

SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

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S E N A T E

RECEIVED BY: J

COMMITTEE REPORT NO. 43

Submitted jointly by the Committees on Public Services; and Ways and Means on FEB 28 2017

Re : H.B. No. 4637

Recommending its approval with amendment, taking into consideration Senate Bill No. 1302

Sponsor : Senator Grace Poe

MR. PRESIDENT:

The Senate Committee on Public Services; and Ways and Means to which was referred H.B. No. 4637, introduced by Representatives Umali, Alvarez (F.), Bertiz, Aggabao, Montoro, Del Mar, Robes, Nieto and Marcoleta, entitled:

“AN ACT
EXTENDING FOR TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO SMART COMMUNICATIONS, INC (FORMERLY SMART INFORMATION TECHNOLOGIES, INC.), AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7294, ENTITLED “AN ACT GRANTING SMART INFORMATION TECHNOLOGIES, INC. (SMART) A FRANCHISE TO ESTABLISH, INSTALL, MAINTAIN, LEASE AND OPERATE INTEGRATED TELECOMMUNICATIONS/COMPUTER/ELECTRONIC SERVICES, AND STATIONS THROUGHOUT THE PHILIPPINES FOR PUBLIC DOMESTIC AND INTERNATIONAL TELECOMMUNICATIONS, AND FOR OTHER PURPOSES”

Taking into consideration:

Senate Bill No. 1302, introduced by Senator Zubiri, entitled:

“AN ACT

EXTENDING FOR TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO SMART COMMUNICATIONS, INC. (FORMERLY SMART INFORMATION TECHNOLOGIES, INC.) AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7294 ENTITLED AN ACT GRANTING SMART INFORMATION TECHNOLOGIES, INC. (SMART) A FRANCHISE TO ESTABLISH, INSTALL, MAINTAIN, LEASE AND OPERATE INTEGRATED TELECOMMUNICATIONS/COMPUTER/ELECTRONIC SERVICES AND STATIONS THROUGHOUT THE PHILIPPINES FOR PUBLIC DOMESTIC AND INTERNATIONAL TELECOMMUNICATIONS, AND FOR OTHER PURPOSES”

have considered the same and have the honor to report it back to the Senate with the recommendation that the attached **H.B. No. 4637** be approved with the following amendments, *to wit*:

1. On page 2, line 2, delete the word “CO-USE”;
2. On the same page, line 13, delete the word “CO-USE”;
3. On page 3, line 15, insert a new section , to read as follows:

SEC. 2. Section 4 of Republic Act No. 7294 is hereby amended to read as follows:

“SEC. 4. Responsibility to the Public. – The grantee shall conform to the ethics of honest enterprise and shall not use its stations for obscene or indecent transmissions, or for the dissemination of deliberately false information or willful misrepresentation, or assist in subversive or treasonable acts.

THE FRANCHISEE SHALL GIVE PRIORITY TO IMPROVING AND EXTENDING 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 IN COORDINATION WITH THE NATIONAL TELECOMMUNICATIONS COMMISSION.

THE FRANCHISEE 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.”

4. On page 3, line 19, change the word “approval” to “**EFFECTIVITY**”;
5. On page 5, line 5, change the word “**APPROVAL**” to “**EFFECTIVITY**”;
6. On the same page, line 23, delete the phrase “NOR MERGE WITH ANY CORPORATION OR ENTITY,”
7. On page 6, line 4, after the word “APPLY”, delete phrase “(A) When transfer is done through a stock exchange”;
8. On the same page, line 5, after the word “EXCHANGE”, delete the phrase “(B) FOR PURPOSES OF QUALIFYING PERSONS FOR ELECTION TO THE BOARD”;
9. On the same page, line 9, after the word “GRANTEE”, delete the phrase “(D) TO ANY TRANSFER OR ISSUANCE OF SHARES OF STOCK IN THE IMPLEMENTATION OF THE REQUIREMENT FOR THE DISPERSAL OF THE GRANTEE’S OWNERSHIP CONSISTENT WITH SECTION 13 OF REPUBLIC ACT NO. 7294”;
10. On the same page, line 17, delete the phrase “WHICH SHALL RESULT IN THE DILUTION OF THE STOCKHOLDINGS OF THE GRANTEE’S THEN EXISTING STOCKHOLDERS”;
11. On page 7, line 3, after the word “THEREUNDER” delete the phrase “OR OF THE MERGER, OR TRANSFER OF THE CONTROLLING INTEREST OF THE GRANTEE”;

