1 or law may require; provide at all times sound and balanced  
2 programming; promote public participation; assist in the functions  
3 of public information and education; conform to the ethics of honest  
4 enterprise; promote audience sensibility and empowerment  
5 including closed captioning; and not use its stations or facilities for  
6 the broadcasting of obscene or indecent language, speech, act, or  
7 scene; or for the dissemination of deliberately false information or  
8 willful misrepresentation, to the detriment of the public interest; or  
9 to incite, encourage, or assist in subversive or treasonable acts.

10 Public service time referred herein shall be equivalent to a  
11 maximum aggregate of ten percent (10%) of the paid commercials or  
12 advertisements which shall be allocated based on need of the  
13 Executive and Legislative branches, the Judiciary, Constitutional  
14 Commissions and international humanitarian organizations duly  
15 recognized by statutes: *Provided*, That the NTC shall increase the  
16 public service time in case of extreme emergency or calamity. The  
17 NTC shall issue rules and regulations for this purpose, the  
18 effectivity of which shall commence upon applicability with other  
19 similarly situated broadcast network franchise holders.

20 SEC. 5. *Right of the Government.* - The radio spectrum is a  
21 finite resource that is part of the national patrimony and the use  
22 thereof is a privilege conferred upon the grantee by the State and  
23 may be withdrawn any time after due process.

24 A special right is hereby reserved to the President of the  
25 Philippines, in times of war, rebellion, public peril, calamity,  
26 emergency, disaster, or disturbance of peace and order: to  
27 temporarily take over and operate the stations or facilities of the

1 grantee; to temporarily suspend the operation of any station or  
2 facility in the interest of public safety, security and public welfare;  
3 or to authorize the temporary use and operation thereof by any  
4 agency of the government, upon due compensation to the grantee,  
5 for the use of said stations or facilities during the period when these  
6 shall be so operated.

7       SEC. 6. *Term of Franchise.* – This franchise shall be in effect  
8 for a period of twenty-five (25) years from the effectivity of this Act,  
9 unless sooner revoked or cancelled. This franchise shall be deemed  
10 *ipso facto* revoked in the event the grantee fails to operate  
11 continuously for two (2) years.

12       SEC. 7. *Self-regulation by and Undertaking of the Grantee.* –  
13 The grantee shall not require any previous censorship of any  
14 speech, play, act, or scene, or other matter to be broadcast from its  
15 stations: *Provided*, That the grantee, during any broadcast, shall  
16 cut off from the air the speech, play, act, or scene, or other matter  
17 being broadcast if the tendency thereof is to propose or incite  
18 treason, rebellion or sedition; or the language used therein or the  
19 theme thereof is indecent or immoral: *Provided, further*, That  
20 willful failure to do so shall constitute a valid cause for the  
21 cancellation of this franchise.

22       SEC. 8. *Warranty in Favor of the National and Local*  
23 *Governments.* – The grantee shall hold the national, provincial,  
24 city, and municipal governments of the Philippines free from all  
25 claims, liabilities, demands, or actions arising out of accidents  
26 causing injury to persons or damage to properties, during the  
27 construction or operation of the stations of the grantee.

1           SEC. 9. *Commitment to Provide and Promote the Creation of*  
2 *Employment Opportunities.* – The grantee shall create employment  
3 opportunities and shall allow on-the-job trainings in their franchise  
4 operation: *Provided*, That priority shall be accorded to the residents  
5 in areas where any of its offices is located: *Provided, further*, That  
6 the grantee shall comply with the applicable labor standards and  
7 allowance entitlement under existing labor laws, rules and  
8 regulations and similar issuances: *Provided, finally*, That the  
9 employment opportunities or jobs created shall be reflected in the  
10 General Information Sheet to be submitted to the Securities and  
11 Exchange Commission (SEC) annually.

