H. No. 6371

Republic of the Philippines
Congress of the Philippines
Metro Manila
Eighteenth Congress
Second Regular Session

Begun and held in Metro Manila, on Monday, the twenty-seventh day of July, two thousand twenty.

[REPUBLIC ACT NO. **11503**]

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:

SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the Constitution and applicable laws, rules and regulations, the franchise granted to International Communications Corporation, presently known as Bayan

Telecommunications, Inc., hereunder referred to as the grantee, its successors or assignees, under Republic Act No. 3259, as amended by Republic Act Nos. 4905 and 7633, to construct, install, establish, operate, and maintain for commercial purposes and in the public interest, in the Philippines and between the Philippines and other countries and territories, wire and/or wireless telecommunications system including landline or local exchange services, mobile cellular, copper, fiber optics, satellite transmit and receive systems, switches and their value-added services such as the transmission of voice, data, facsimile, control signs, audio and video, information services including services for ships at sea, airplanes and other conveyances, by means of electricity, electromagnetic waves, or any other kind of energy, force, variations or impulses, radiated through space or transmitted through any other medium, and all other telecommunications system technologies as are at present available or will be made available through technological advances or innovations in the future; or construct, acquire, lease, and operate, or manage transmitting and receiving stations, lines, cables, or systems as are convenient or essential to efficiently carry out the purpose of this franchise, is hereby renewed for another twenty-five (25) years.

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

SEC. 3. *Authority of the National Telecommunications Commission.* – The grantee shall secure from the National Telecommunications Commission (NTC) a Certificate of Public Convenience and Necessity or the appropriate permits and licenses for the construction, installation and operation of its telecommunications systems or facilities. In issuing the certificate, the NTC shall have the power to regulate and impose such conditions relative to the construction, operation, maintenance, or service level of the telecommunications systems or facilities. Such certificate shall state the areas covered and the

date the grantee shall commence the service. The grantee shall not use any frequency in the radio spectrum without authorization from the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of such authority, permit or license.

SEC. 4. *Excavation and Restoration Works.* – For the purpose of erecting and maintaining poles or other supports for said wires or other conductors for the purpose of laying and maintaining underground wires, cables, or other conductors, it shall be lawful for the grantee, its successors or assignees, with the prior approval of the Department of Public Works and Highways (DPWH) or the local government unit (LGU) concerned, as may be appropriate, to make excavations or lay conduits in any of the public places, roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of the province, cities, or municipalities: *Provided, however,* That a public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge disturbed, altered, or changed by reason of erection of poles or other supports or the underground laying of wires, other conductors or conduits, shall be repaired and replaced in workmanlike manner by said grantee, its successors or assignees, in accordance with the standards set by the DPWH or the LGU concerned. Should the grantee, its successors or assignees, after the ten (10)-day notice from the said authority, fail, refuse, or neglect to repair or replace any part of public place, road, highway, street, lane, alley, avenue, sidewalk, or bridge altered, changed or disturbed by the said grantee, its successors or assignees, then the DPWH or the LGU concerned shall have the right to have the same repaired and placed in good order and condition, and charge the grantee, its successors or assignees, at double the amount of the costs and expenses for such repair or replacement.

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

The grantee shall operate and maintain all its stations, lines, cables, systems, and equipment for the transmission and reception of messages, signals, and pulses in a satisfactory manner at all times, and as far as economical and practicable,

modify, improve, or change such stations, lines, cables, systems, and equipment to keep abreast with the advances in science and technology.

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

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

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

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

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

SEC. 8. *Term of Franchise.* – This franchise shall be renewed and in effect for a period of twenty-five (25) years from the expiration thereof on 9 August 2021, unless sooner

revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to operate continuously for two (2) years.

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

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

SEC. 11. *Tax Provision.* – The grantee, its successors or assignees, shall be liable to pay the same taxes on their real estate, buildings, and personal property, exclusive of this franchise as other persons or corporations which are now or thereafter may be required by law to pay, except radio, telecommunications, and electronic communications equipment, machinery, and spare parts needed in connection with the business of the grantee which shall be exempt from customs duties, tariffs, and other taxes, as well as those declared exempt in this Section.

In addition thereto, the grantee, its successors or assignees, shall pay a value-added tax on all gross receipts of the business transacted under this franchise by the grantee, its successors or assignees, in the Philippines, in lieu of any and all taxes of any kind, nature or description, levied, established or collected by an authority whatsoever including, but not limited to, city, municipal, provincial or national, from which the grantee is

hereby expressly exempted effective from the date of the effectivity of this Act: *Provided,* That the grantee, its successors or assignees shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72, unless the latter enactment is amended or repealed, in which case, amendment or repeal shall be applicable thereto.

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

SEC. 13. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.* – The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, partnership, corporation, or other commercial or legal entity, nor merge with any person, firm, company, partnership or corporation organized for the same purpose without the prior approval of the Congress of the Philippines. Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and privileges acquired thereunder, or of the merger or transfer of the controlling interest of the grantee, within sixty (60) days after the completion of the transaction. Failure to report to Congress such change of ownership shall render the franchise *ipso facto* revoked.

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

SEC. 14. *Dispersal of Ownership.* – Subject to the requirements of the Securities and Exchange Commission (SEC) and the stock exchange concerned, the herein grantee shall make public utilities offering to the stock exchanges at least thirty percent (30%) of its authorized capital stock in any securities exchange in the Philippines within five (5) years from the date of the effectivity of this Act: *Provided,* That in cases where public offer of shares is not applicable, the grantee

shall apply other methods of encouraging public participation by citizens and corporations operating public utilities as allowed by law. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 15. *Contract with Telecommunications Entities.* – The grantee is authorized to contract the installation and operations of telecommunications systems which is the subject of this grant with entities with expertise in the field of telecommunications under such terms and conditions as may be approved by the NTC.

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

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

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

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

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

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

SEC. 20. *Applicability Clause.* – The grantee, its successors or assignees shall be subject to the corporation laws of the Philippines now existing or hereafter enacted.

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

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

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

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

Approved,

VICENTE C. SOTTO III
President of the Senate

LORD ALLAN JAY Q. VELASCO
Speaker of the House of Representatives

This Act which originated in the House of Representatives was passed by the House of Representatives on March 10, 2020, amended by the Senate of the Philippines on October 5, 2020, and which amendments were concurred in by the House of Representatives in a special session on October 16, 2020.

MYRA MARIE D. VILLARICA
Secretary of the Senate

JOCELIA BIGHANI C. SIPIN
Secretary General
House of Representatives

Approved:

DEC 2 0 2020

Lapsed into law on ..... without the signature of the President, in accordance with Article VI Section 27 (1) of the Constitution

RODRIGO ROA DUTERTE
President of the Philippines

O