

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES
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First Regular Session

}

HOUSE OF REPRESENTATIVES

H. No. 6371

BY REPRESENTATIVES TEJADA AND ALVAREZ (F.), PER COMMITTEE REPORT
No. 244

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO INTERNATIONAL COMMUNICATIONS CORPORATION, PRESENTLY KNOWN AS BAYAN TELECOMMUNICATIONS, INC., UNDER REPUBLIC ACT NO. 3259, ENTITLED "AN ACT GRANTING THE INTERNATIONAL COMMUNICATIONS CORPORATION A FRANCHISE TO ESTABLISH RADIO STATIONS FOR DOMESTIC TELECOMMUNICATIONS, RADIOPHONE, BROADCASTING AND TELECASTING", AS AMENDED BY REPUBLIC ACT NOS. 4905 AND 7633

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 International Communications
4 Corporation, presently known as Bayan Telecommunications, Inc.,
5 hereunder referred to as the grantee, its successors or assignees,
6 under Republic Act No. 3259, as amended by Republic Act Nos. 4905
7 and 7633, to construct, install, establish, operate, and maintain for
8 commercial purposes and in the public interest, in the Philippines
9 and between the Philippines and other countries and territories,

1 wire and/or wireless telecommunications system including landline
2 or local exchange services, mobile cellular, copper, fiber optics,
3 satellite transmit and receive systems, switches and their value-
4 added services such as the transmission of voice, data, facsimile,
5 control signs, audio and video, information services including
6 services for ships at sea, airplanes and other conveyances, by means
7 of electricity, electromagnetic waves, or any other kind of energy,
8 force, variations or impulses, radiated through space or transmitted
9 through any other medium, and all other telecommunications
10 system technologies as are at present available or will be made
11 available through technological advances or innovations in the
12 future; or construct, acquire, lease, and operate, or manage
13 transmitting and receiving stations, lines, cables, or systems as
14 are convenient or essential to efficiently carry out the purpose of
15 this franchise, is hereby renewed for another twenty-five (25) years.

16 SEC. 2. *Manner of Operation of Stations or Facilities.* –

17 The stations or facilities of the grantee shall be constructed and
18 operated in a manner as will, at most, result only in the minimum
19 interference on the wavelengths or frequencies of existing stations
20 or other stations which may be established by law, without in any
21 way diminishing its own right to use its assigned wavelengths or
22 frequencies and the quality of transmission or reception thereon
23 as should maximize rendition of the grantee's services or the
24 availability thereof.

25 SEC. 3. *Authority of the National Telecommunications*
26 *Commission.* – The grantee shall secure from the National
27 Telecommunications Commission (NTC) a Certificate of Public

1 Convenience and Necessity or the appropriate permits and
2 licenses for the construction, installation and operation of its
3 telecommunications systems or facilities. In issuing the certificate,
4 the NTC shall have the power to regulate and impose such
5 conditions relative to the construction, operation, maintenance,
6 or service level of the telecommunications systems or facilities.
7 Such certificate shall state the areas covered and the date the
8 grantee shall commence the service. The grantee shall not use any
9 frequency in the radio spectrum without authorization from the
10 NTC. The NTC, however, shall not unreasonably withhold or delay
11 the grant of such authority, permit or license.

12 SEC. 4. *Excavation and Restoration Works.* – For the purpose
13 of erecting and maintaining poles or other supports for said wires
14 or other conductors for the purpose of laying and maintaining
15 underground wires, cables, or other conductors, it shall be lawful
16 for the grantee, its successors or assignees, with the prior approval
17 of the Department of Public Works and Highways (DPWH) or the
18 local government unit (LGU) concerned, as may be appropriate,
19 to make excavations or lay conduits in any of the public places,
20 roads, highways, streets, lanes, alleys, avenues, sidewalks, or
21 bridges of the province, cities, or municipalities: *Provided, however,*
22 That a public place, road, highway, street, lane, alley, avenue,
23 sidewalk, or bridge disturbed, altered, or changed by reason of
24 erection of poles or other supports or the underground laying of
25 wires, other conductors or conduits, shall be repaired and replaced
26 in workmanlike manner by said grantee, its successors or assignees,
27 in accordance with the standards set by the DPWH or the LGU

1 concerned. Should the grantee, its successors or assignees, after the
2 ten (10)-day notice from the said authority, fail, refuse, or neglect to
3 repair or replace any part of public place, road, highway, street,
4 lane, alley, avenue, sidewalk, or bridge altered, changed or disturbed
5 by the said grantee, its successors or assignees, then the DPWH or
6 the LGU concerned shall have the right to have the same repaired
7 and placed in good order and condition, and charge the grantee, its
8 successors or assignees, at double the amount of the costs and
9 expenses for such repair or replacement.

