



HOUSE OF REPRESENTATIVES

House Bill No. 62

Introduced by Representative Victor A. Yap

EXPLANATORY NOTE

The National Telecommunications Commission (NTC) was created by virtue of Executive Order No. 546 in 1979. It is the agency that exercises jurisdiction over the supervision, adjudication and control over all telecommunication services. Meanwhile, Republic Act No. 7925 or the Public Telecommunications Policy Act of the Philippines, which was enacted in 1995, strengthened the quasi-judicial functions of the NTC as the main regulator of the Philippine telecommunications industry, and improved the delivery of public telecommunications services.

The Philippine telecom landscape has already significantly changed more than twenty years into the passage of RA 7925. The current legal framework of the NTC is no longer sufficient to monitor, supervise and control the telecommunication industry. This bill seeks to amend RA 7925 to expand the NTC's powers and capacity to regulate telcos and other industry-related entities.

The proposed amendments give NTC the authority to impose fines against telcos found to have violated or violating RA 7925, any certificate, order, decision or regulation of the NTC. This measure also grants NTC the power to require telcos with significant market power to provide timely access to their network, facilities or equipment to access seekers on a fair, reasonable and non-discriminatory terms and conditions.

This bill not only seeks to improve compliance among public telecommunication entities, it would also boost the NTC so it can ably foster the much-needed growth of ICT in the country.

In view of the foregoing, immediate approval of this bill is earnestly sought.



VICTOR A. YAP
Representative, 2nd District of Tarlac

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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 xx

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

"FURTHER, THE COMMISSION IS MANDATED TO ADOPT
STANDARDIZED DEFINITIONS OF THE INTERNATIONAL
TELECOMMUNICATIONS UNION (ITU), THE INTERNET
ENGINEERING TASK FORCE (IETF), THE WORLD WIDE WEB
CONSORTIUM (WWWC), AND THE INTERNET CORPORATION FOR
ASSIGNED NUMBERS AND NAMES (ICANN), AND OTHER
INTERNATIONAL AND TRANSNATIONAL AGENCIES GOVERNING
THE DEVELOPMENT, USE, AND STANDARDIZATION OF THE
INTERNET AND INFORMATION AND COMMUNICATIONS
TECHNOLOGY, SUBJECT TO REFINEMENTS OF THESE
INTERNATIONAL STANDARDS AS MAY BE PRESCRIBED BY REGIONAL

1 TELECOMMUNICATION BODIES TAKING INTO CONSIDERATION
2 THE SPECIAL CIRCUMSTANCES APPLICABLE ONLY TO THE REGION.”
3

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

5 “SEC. 5. *Responsibilities of the National Telecommunications Commission.* – The National
6 Telecommunications Commission (Commission) shall be the principal administrator of
7 this Act and as such shall take the necessary measures to implement the policies and
8 objectives set forth in this Act. Accordingly, in addition to its existing functions, the
9 Commission shall be responsible for the following:

10 “x xx

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

17 “x xx

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

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

24 “H) IN THE EXERCISE OF ITS REGULATORY POWERS, IMPOSE
25 FINES AGAINST PUBLIC TELECOMMUNICATIONS ENTITIES WITHIN
26 THE SCOPE OF ITS REGULATION, WHICH ARE FOUND TO HAVE
27 VIOLATED, VIOLATING, OR THOSE WHICH HAVE FAILED OR ARE
28 FAILING TO COMPLY WITH THE TERMS AND CONDITIONS OF THIS
29 ACT, ANY CERTIFICATE, OR ANY ORDER, DECISION OR REGULATION
30 OF THE COMMISSION.

31 “THE ERRING PUBLIC TELECOMMUNICATIONS ENTITY SHALL
32 BE SUBJECT TO A FINE AMOUNTING TO THE TOTAL ACTUAL LOSS
33 OR OVERCHARGING AS DETERMINED BY THE COMMISSION FOR
34 EVERY DAY DURING WHICH SUCH DEFAULT OR VIOLATION
35 CONTINUES, OR IF IT IS NOT FEASIBLE TO QUANTIFY THE
36 OFFENSE, TO A FINE AMOUNTING TO ONE MILLION PESOS
37 (P1,000,000.00) FOR EVERY DAY DURING WHICH SUCH DEFAULT OR
38 VIOLATION CONTINUES UNTIL THE AMOUNT IS FULLY PAID:
39 PROVIDED, THAT, IF THE PUBLIC TELECOMMUNICATIONS ENTITY

1 HAS A GROSS ANNUAL INCOME NOT EXCEEDING TEN MILLION
2 PESOS (P10,000,000.00), THE PENALTY THAT MAY BE IMPOSED SHALL
3 BE EQUIVALENT TO ONE PERCENT (1%) TO TWO PERCENT (2%) OF
4 ITS GROSS ANNUAL INCOME. THE COMMISSION IS HEREBY
5 AUTHORIZED AND EMPOWERED TO IMPOSE SUCH FINE, AFTER DUE
6 NOTICE AND HEARING. THE ERRING PUBLIC
7 TELECOMMUNICATIONS ENTITY IS ALSO MANDATED TO REFUND
8 TO CONSUMERS THE CHARGES IT ERRONEOUSLY IMPOSED ITS
9 SUBSCRIBERS.

