Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

18TH CONGRESS
First Regular Session

HOUSE BILL NO. 995

Introduced by Representative MICHAEL L. ROMERO

EXPLANATORY NOTE

A **postpaid mobile phone** is a mobile phone for which service is provided by a prior arrangement with a mobile network operator. The user in this situation is billed after the fact according to their use of mobile services at the end of each month.

Typically, the customer's contract specifies a limit or "**allowance**" of minutes, text messages etc., and the customer will be billed at a flat rate for any usage equal to or less than that allowance. Any usage above that limit incurs extra charges.

Theoretically, the subscriber in this situation has no limit on the use of mobile services and, as a consequence, unlimited credit. (*This service is better for people with secured income)*.

Postpaid service mobile phone typically requires two essential components in order to make the 'post-usage' model viable:

1. Credit history/Contractual commitment: This is the basis on which the service provider is able to trust the customer with paying their bill when it is due and for the former to have a legal recourse in case of non-payment.
2. Service tenure: Most postpaid providers require customers to sign long term **(6 to 30 months)** contracts committing to use of the service. Failure to complete the term would make the customer liable for early termination fees and other processing fees.

The Statement of Account **(SOA)** itself is an important component of the services which acts as an ambassador of the service provider and at times as an evidence of the service itself. The SOA needs to be readable, comprehensible as well as aesthetically attractive for the subscriber to be interested enough to see details other than the bill amount.

The alternative billing method is a **prepaid mobile phone** where a subscriber pays in advance for credit which is then consumed by use of the mobile phone service.

This House Bill seeks to protect the interests of the consumer, promote general welfare and to establish standards of conduct for business and industry.

Towards this end, the State shall implement measures to achieve these noble objectives.

Thus, the early passage of this bill is earnestly requested.

MICHAEL L. ROMERO Ph.D.

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AN ACT

PROHIBITING THE **HOLDING PERIOD (LOCK-IN)** OF MOBILE PHONES (DEVICES) TO A TELECOMMUNICATIONS COMPANY **(SERVICE PROVIDER)**, ALLOWING SUBSCRIBERS TO **UNLOCK** THE DEVICE **BEFORE THE END** OF ITS SUBSCRIPTION, TO FOSTER CONSUMER PROTECTION UNDER THE DURATION OF ITS **SERVICE CONTRACT**, PROVIDING PENALTIES AND SANCTIONS, AND FOR OTHER PURPOSES

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

SECTION 1. DECLARATION OF POLICY – it is hereby declared a policy of the state to:

a. Promote and uphold the interests of the consumers;
b. Foster the general welfare and create standards of protocol for all business and industries;
c. Protect against all forms of deception, unfair and unethical practices and sales schemes;
d. Facilitate the proper implementation of the rights of the consumer; and

e. Hasten the imposition of all existing policies and guidelines of the RA7394 **(Consumer act of the Philippines).**

SECTION 2. PROHIBITING THE LOCK-IN OF MOBILE DEVICES TO TELECOMMUNICATIONS COMPANY:

a. All telecommunications/service providers shall be prohibited from locking mobile devices to its network;
b. This prohibition shall apply whether the mobile device is sold as a direct handset or bundled under a service contract; and
c. The mobile device shall be unlocked upon purchase; or upon request prior to the expiration of the service contract.

SECTION 3. PENALTIES AND SANCTIONS:

For every violation of this act; or for very failure to comply with;

The Telecommunications/Service provider shall pay a fine of not less than Two hundred thousand pesos **(₱200,000.00)** for the first offense; a fine of not less than Five hundred thousand pesos **(₱500,000.00)** for the second offense.

In case of subsequent offenses;

The penalty shall be a fine of not less than One million pesos **(₱1,000,000.00)**, and revocation of the franchise to operate.

SECTION 4. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the IRR or such other period as may be determined, to comply with the requirements of this Act.

SECTION 5. IMPLEMENTING RULES AND REGULATIONS – The departments and agencies charged, to be led by the Bureau of Communication Services **(BCS)** of the PCOO, Department of Trade and Industry **(DTI)**, Department of Information and Communications Technology **(DICT)** and the National Telecommunication Commission **(NTC)** with carrying out the provisions of this Act, shall within sixty **(60)** days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 6. REPEALING CLAUSE – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 7. SEPARABILITY CLAUSE – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 8. EFFECTIVITY CLAUSE – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,