Hence, the entire Section 11, taking into account the proper alphabetical order of the list in this section, shall now read:

SEC. 11. Sale, Lease, Transfer, Usufruct or Assignment of Franchise. – The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign the franchise herein granted or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor shall transfer the controlling interest of the grantee, whether as a whole or in parts, and whether simultaneously or contemporaneously, to any person, firm, company, corporation, or entity without the prior approval of the Congress of the Philippines: Provided, that the foregoing limitations shall not apply: (A) When transfer is to a corporation that is controlled by the same stockholders controlling the grantee; (B) To any transfer or sale of shares to a foreign investor or investors; (C) To any issuance of shares to any foreign or local investors, pursuant to or in connection with any increase in the grantee's authorized capital stock; (D) To any transfer to another corporation which is a grantee of another congressional franchise for provision of telecommunications services; and (E) To any combination thereof where such transfer, sale, or issuance is effected in order to enable the grantee to raise the necessary capital or financing for the provision of any of the services authorized by this Act and/or to carry out any of the purposes for which the grantee has been incorporated or organized: Provided, further, that any transfer, sale, or issuance is in accordance with any applicable constitutional limitation: Provided,

furthermore, that Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise or the rights and privileges acquired thereunder, within sixty (60) days after the completion of the transaction: Provided, moreover, that failure to report to Congress the change of the ownership shall render the franchise *ipso facto* revoked: Provided, finally, that any person or entity to which the franchise herein granted is validly sold, transferred or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.”

12. On the same page, line 18, after “exchange”, retain the phrase **“OF THE SHARES REPRESENTING AT LEAST THIRTY PER CENTUM (30%) OF ITS AUTHORIZED CAPITAL STOCK”;**
13. On the same page, line 21, delete the phrase “UNLESS THE GRANTEE IS WHOLLY OWNED BY A PUBLICLY LISTED COMPANY”;
14. On the same page, starting from line 25 to 27, delete the phrase from “Sec. 16.EQUALITY” and ending in the word “OR”
15. On page 8, delete lines 1 to 8 and replace it with the following:

“SEC. 16. 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 PROVISIONS OF

**TELECOMMUNICATIONS FRANCHISES
CONCERNING TERRITORY COVERED BY
THE FRANCHISE, THE LIFE SPAN OF THE
FRANCHISE OR THE TYPE OF SERVICE
AUTHORIZED BY THE FRANCHISE.”**

16. Renumber the sections accordingly.

RESPECTFULLY SUBMITTED:



SONNY M. ANGARA
Chairperson
Committee on Ways and Means

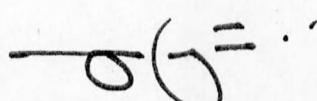


GRACE POE
Chairperson
Committee on Public Services
Member, Committee on Ways and Means

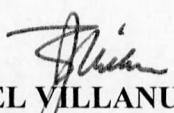
Vice-Chairpersons



FRANCIS "CHIZ" G. ESCUDERO
Committee on Public Services
Member, Committee on Ways and Means

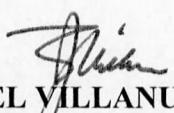


JOSEPH VICTOR G. EJERCITO
Committee on Public Services
Member, Committee on Ways and Means



JOEL VILLANUEVA
Committee on Ways and Means
Member, Committee on Public Services

*with reservation, will
interpellate.*



LOREN B. LEGARDA
Committee on Ways and Means
Member, Committee on Public Services



PAOLO BENIGNO "BAM" AQUINO IV
Committee on Ways and Means
Member, Committee on Public Services

Members:

 B. L.

JUAN MIGUEL "MIGZ" F. ZUBIRI
Committee on Public Services
Committee on Ways and Means


RICHARD J. GORDON

RICHARD J. GORDON
Committee on Public Services
Committee on Ways and Means


PANFILO M. LACSON
Committee on Public Services

FRANCIS "KIKO" N. PANGILINAN
Committee on Ways and Means

NUEL "MANNY" D.