10 SEC. 5. *Responsibility to the Public.* – The grantee shall
11 conform to the ethics of honest enterprise and not use its stations or
12 facilities for obscene or indecent transmission, or for dissemination
13 of deliberately false information, or willful misrepresentation, or
14 assist in subversive or treasonable acts.

15 The grantee shall operate and maintain all its stations,
16 lines, cables, systems, and equipment for the transmission and
17 reception of messages, signals, and pulses in a satisfactory manner
18 at all times, and as far as economical and practicable, modify,
19 improve, or change such stations, lines, cables, systems, and
20 equipment to keep abreast with the advances in science and
21 technology.

22 The grantee shall improve and extend its services in
23 areas not yet served, and in hazard- and typhoon-prone areas
24 that shall be determined by the National Disaster Risk Reduction
25 and Management Council, or its legal successor, in coordination
26 with the NTC.

1 The grantee shall also improve and upgrade its equipment,
2 facilities and services, in order to ensure effective compliance with
3 the objectives of Republic Act No. 10639 or “The Free Mobile
4 Disaster Alerts Act”.

5 SEC. 6. *Rates for Services.* – The charges and rates for
6 telecommunications services of the grantee, except the rates and
7 charges on those that may hereafter be declared or considered
8 as nonregulated services, whether flat rates or measured rates
9 or variation thereof, shall be subject to the approval of the NTC or
10 its legal successor.

11 SEC. 7. *Right of Government.* – The radio spectrum is a
12 finite resource that is part of the national patrimony and the
13 use thereof is a privilege conferred upon the grantee by the
14 State and may be withdrawn any time after due process.

15 A special right is hereby reserved to the President of the
16 Philippines, in times of war, rebellion, public peril, calamity,
17 emergency, disaster, or disturbance of peace and order: to
18 temporarily take over and operate the stations, transmitters,
19 facilities, or equipment of the grantee; to temporarily suspend
20 the operation of any station, transmitter, facility, or equipment
21 in the interest of public safety, security, and public welfare; or to
22 authorize the temporary use and operation thereof by any agency
23 of the government, upon due compensation to the grantee, for the
24 use of the stations, transmitters, facilities, or equipment during the
25 period when these shall be so operated.

26 SEC. 8. *Term of Franchise.* – This franchise shall be renewed
27 and in effect for a period of twenty-five (25) years from the

1 expiration thereof on 9 August 2021, unless sooner revoked or
2 cancelled. THIS FRANCHISE SHALL BE DEEMED *IPSO FACTO*
3 REVOKED IN THE EVENT THE GRANTEE FAILS TO OPERATE
4 CONTINUOUSLY FOR TWO (2) YEARS.

5 SEC. 9. *Right of Interconnection.* – The grantee is
6 hereby authorized to connect or demand connection of its
7 telecommunications systems to other telecommunications
8 systems installed, operated, and maintained by any other duly
9 authorized person or entity in the Philippines for the purpose
10 of providing extended and improved telecommunications services
11 to the public, under the terms and conditions mutually agreed
12 upon by the parties concerned. This right shall be subject to
13 review and modification by the NTC.

14 SEC. 10. *Mobile Number Portability.* – The grantee shall
15 provide mobile number portability (MNP) and its implementing
16 mechanism, and shall interconnect, directly or indirectly, with
17 the infrastructure, facilities, systems, or equipment of other
18 telecommunications franchise grantees. It shall not install
19 network features, functions, or capabilities that will impede
20 the implementation of a nationwide MNP system. The NTC shall
21 issue rules and regulations for this purpose, the effectivity of which
22 shall commence upon applicability with other telecommunications
23 franchise grantees.

24 SEC. 11. *TAX PROVISION.* – THE GRANTEE, ITS
25 SUCCESSORS OR ASIGNEES SHALL BE LIABLE TO PAY THE
26 SAME TAXES ON THEIR REAL ESTATE, BUILDINGS, AND
27 PERSONAL PROPERTY, EXCLUSIVE OF THIS FRANCHISE AS

1 OTHER PERSONS OR CORPORATIONS WHICH ARE NOW OR
2 THEREAFTER MAY BE REQUIRED BY LAW TO PAY, EXCEPT
3 RADIO, TELECOMMUNICATIONS, AND ELECTRONIC
4 COMMUNICATIONS EQUIPMENT, MACHINERY, AND SPARE
5 PARTS NEEDED IN CONNECTION WITH THE BUSINESS OF
6 THE GRANTEE WHICH SHALL BE EXEMPT FROM CUSTOMS
7 DUTIES, TARIFFS, AND OTHER TAXES, AS WELL AS THOSE
8 DECLARED EXEMPT IN THIS SECTION.

