



HOUSE OF REPRESENTATIVES

H. No. 6558

---

BY REPRESENTATIVES YAP (V.), DALIPE, SANTOS-RECTO, VIOLAGO, MENDING, PINEDA, ROMERO, ABAYA, VELARDE, ROMUALDO, ALVAREZ (P.), FARIÑAS, SUAREZ, BONDOC, MERCADO, HOFER, CRISOLOGO, GONZALES (A.D.), NOEL, GULLAS, TY, GONZALES (A.P.), PIMENTEL, MATUGAS, SAVELLANO, DE VENERIA, LOPEZ (B.), ORTEGA (V.N.), GARCIA (J.E.), BELARO, HERRERA-DY, ROA-PUNO, PRIMICIAS-AGABAS, ATIENZA, GARBIN, DE VERA, BRAVO (A.), CAMPOS AND ABAYON, PER COMMITTEE REPORT NO. 424

---

AN ACT STRENGTHENING THE POWERS OF THE NATIONAL TELECOMMUNICATIONS COMMISSION, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7925, OTHERWISE KNOWN AS THE "PUBLIC TELECOMMUNICATIONS POLICY ACT OF THE PHILIPPINES"

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

SECTION 1. Section 3 of Republic Act No. 7925, otherwise known as the "Public Telecommunications Policy Act of the Philippines", is hereby amended to read as follows:

"SEC. 3. *Definitions and Interpretations.* - For purposes of this Act, the following terms shall be used:

"x x x

1 "L) *SIGNIFICANT MARKET POWER* - THE ABILITY  
2 OF A PUBLIC TELECOMMUNICATIONS ENTITY TO  
3 AFFECT PRICE, SUPPLY OR INNOVATION IN THE  
4 TELECOMMUNICATIONS INDUSTRY OR ANY PART  
5 THEREOF, AS A RESULT OF EITHER ITS CONTROL OVER  
6 ESSENTIAL FACILITIES OR THE USE OF ITS POSITION IN  
7 ANY MARKET IN THE TELECOMMUNICATIONS INDUSTRY OR  
8 ANY MARKET RELATED THERETO.

9 "FURTHER, THE COMMISSION IS MANDATED TO  
10 ADOPT STANDARDIZED DEFINITIONS OF THE  
11 INTERNATIONAL TELECOMMUNICATIONS UNION (ITU),  
12 THE INTERNET ENGINEERING TASK FORCE (IETF), THE  
13 WORLD WIDE WEB CONSORTIUM (WWWC), AND THE  
14 INTERNET CORPORATION FOR ASSIGNED NUMBERS AND  
15 NAMES (ICANN), AND OTHER INTERNATIONAL AND  
16 TRANSNATIONAL AGENCIES GOVERNING THE  
17 DEVELOPMENT, USE, AND STANDARDIZATION OF THE  
18 INTERNET AND INFORMATION AND COMMUNICATIONS  
19 TECHNOLOGY, SUBJECT TO REFINEMENTS OF THESE  
20 INTERNATIONAL STANDARDS AS MAY BE PRESCRIBED BY  
21 REGIONAL TELECOMMUNICATION BODIES TAKING INTO  
22 CONSIDERATION THE SPECIAL CIRCUMSTANCES  
23 APPLICABLE ONLY TO THE REGION."

24 SEC. 2. Section 5 of the same Act is hereby amended to read as  
25 follows:

26 "SEC. 5. *Responsibilities of the National*  
27 *Telecommunications Commission.* - The National  
28 Telecommunications Commission (Commission) shall be  
29 the principal administrator of this Act and as such shall

1 take the necessary measures to implement the policies  
2 and objectives set forth in this Act. Accordingly, in  
3 addition to its existing functions, the Commission shall be  
4 responsible for the following:

5 "x x x

6 "c) Mandate a fair and reasonable interconnection of  
7 facilities of authorized public network operators and other  
8 providers of telecommunications services through  
9 appropriate modalities of interconnection and at a  
10 reasonable and fair level of charges[, which make  
11 provision for the cross subsidy to unprofitable local  
12 exchange service areas so as to promote telephone density  
13 and provide the most extensive access to basic  
14 telecommunications services available at affordable rates  
15 to the public];

16 "x x x

17 "f) Protect consumers against misuse  
18 of a telecommunications entity's monopoly or  
19 quasi-monopolistic powers by, but not limited to,  
20 the investigation of complaints and exacting  
21 compliance with service standards from such  
22 entity; [and]