EMMANUEL "MANNY" D. PACQUIAO

Committee on Public Services

MARIA LOURDES NANCY S. BINAY
Committee on Ways and Means

Risa Hontiveros - proposed
RISA HONTIVEROS
Committee on Ways and Means *will*
interpellate } propose
amendments.


WIN GATCHALIAN
Committee on Ways and Means

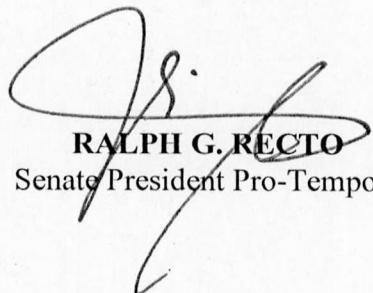
ALAN PETER "COMPAÑERO" S. CAYETANO
Committee on Ways and Means

Ex-Officio Members:


ANTONIO "SONNY" F. TRILLANES
Minority Leader

- to interpellate

VICENTE C. SOTTO III
Majority Leader


RALPH G. RECTO
Senate President Pro-Tempore

The Honorable Senate President
AQUILINO "KOKO" PIMENTEL III

CONGRESS OF THE PHILIPPINES
SEVENTEENTH CONGRESS
First Regular Session

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HOUSE OF REPRESENTATIVES

H. No. 4637

BY REPRESENTATIVES UMALI, ALVAREZ (F.), BERTIZ, AGGABAO, MONTORO,
DEL MAR, ROBES, NIETO AND MARCOLETA, PER COMMITTEE REPORT
NO. 43

AN ACT EXTENDING FOR TWENTY-FIVE (25) YEARS
THE FRANCHISE GRANTED TO SMART COMMUNICATIONS,
INC. (FORMERLY SMART INFORMATION TECHNOLOGIES,
INC.), AMENDING FOR THE PURPOSE REPUBLIC ACT
NO. 7294, ENTITLED "AN ACT GRANTING SMART
INFORMATION TECHNOLOGIES, INC. (SMART) A
FRANCHISE TO ESTABLISH, INSTALL, MAINTAIN, LEASE
AND OPERATE INTEGRATED TELECOMMUNICATIONS/
COMPUTER/ELECTRONIC SERVICES, AND STATIONS
THROUGHOUT THE PHILIPPINES FOR PUBLIC DOMESTIC
AND INTERNATIONAL TELECOMMUNICATIONS, AND
FOR OTHER PURPOSES"

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

1 SECTION 1. Section 1 of Republic Act No. 7294 is hereby amended to
2 read as follows:

3 "SECTION 1. *Nature and Scope of Franchise.* – Subject to
4 the provisions of the PHILIPPINE Constitution and applicable
5 laws, rules and regulations, [there is hereby] THE FRANCHISE
6 granted to the SMART COMMUNICATIONS, INC. ('SMART',
7 FORMERLY Smart Information Technologies, Inc.), hereunder
8 referred to as the grantee, its successors or assignees,

1 [a franchise] to CONSTRUCT, establish, install, maintain, lease,
2 CO-USE, PURCHASE, [and] operate AND CARRY ON THE BUSINESS
3 OF PROVIDING [integrated] telecommunications[/computer/],
4 INCLUDING ELECTRONIC TELECOMMUNICATIONS OR electronic
5 COMMUNICATIONS services], and fixed and mobile stations]
6 throughout the Philippines AND BETWEEN THE PHILIPPINES AND
7 OTHER COUNTRIES AND TERRITORIES, INCLUDING OUTER SPACE,
8 AS PUBLIC INTEREST MAY WARRANT, for public domestic and
9 international telecommunications IS HEREBY EXTENDED FOR
10 TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT.
11 [and] FOR THIS PURPOSE, THE GRANTEE IS HEREBY GRANTED
12 THE RIGHT to CONSTRUCT, ESTABLISH, install, MAINTAIN, LEASE,
13 CO-USE, PURCHASE AND OPERATE THE corresponding transmitting
14 and receiving stations, SATELLITES, LINES, SYSTEMS, NETWORKS,
15 INTERNATIONAL GATEWAYS, LOCAL EXCHANGES, AND
16 PLATFORMS [at such places in the Philippines] as it may consider
17 necessary, [and] convenient, OR REASONABLE.