12           SEC. 10. *Sale, Lease, Transfer, Grant of Usufruct, or*  
13 *Assignment of Franchise.* – The grantee shall not sell, lease,  
14 transfer, grant the usufruct of, nor assign this franchise or the  
15 rights and privileges acquired thereunder to any person, firm,  
16 company, corporation or other commercial or legal entity, nor merge  
17 with any other corporation or entity, nor shall transfer the  
18 controlling interest of the grantee, [whether as a whole or in part,  
19 and whether] simultaneously or contemporaneously, to any person,  
20 firm, company, corporation, or entity without the prior approval of  
21 the Congress of the Philippines. [and compliance with legal  
22 requirements stipulated in other statutes: *Provided*, That]  
23 CONGRESS SHALL BE INFORMED OF ANY SALE, LEASE,  
24 TRANSFER, GRANT OF USUFRUCT, OR ASSIGNMENT OF  
25 FRANCHISE OR THE RIGHTS AND PRIVILEGES ACQUIRED  
26 THEREUNDER, OR OF THE MERGER OR TRANSFER OF THE  
27 CONTROLLING INTEREST OF THE GRANTEE, WITHIN SIXTY

1 (60) DAYS AFTER THE COMPLETION OF THE SAID  
2 TRANSACTION. FAILURE TO REPORT TO CONGRESS SUCH  
3 CHANGE OF OWNERSHIP SHALL RENDER THE FRANCHISE  
4 *IPSO FACTO* REVOKED. [a] Any person or entity to which this  
5 franchise is sold, transferred, or assigned shall be subject to the same  
6 conditions, terms, restrictions, and limitations of this Act.

7       SEC. 11. *Dispersal of Ownership.* – In accordance with the  
8 Constitutional provision to encourage public participation in public  
9 utilities, the grantee shall offer to Filipino citizens at least thirty  
10 percent (30%) or a higher percentage that may hereafter be provided  
11 by law of its outstanding capital stock in any securities exchange in  
12 the Philippines within five (5) years from the commencement of its  
13 operations: *Provided*, That in cases where public offer of shares is  
14 not applicable, the grantee shall apply other methods of encouraging  
15 public participation by citizens and corporations operating public  
16 utilities as allowed by law. Noncompliance therewith shall render  
17 the franchise *ipso facto* revoked.

18       SEC. 12. *Reportorial Requirement.* – The grantee shall submit  
19 an annual report to the Congress of the Philippines, through the  
20 Committee on Legislative Franchises of the House of Representatives  
21 and the Committee on Public Services of the Senate, on its  
22 compliance with the terms and conditions of the franchise and on its  
23 operations on or before April 30 of every year during the term of its  
24 franchise.

25       The annual report shall include an update on the roll-out,  
26 development, operation, or expansion of business; audited financial  
27 statements; latest General Information Sheet officially submitted to

1 the SEC (if applicable); certification of the NTC on the status of its  
2 permits and operations: and an update on the dispersal of ownership  
3 undertaking, if applicable.

4 The reportorial compliance certificate issued by Congress shall  
5 be required before an application for permit, certificate, or any  
6 equivalent thereof, is accepted by the NTC.

7 SEC. 13. *Fine.* – Failure of the grantee to submit the requisite  
8 annual report to Congress shall be penalized by a fine of Five hundred  
9 pesos (P500.00) per working day of noncompliance. The fine shall be  
10 collected by the NTC from the delinquent franchise grantee separate  
11 from the reportorial penalties imposed by the NTC and the same  
12 shall be remitted to the National Treasury.

13 SEC. 14. *Equality Clause.* – EXCEPT FOR TAXES AND  
14 CUSTOMS DUTIES, [A] any advantage, favor, privilege, exemption,  
15 or immunity granted under existing franchises, or which may  
16 hereafter be granted for radio broadcasting, upon prior review and  
17 approval of Congress, shall become part of this franchise and shall be  
18 accorded immediately and unconditionally to the herein grantee:  
19 *Provided,* That the foregoing shall neither apply to nor affect  
20 provisions of broadcasting franchises concerning territorial coverage,  
21 the term, or the type of service authorized by the franchise.

22 SEC. 15. *Repealability and Nonexclusivity Clause.* – This  
23 franchise shall be subject to amendment, alteration, or repeal by the  
24 Congress of the Philippines when the public interest so requires and  
25 shall not be interpreted as an exclusive grant of the privileges herein  
26 provided.

1           SEC. 16. *Separability Clause.* – If any of the sections or  
2 provisions of this Act is held invalid, all other provisions not affected  
3 thereby shall remain valid.

4           SEC. 17. *Repealing Clause.* – All laws, decrees, orders,  
5 resolutions, instructions, rules and regulations, and other issuances  
6 or parts thereof which are inconsistent with the provisions of this Act  
7 are hereby repealed, amended, or modified accordingly.

8           SEC. 18. *Effectivity.* – This Act shall take effect fifteen (15)  
9 days after its publication in the *Official Gazette* or in a newspaper of  
10 general circulation.

Approved,

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