



HOUSE OF REPRESENTATIVES

H. No. 5532

BY REPRESENTATIVES ABAYON, TEODORO AND ALIPING, PER COMMITTEE
REPORT NO. 592

AN ACT RENEWING THE FRANCHISE GRANTED TO THE
INTERACTIVE BROADCAST MEDIA, INC. UNDER REPUBLIC
ACT NO. 8210 TO ANOTHER TWENTY-FIVE (25) YEARS FROM
THE DATE OF APPROVAL OF THIS ACT

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

1 SECTION I. *Nature and Scope of Franchise.* – Subject to the
2 provisions of the 1987 Philippine Constitution and applicable laws, rules and
3 regulations, the franchise granted under Republic Act No. 8210, entitled “An
4 Act Granting Interactive Broadcast Media, Inc., a Franchise to Construct,
5 Install, Establish, Operate and Maintain Radio and Television Broadcasting
6 Stations in the Philippines”, to Interactive Broadcast Media, Inc. hereunder
7 referred to as the grantee, whose controlling interest has been transferred to
8 EDCANOY PRIME HOLDINGS, INC., to construct, install, establish,
9 operate and maintain for commercial purposes and in the public interest, radio
10 and/or television broadcasting stations, including digital television system,
11 through microwave, satellite or whatever means, including the use of any new
12 technologies in television and radio systems, with the corresponding

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

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

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

19 SEC. 4. *Responsibility to the Public.* – The grantee shall provide
20 adequate public service time to enable the government, through the said
21 broadcasting stations or facilities, to reach the population on important public
22 issues; provide at all times sound and balanced programming; assist in the
23 functions of public information and education; conform to the ethics of honest
24 enterprise; and not use its stations or facilities for the broadcasting of obscene
25 and indecent language, speech, act or scene; or for the dissemination of
26 deliberately false information or willful misrepresentation, to the detriment of
27 the public interests; or to incite, encourage or assist in subversive or
28 treasonable acts.

1 SEC. 5. *Right of Government.* – A special right is hereby reserved to
2 the President of the Philippines, in times of war, rebellion, public peril,
3 calamity, emergency, disaster or disturbance of peace and order, to temporarily
4 take over and operate the stations or facilities of the grantee, to temporarily
5 suspend the operation of any station or facility in the interest of public safety,
6 security and public welfare, or to authorize the temporary use and operation
7 thereof by any agency of the government, upon due compensation to the
8 grantee, for the use of said stations or facilities during the period when they
9 shall be so operated.

10 The radio spectrum is a finite resource that is part of the national
11 patrimony and the use thereof is a privilege conferred upon the grantee by the
12 State and may be withdrawn any time after due process.

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

17 SEC. 7. *Acceptance and Compliance.* – Acceptance of this new
18 franchise shall be given in writing to the Congress of the Philippines, through
19 the Committee on Legislative Franchises of the House of Representatives and
20 the Committee on Public Services of the Senate within sixty (60) days from the
21 effectivity of this Act. Upon giving such acceptance, the grantee shall exercise
22 the privileges granted under this Act. Nonacceptance shall render the franchise
23 void.

24 SEC. 8. *Self-regulation by and Undertaking of Grantee.* – The grantee
25 shall not require any previous censorship of any speech, play, act or scene, or
26 other matter to be broadcast from its stations; *Provided*, That the grantee,
27 during any broadcast, shall cut off from the air the speech, play, act or scene,
28 or other matter being broadcast if the tendency thereof is to propose and/or

1 incite treason, rebellion or sedition; or the language used therein or the theme
2 thereof is indecent or immoral: *Provided, further*, That willful failure to do so
3 shall constitute a valid cause for the cancellation of this franchise.

4 SEC. 9. *Warranty in Favor of National and Local Governments.* –
5 The grantee shall hold the national, provincial, city and municipal governments
6 of the Philippines free from all claims, accounts, demands or actions arising
7 out of accidents or injuries, whether to property or to persons, caused by the
8 construction or operation of the stations of the grantee.

9 SEC. 10. *Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.*
10 – The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this
11 franchise or the rights and privileges acquired thereunder to any person, firm,
12 company, corporation or other commercial or legal entity, nor merge with any
13 other corporation or entity, nor shall the controlling interest of the grantee be
14 transferred, whether as a whole or in parts, and whether simultaneously or
15 contemporaneously, to any such person, firm, company, corporation or entity
16 without the prior approval of the Congress of the Philippines: *Provided*, That
17 Congress shall be informed of any sale, lease, transfer, grant of usufruct of,
18 assignment of franchise or the rights or privileges acquired thereunder, or of
19 the merger, or transfer of controlling interest of the grantee, within sixty (60)
20 days after the completion of the said transaction: *Provided, further*, That
21 failure to report to Congress such change of ownership shall render the
22 franchise *ipso facto* revoked: *Provided, finally*, That any person or entity to
23 which this franchise is sold, transferred or assigned, shall be subject to the
24 same conditions, terms, restrictions and limitations of this Act.

25 SEC. 11. *Dispersal of Ownership.* – In accordance with the
26 constitutional provision to encourage public participation in public utilities, the
27 grantee shall offer to Filipino citizens at least thirty *per centum* (30%) or a
28 higher percentage that may hereafter be provided by law of its outstanding

1 capital stock in any securities exchange in the Philippines within five (5) years
2 from the commencement of its operations: *Provided*, That in cases where
3 public offer of shares is not applicable, establishment of cooperatives and other
4 methods of encouraging public participation by citizens and corporations
5 operating public utilities must be implemented. Noncompliance therewith
6 shall render the franchise *ipso facto* revoked.

7 SEC. 12. *General Broadcast Policy Law.* – The grantee shall comply
8 with and be subject to the provisions of a general broadcast policy law, which
9 Congress may hereafter enact.

10 SEC. 13. *Reportorial Requirement.* – The grantee shall submit an
11 annual report to the Congress of the Philippines, through the Committee on
12 Legislative Franchises of the House of Representatives and the Committee on
13 Public Services of the Senate, on its compliance with the terms and conditions
14 of the franchise and on its operations on or before April 30 of every year
15 during the term of the franchise.

16 SEC. 14. *Penalty Clause.* – Failure to submit the annual report to
17 Congress shall be penalized with a fine of five hundred pesos (P500.00) per
18 working day of noncompliance. The fine shall be collected by the NTC from
19 the delinquent franchise grantee separate from the reportorial penalties
20 imposed by the NTC. The collected funds shall accrue to the monitoring fund
21 of the NTC in line with its supervisory and regulatory functions. The
22 reportorial compliance certificate issued by Congress shall be required before
23 any application for permit or certificate is accepted by the NTC.

24 SEC. 15. *Equality Clause.* – Any advantage, favor, privilege,
25 exemption, or immunity granted under existing franchise, or which may
26 hereafter be granted for radio and/or television broadcasting, upon prior review
27 and approval of Congress, shall become part of this franchise and shall be
28 accorded immediately and unconditionally to the herein grantee: *Provided*,

1 *however*, That the foregoing shall neither apply to nor affect provisions of
2 broadcasting franchises concerning territory covered by the franchise, the life
3 span of the franchise or the type of service authorized by the franchise:
4 *Provided, further*, That the foregoing shall not apply to sale, lease, transfer, or
5 grant of usufruct of legislative franchise with prior congressional approval.

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

9 SEC. 17. *Repealability and Nonexclusivity Clause.* – This franchise
10 shall be subject to amendment, alteration, or repeal by the Congress of the
11 Philippines when the public interest so requires and shall not be interpreted as
12 an exclusive grant of the privileges herein provided for.

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

Approved,

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