23 "g) In the exercise of its regulatory powers, continue  
24 to impose such fees and charges as may be necessary to  
25 cover reasonable costs and expenses for the regulation  
26 and supervision of the operations of telecommunications  
27 entities[.]; AND

1 "H) IN THE EXERCISE OF ITS REGULATORY  
2 POWERS, IMPOSE FINES AGAINST PUBLIC  
3 TELECOMMUNICATIONS ENTITIES WITHIN THE SCOPE OF  
4 ITS REGULATION, WHICH ARE FOUND TO HAVE VIOLATED,  
5 VIOLATING, OR THOSE WHICH HAVE FAILED OR ARE  
6 FAILING TO COMPLY WITH THE TERMS AND CONDITIONS  
7 OF THIS ACT, ANY CERTIFICATE, OR ANY ORDER, DECISION  
8 OR REGULATION OF THE COMMISSION.

9 "THE ERRING PUBLIC TELECOMMUNICATIONS  
10 ENTITY SHALL BE SUBJECT TO A FINE AMOUNTING TO THE  
11 TOTAL ACTUAL LOSS OR OVERCHARGING AS DETERMINED  
12 BY THE COMMISSION FOR EVERY DAY DURING WHICH  
13 SUCH DEFAULT OR VIOLATION CONTINUES, OR IF IT IS NOT  
14 FEASIBLE TO QUANTIFY THE OFFENSE, TO A FINE  
15 AMOUNTING TO ONE MILLION PESOS (P1,000,000.00) FOR  
16 EVERY DAY DURING WHICH SUCH DEFAULT OR VIOLATION  
17 CONTINUES UNTIL THE AMOUNT IS FULLY PAID:  
18 *PROVIDED*, THAT, IF THE PUBLIC TELECOMMUNICATIONS  
19 ENTITY HAS A GROSS ANNUAL INCOME NOT EXCEEDING  
20 TEN MILLION PESOS (P10,000,000.00), THE PENALTY  
21 THAT MAY BE IMPOSED SHALL BE EQUIVALENT TO ONE  
22 PERCENT (1%) TO TWO PERCENT (2%) OF ITS GROSS  
23 ANNUAL INCOME. THE COMMISSION IS HEREBY  
24 AUTHORIZED AND EMPOWERED TO IMPOSE SUCH FINE,  
25 AFTER DUE NOTICE AND HEARING. THE ERRING PUBLIC  
26 TELECOMMUNICATIONS ENTITY IS ALSO MANDATED TO  
27 REFUND TO CONSUMERS THE CHARGES IT ERRONEOUSLY  
28 IMPOSED TO ITS SUBSCRIBERS.



1 "THE COMMISSION IS FURTHER AUTHORIZED TO  
 2 IMPOSE A FINE OF ONE MILLION PESOS (P1,000,000.00)  
 3 FOR EVERY DAY THAT A VIOLATION OF SECTIONS 18 AND  
 4 19 HEREOF IS COMMITTED, AND UNTIL SUCH TIME THAT  
 5 THE ERRING PUBLIC TELECOMMUNICATIONS ENTITY  
 6 FULLY COMPLIES WITH THE TERMS AND CONDITIONS OF  
 7 THIS ACT, ANY CERTIFICATE, OR ANY ORDER, DECISION,  
 8 OR REGULATION OF THE COMMISSION: *PROVIDED*, THAT,  
 9 IF THE PUBLIC TELECOMMUNICATIONS ENTITY HAS A  
 10 GROSS ANNUAL INCOME NOT EXCEEDING TEN MILLION  
 11 PESOS (P10,000,000.00), THE PENALTY THAT MAY BE  
 12 IMPOSED SHALL BE EQUIVALENT TO ONE PERCENT (1%)  
 13 TO TWO PERCENT (2%) OF ITS GROSS ANNUAL INCOME.

14 "1) THE COMMISSION SHALL REQUIRE PUBLIC  
 15 TELECOMMUNICATIONS ENTITIES WITH SIGNIFICANT  
 16 MARKET POWER AS DETERMINED BY THE PHILIPPINE  
 17 COMPETITION COMMISSION (PCC) TO PROVIDE TIMELY  
 18 ACCESS TO ITS NETWORK, FACILITIES OR EQUIPMENT  
 19 TO ACCESS SEEKERS ON A FAIR, REASONABLE AND  
 20 NONDISCRIMINATORY TERMS AND CONDITIONS."