9 IN ADDITION THERETO, THE GRANTEE, ITS
10 SUCCESSORS OR ASSIGNEES, SHALL PAY A VALUE-ADDED
11 TAX ON ALL GROSS RECEIPTS OF THE BUSINESS
12 TRANSACTED UNDER THIS FRANCHISE BY THE GRANTEE,
13 ITS SUCCESSORS OR ASSIGNEES IN THE PHILIPPINES, IN
14 LIEU OF ANY AND ALL TAXES OF ANY KIND, NATURE OR
15 DESCRIPTION, LEVIED, ESTABLISHED OR COLLECTED BY AN
16 AUTHORITY WHATSOEVER INCLUDING, BUT NOT LIMITED
17 TO, CITY, MUNICIPAL, PROVINCIAL OR NATIONAL, FROM
18 WHICH THE GRANTEE IS HEREBY EXPRESSLY EXEMPTED
19 EFFECTIVE FROM THE DATE OF THE EFFECTIVITY OF THIS
20 ACT: *PROVIDED*, THAT THE GRANTEE, ITS SUCCESSORS OR
21 ASSIGNEES SHALL CONTINUE TO BE LIABLE FOR INCOME
22 TAXES PAYABLE UNDER TITLE 2 OF THE NATIONAL
23 INTERNAL REVENUE CODE PURSUANT TO SECTION 2 OF
24 EXECUTIVE ORDER NO. 72, UNLESS THE LATTER
25 ENACTMENT IS AMENDED OR REPEALED, IN WHICH CASE,
26 AMENDMENT OR REPEAL SHALL BE APPLICABLE THERETO.

1 SEC. [41] 12. *Warranty in Favor of the National and Local*
2 *Governments.* – The grantee shall hold the national, provincial,
3 city, and municipal governments of the Philippines free from all
4 claims, liabilities, accounts, demands, or actions arising out of
5 accidents causing injury to persons or damage to properties, during
6 the construction or operation of the stations, transmitters, facilities,
7 or equipment of the grantee.

8 SEC. [42] 13. *Sale, Lease, Transfer, Grant of Usufruct, or*
9 *Assignment of Franchise.* – The grantee shall not sell, lease,
10 transfer, grant the usufruct of, nor assign this franchise or
11 the rights and privileges acquired thereunder to any person,
12 firm, company, partnership, corporation, or other commercial
13 or legal entity, nor merge with any person, firm, company,
14 partnership or corporation organized for the same purpose
15 without the prior approval of the Congress of the Philippines[.].
16 CONGRESS SHALL BE INFORMED OF ANY SALE, LEASE,
17 TRANSFER, GRANT OF USUFRUCT, OR ASSIGNMENT OF
18 FRANCHISE OR THE RIGHTS AND PRIVILEGES ACQUIRED
19 THEREUNDER, OR OF THE MERGER OR TRANSFER OF THE
20 CONTROLLING INTEREST OF THE GRANTEE, WITHIN SIXTY
21 (60) DAYS AFTER THE COMPLETION OF THE TRANSACTION.
22 FAILURE TO REPORT TO CONGRESS SUCH CHANGE OF
23 OWNERSHIP SHALL RENDER THE FRANCHISE *IPSO FACTO*
24 REVOKED. [~~except: (a) where the grantee is the surviving~~
25 ~~corporation; (b) when the transfer is done through a stock exchange~~
26 ~~transaction; (c) when the transfer is done for the purposes~~
27 ~~of qualifying persons for election to the board; (d) when the~~

1 ~~transferee is a corporation that is controlled by the same~~
2 ~~stockholders as that of the grantee; and (e) when the~~
3 ~~vendor/lessee/transferee/grantee/assignee is a person, firm,~~
4 ~~company, corporation or entity with a valid and existing legislative~~
5 ~~franchise for telecommunications: *Provided, further,* That any such~~
6 ~~transfer, sale or issuance is in accordance with any applicable~~
7 ~~constitutional provision.]~~

8 Any corporation to which this franchise may be sold,
9 transferred or assigned shall be subject to all conditions, terms,
10 restrictions, and limitations of this Act.