18 "IN THIS ACT, THE TERM 'TELECOMMUNICATIONS' SHALL
19 INCLUDE 'ELECTRONIC COMMUNICATIONS'. IN ADDITION, THE
20 FOLLOWING TERMS SHALL HAVE THE MEANINGS SET FORTH
21 HEREIN:

22 "ELECTRONIC COMMUNICATIONS NETWORK" SHALL
23 MEAN: (A) A TRANSMISSION SYSTEM FOR CONVEYANCE, BY USE
24 OF ELECTRICAL, MAGNETIC OR ELECTRO-MAGNETIC ENERGY,
25 OF SIGNALS OF ANY DESCRIPTION; AND (B) ANY OF THE
26 FOLLOWING AS ARE USED, BY THE PERSON PROVIDING THE
27 SYSTEM AND IN ASSOCIATION WITH IT, FOR CONVEYANCE OF THE

1 SIGNALS: (1) APPARATUS COMPRISED IN THE SYSTEM;
2 (2) APPARATUS USED FOR THE SWITCHING AND ROUTING OF THE
3 SIGNALS; AND (3) SOFTWARE AND STORED DATA.

4 "ELECTRONIC COMMUNICATIONS SERVICE" SHALL MEAN
5 A SERVICE CONSISTING IN, OR HAVING AS ITS PRINCIPAL
6 FEATURE, THE CONVEYANCE BY MEANS OF AN ELECTRONIC
7 COMMUNICATIONS NETWORK OF SIGNALS. IT INCLUDES WIRED,
8 WIRELESS, FIXED, CELLULAR, AND/OR MOBILE, OR
9 INTEGRATED TELECOMMUNICATIONS/COMPUTER/ELECTRONIC
10 SERVICES, INCLUDING VALUE-ADDED SERVICES, OR
11 TECHNOLOGIES RELATED TO SUCH SERVICE WHICH ARE AT
12 PRESENT AVAILABLE OR MADE AVAILABLE THROUGH
13 TECHNICAL ADVANCES OR INNOVATIONS IN THE FUTURE, AND
14 FIXED AND MOBILE STATIONS."

15 SEC. 2. Section 7 of Republic Act No. 7294 is hereby amended to read
16 as follows:

17 "SEC. 7. *Term of Franchise.* – [This] THE franchise shall
18 be EXTENDED AND IN EFFECT for a [term] PERIOD of twenty-five
19 (25) years from the date of THE approval of this Act, unless sooner
20 revoked or cancelled. In the event the grantee fails to operate
21 continuously for two (2) years, this franchise shall be deemed *ipso*
22 *facto* revoked."

23 SEC. 3. Section 8 of Republic Act No. 7294 is hereby amended to read
24 as follows:

25 "SEC. 8. *Acceptance and Compliance.* – Acceptance of this
26 franchise shall be given in writing TO THE CONGRESS OF THE
27 PHILIPPINES, THROUGH THE COMMITTEE ON LEGISLATIVE
28 FRANCHISES OF THE HOUSE OF REPRESENTATIVES AND THE

1 **COMMITTEE ON PUBLIC SERVICES OF THE SENATE**, within sixty
2 (60) days [after approval] **FROM THE EFFECTIVITY** of this Act.

3 [The grantee shall operate telecommunications systems for which
4 this franchise is granted within two (2) years from the date of its
5 acceptance in writing of this franchise.] **UPON GIVING THE**
6 **ACCEPTANCE, THE GRANTEE SHALL EXERCISE THE PRIVILEGES**
7 **GRANTED UNDER THIS ACT.** Refusal or failure to accept the
8 franchise [or to operate] within the prescribed period shall render
9 the franchise void."