21 SEC. 3. Section 10 of the same Act is hereby amended to read  
 22 as follows:

23 "SEC. 10. *International Carrier*. - Only entities  
 24 which [will provide local exchange services and] can  
 25 demonstrably show technical and financial capability to  
 26 install and operate an international gateway facility shall  
 27 be allowed to operate as an international carrier."

1 [The entity so allowed shall x x x grant of the  
 2 authority.]

3 [The international carrier shall x x x complies  
 4 therewith.]

5 [Failure to comply with x x x international  
 6 carrier.]

7 SEC. 4. Section 12 of the same Act is hereby amended to read  
 8 as follows:

9 "SEC. 12. *Mobile Radio Services*. - [In a local  
 10 telephone exchange area, m]More than one duly  
 11 enfranchised provider of mobile radio services, distinct  
 12 and separate from the local exchange carrier, may be  
 13 allowed to operate. However, such entities shall secure  
 14 prior authority from the Commission and, in addition,  
 15 comply with the [conditions imposed on VAS and with  
 16 the] norms on radio frequency spectrum utilization."

17 [The operator of a x x x a mobile radio telephone  
 18 system.]

19 SEC. 5. Section 15 of Republic Act No. 7925 is hereby amended  
 20 to read as follows:

21 "SEC. 15. [Radio Frequency Spectrum.] *USE OF*  
 22 *AVAILABLE OR UNASSIGNED SPECTRUM*. - The radio  
 23 frequency spectrum allocation and assignment shall be  
 24 subject to AN ANNUAL [periodic] review. The use thereof  
 25 shall be subject to reasonable spectrum user fees. Where

1 demand for specific frequencies exceed availability, the  
2 Commission shall hold open tenders for the same and  
3 ensure wider access to this limited resource.

4 "WITHIN ONE (1) YEAR FROM THE EFFECTIVITY OF  
5 THIS ACT, THE DEPARTMENT OF INFORMATION AND  
6 COMMUNICATIONS TECHNOLOGY (DICT), IN  
7 CONSULTATION WITH THE COMMISSION AND THE PCC,  
8 SHALL ISSUE THE GUIDING PRINCIPLES AND POLICY  
9 DIRECTION FOR THE USE OF THE SPECTRUM."

10 SEC. 6. Section 18 of the same Act is hereby amended to read  
11 as follows:

12 "SEC.18. *Access Charge/Revenue Sharing.* – The  
13 access charge/revenue sharing arrangements between all  
14 interconnecting carriers shall be negotiated between the  
15 parties and the agreement between the parties shall be  
16 submitted to the Commission FOR REVIEW AND  
17 APPROVAL. In the event the parties fail to agree thereon  
18 within a reasonable period of time, the dispute shall be  
19 submitted to the Commission for resolution.

20 "In adopting or approving an access charge formula  
21 or revenue sharing agreement between two or more  
22 carriers, particularly, but not limited to a local exchange,  
23 interconnecting with a mobile radio, inter-exchange long  
24 distance carrier, or international carrier, the Commission  
25 shall ensure equity, reciprocity and fairness among the  
26 parties concerned." [In so approving the rates for x x x  
27 interconnecting with them.]

1 SEC. 7. A new Section shall be inserted after Section 18 of the  
2 same Act to read as follows:

3 "SEC. 18(A). *TRANSPARENCY.* – ALL  
4 INTERCONNECTING CARRIERS SHALL PROVIDE TO THE  
5 COMMISSION ALL TERMS AND CONDITIONS, INCLUDING  
6 RATES, OF ACCESS CHARGE/REVENUE SHARING  
7 ARRANGEMENTS SUCH CARRIERS HAVE ENTERED INTO.

8 "ALL TELECOMMUNICATIONS SERVICE PROVIDERS  
9 SHALL OPEN THEIR BOOKS OF ACCOUNT TO THE  
10 COMMISSION, WHICH IS EMPOWERED TO DEMAND COPIES  
11 THEREOF."

12 SEC. 8. *Separability Clause.* – Should any provision herein be  
13 declared unconstitutional, the other provisions not affected shall  
14 remain in full force and effect.

15 SEC. 9. *Repealing Clause.* – Section 23 of Republic Act  
16 No. 7925 (Equality of Treatment in the Telecommunications  
17 Industry) is hereby repealed. All laws, orders, issuances, rules and  
18 regulations or parts thereof inconsistent with the provisions of this  
19 Act are hereby repealed, amended or modified accordingly.

20 SEC. 10. *Effectivity.* – This Act shall take effect fifteen (15)  
21 days after its publication in the *Official Gazette* or in any newspaper  
22 of general circulation.

Approved,

O