11 SEC. [13] 14. *Dispersal of Ownership.* – Subject to the
12 requirements of the Securities and Exchange Commission (SEC)
13 and the stock exchange concerned, the herein grantee shall make
14 public utilities offering to the stock exchanges at least thirty
15 percent (30%) of its authorized capital stock in any securities
16 exchange in the Philippines [within a period of three (3) years
17 from the date of the effectivity of this Act, unless the grantee is
18 wholly owned by a public listed company with at least thirty
19 *percentum* (30%) of whose authorized capital stock is publicly
20 owned.] WITHIN FIVE (5) YEARS FROM THE DATE OF THE
21 EFFECTIVITY OF THIS ACT: *PROVIDED*, THAT IN CASES
22 WHERE PUBLIC OFFER OF SHARES IS NOT APPLICABLE, THE
23 GRANTEE SHALL APPLY OTHER METHODS OF
24 ENCOURAGING PUBLIC PARTICIPATION BY CITIZENS AND
25 CORPORATIONS OPERATING PUBLIC UTILITIES AS
26 ALLOWED BY LAW. NONCOMPLIANCE THEREWITH SHALL
27 RENDER THE FRANCHISE *IPSO FACTO* REVOKED.

1 SEC. [14] 15. *Contract with Telecommunications Entities.* –

2 The grantee is authorized to contract the installation and operations
3 of telecommunications systems which is the subject of this grant
4 with entities with expertise in the field of telecommunications
5 under such terms and conditions as may be approved by the NTC.

6 SEC. [15] 16. *Commitment to Provide and Promote the*
7 *Creation of Employment Opportunities.* – The grantee shall
8 create employment opportunities as well as accept on-the-job
9 trainees in their franchise operations: *Provided,* That priority
10 shall be accorded to the residents of the place where their principal
11 office is located: *Provided, further,* That the grantee shall follow
12 the applicable labor standards and allowance entitlement under
13 existing labor laws, rules and regulations and similar issuances:
14 *Provided, finally,* That the employment opportunities or jobs
15 created shall be reflected in the General Information Sheet (GIS)
16 to be submitted to the SEC annually.

17 SEC. [16] 17. *Reportorial Requirement.* – The grantee shall
18 submit an annual report to the Congress of the Philippines,
19 through the Committee on Legislative Franchises of the House
20 of Representatives and the Committee on Public Services of
21 the Senate, on its compliance with the terms and conditions of
22 the franchise and on its operations on or before April 30 of every
23 year during the term of its franchise.

24 The annual report shall include an update on the roll-out,
25 development, operation and/or expansion of business; audited
26 financial statements; latest GIS officially submitted to the SEC,
27 if applicable; certification of the NTC on the status of its permits

1 and operations; and an update on the dispersal of ownership
2 undertaking, if applicable.

3 The reportorial compliance certificate issued by Congress shall
4 be required before any application for permit or certificate is
5 accepted by the NTC.

6 SEC. [~~17~~] 18. *Fine.* – Failure of the grantee to submit the
7 requisite annual report to Congress shall be penalized with a
8 fine in the amount of One million pesos (P1,000,000.00) per
9 working day of noncompliance, the effectivity of which shall
10 commence upon applicability with other telecommunications
11 franchise grantees: *Provided*, That in the interim, the grantee
12 shall be liable to pay the fine of Five hundred pesos (P500.00)
13 per working day of noncompliance. The fine shall be collected by
14 the NTC from the delinquent franchise grantee separate from
15 the reportorial penalties imposed by the NTC, and the same shall
16 be remitted to the Bureau of the Treasury.

17 SEC. [~~18~~] 19. *Equality Clause.* – Any advantage, favor,
18 privilege, exemption, or immunity granted under existing franchises,
19 or which may hereafter be granted, upon prior review and approval
20 of Congress, shall become part of this franchise and shall be
21 accorded immediately and unconditionally to the herein grantee:
22 *Provided*, That the foregoing shall neither apply to nor affect the
23 provisions of telecommunications franchises concerning territorial
24 coverage, the term, or the type of service authorized by the
25 franchise.

1 SEC. [~~19~~] 20. *Applicability Clause*. – The grantee, its
2 successors or assignees shall be subject to the corporation laws of the
3 Philippines now existing or hereafter enacted.

4 SEC. [~~20~~] 21. *Repealability and Nonexclusivity Clause*. – This
5 franchise shall be subject to amendment, alteration, or repeal
6 by the Congress of the Philippines when the public interest so
7 requires and shall not be interpreted as an exclusive grant of the
8 privilege herein provided for.

9 SEC. [~~21~~] 22. *Separability Clause*. – If any of the sections or
10 provisions of this Act is held invalid, all other provisions not
11 affected thereby shall remain valid.

12 SEC. [~~22~~] 23. *Repealing Clause*. – All laws, decrees, orders,
13 resolutions, instructions, rules and regulations, and other
14 issuances or parts thereof which are inconsistent with the
15 provisions of this Act are hereby repealed, amended, or modified
16 accordingly.

17 SEC. [~~23~~] 24. *Effectivity*. – This Act shall take effect fifteen
18 (15) days after its publication in the *Official Gazette* or in a
19 newspaper of general circulation.

Approved,

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