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

22 "(I) THE COMMISSION SHALL REQUIRE PUBLIC
23 TELECOMMUNICATIONS ENTITIES WITH SIGNIFICANT MARKET
24 POWER AS DETERMINED BY THE PHILIPPINE COMPETITION
25 COMMISSION (PCC) TO PROVIDE TIMELY ACCESS TO ITS NETWORK,
26 FACILITIES OR EQUIPMENT TO ACCESS SEEKERS ON A FAIR,
27 REASONABLE AND NONDISCRIMINATORY TERMS AND
28 CONDITIONS."

29
30 SEC. 3. Section 10 of the same Act is hereby amended to read as follows:

31 "SEC. 10. *International Carrier*. – Only entities which [will provide local exchange
32 services and] can demonstrably show technical and financial capability to install and
33 operate an international gateway facility shall be allowed to operate as an international
34 carrier."

35 [The entity so allowed shall xxx grant of the authority.]

36 [The international carrier shall xxx complies therewith.]

37 [Failure to comply with xxx international carrier.]
38
39

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

2 “SEC. 12. *Mobile Radio Services.* – [In a local telephone exchange area, m]More than
3 one duly enfranchised provider of mobile radio services, distinct and separate from the
4 local exchange carrier, may be allowed to operate. However, such entities shall secure
5 prior authority from the Commission and, in addition, comply with the [conditions
6 imposed on VAS and with the] norms on radio frequency spectrum utilization.”

7 [The operator of a xxx a mobile radio telephone system.]

8
9 **SEC. 5.** Section 15 of Republic Act No. 7925 is hereby amended to read as follows:

10 “SEC. 15. [*Radio Frequency Spectrum.*] **USE OF AVAILABLE OR**
11 **UNASSIGNED SPECTRUM.** – The radio frequency spectrum allocation and
12 assignment shall be subject to **AN ANNUAL** [periodic] review. The use thereof shall be
13 subject to reasonable spectrum user fees. Where demand for specific frequencies exceed
14 availability, the Commission shall hold open tenders for the same and ensure wider access
15 to this limited resource.

16 “**WITHIN ONE (1) YEAR FROM THE EFFECTIVITY OF THIS ACT,**
17 **THE DEPARTMENT OF INFORMATION AND COMMUNICATIONS**
18 **TECHNOLOGY (DICT), IN CONSULTATION WITH THE COMMISSION**
19 **AND THE PCC, SHALL ISSUE THE GUIDING PRINCIPLES AND POLICY**
20 **DIRECTION FOR THE USE OF THE SPECTRUM.**”

21
22 **SEC. 6.** Section 18 of the same Act is hereby amended to read as follows:

23 “SEC.18. *Access Charge/Revenue Sharing.* –The access charge/revenue sharing
24 arrangements between all interconnecting carriers shall be negotiated between the parties
25 and the agreement between the parties shall be submitted to the Commission **FOR**
26 **REVIEW AND APPROVAL.** In the event the parties fail to agree thereon within a
27 reasonable period of time, the dispute shall be submitted to the Commission for
28 resolution.

29 “**In adopting or approving an access charge formula or revenue sharing agreement**
30 **between two or more carriers, particularly, but not limited to a local exchange,**
31 **interconnecting with a mobile radio, inter-exchange long distance carrier, or international**
32 **carrier, the Commission shall ensure equity, reciprocity and fairness among the parties**
33 **concerned.”**[In so approving the rates for xxx interconnecting with them.]

34
35 **SEC. 7.** A new Section shall be inserted after Section 18 of the same Act to read as follows:

36 “SEC. 18(A). **TRANSPARENCY.** – **ALL INTERCONNECTING**
37 **CARRIERS SHALL PROVIDE TO THE COMMISSION ALL TERMS AND**
38 **CONDITIONS, INCLUDING RATES, OF ACCESS CHARGE/REVENUE**
39 **SHARING ARRANGEMENTS SUCH CARRIERS HAVE ENTERED INTO.**

1 “ALL TELECOMMUNICATIONS SERVICE PROVIDERS SHALL
2 OPEN THEIR BOOKS OF ACCOUNT TO THE COMMISSION, WHICH IS
3 EMPOWERED TO DEMAND COPIES THEREOF.”
4

5 **SEC. 8. *Separability Clause.*** – Should any provision herein be declared unconstitutional,
6 the other provisions not affected shall remain in full force and effect.
7

8 **SEC. 9. *Repealing Clause.*** – Section 23 of Republic Act No. 7925 (Equality of Treatment
9 in the Telecommunications Industry) is hereby repealed. All laws, orders, issuances, rules and
10 regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed,
11 amended or modified accordingly.
12

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

16 Approved,