10 SEC. 4. Section 9 of Republic Act. No. 7294 is hereby amended to read
11 as follows:

12 "SEC. 9. *Tax Provisions.* – The grantee, its successors or
13 assignees, shall be liable to pay the same taxes on their real estate,
14 buildings and personal property, exclusive of this franchise, as
15 other persons or corporations which are now or hereafter may be
16 required by law to pay[.], EXCEPT RADIO TELECOMMUNICATIONS
17 AND ELECTRONIC COMMUNICATIONS EQUIPMENT, MACHINERY
18 AND SPARE PARTS NEEDED IN CONNECTION WITH THE BUSINESS
19 OF THE GRANTEE WHICH SHALL BE EXEMPT FROM CUSTOMS
20 DUTIES, TARIFFS AND OTHER TAXES, AS WELL AS THOSE
21 DECLARED EXEMPT IN THIS SECTION. In addition thereto, the
22 grantee, its successors or assignees, shall pay a [franchise tax
23 equivalent to three percent (3%) of] VALUE-ADDED TAX ON all
24 gross receipts of the business transacted under this franchise by the
25 grantee, its successors or assignees, IN THE PHILIPPINES, [and the
26 said percentage shall be] in lieu of ANY AND all taxes [on this
27 franchise or earnings thereof.] OF ANY KIND, NATURE OR

1 DESCRIPTION LEVIED, ESTABLISHED OR COLLECTED BY AN
2 AUTHORITY WHATSOEVER INCLUDING, BUT NOT LIMITED TO,
3 CITY, MUNICIPAL, PROVINCIAL OR NATIONAL, FROM WHICH THE
4 GRANTEE IS HEREBY EXPRESSLY EXEMPTED EFFECTIVE FROM
5 THE DATE OF THE APPROVAL OF THIS ACT: *Provided*, That the
6 grantee, its successors or assignees, shall continue to be liable for
7 income taxes payable under Title II of the National Internal
8 Revenue Code pursuant to Section 2 of Executive Order No. 72
9 unless the latter enactment is amended or repealed, in which case
10 the amendment or repeal shall be applicable thereto.

11 “*The grantee shall file the return with and pay the tax due
12 thereon to the Commissioner of Internal Revenue or his duly
13 authorized representative in accordance with the National Internal
14 Revenue Code and the return shall be subject to audit by the
15 Bureau of Internal Revenue.”*

16 SEC. 5. Section 11 of Republic Act No. 7294 is hereby amended to
17 read as follows:

18 “SEC. 11. *Sale, Lease, Transfer, Usufruct, [etc.] OR
19 ASSIGNMENT OF FRANCHISE.* — The grantee shall not SELL, lease,
20 transfer, grant the usufruct of, [sell] Nor assign the franchise herein
21 granted or the rights and privileges acquired thereunder to any
22 person, firm, company, corporation or OTHER COMMERCIAL OR
23 LEGAL entity, nor merge with any corporation or entity,
24 [without the prior approval of the Congress of the Philippines.
25 Neither] NOR shall TRANSFER the controlling interest [in] OF the
26 grantee, [be transferred,] whether as a whole or in parts, and

1 whether simultaneously or contemporaneously, to any [such]
2 person, firm, company, corporation or entity without the prior
3 approval of the Congress of the Philippines[.]: **PROVIDED**, THAT
4 THE FOREGOING LIMITATIONS SHALL NOT APPLY: (A) WHEN
5 TRANSFER IS DONE THROUGH A STOCK EXCHANGE; (B) FOR
6 PURPOSES OF QUALIFYING PERSONS FOR ELECTION TO THE
7 BOARD; (C) WHEN TRANSFER IS TO A CORPORATION THAT IS
8 CONTROLLED BY THE SAME STOCKHOLDERS CONTROLLING THE
9 GRANTEE; (D) TO ANY TRANSFER OR ISSUANCE OF SHARES OF
10 STOCK IN THE IMPLEMENTATION OF THE REQUIREMENT FOR THE
11 DISPERSAL OF THE GRANTEE'S OWNERSHIP CONSISTENT WITH
12 SECTION 13 OF REPUBLIC ACT NO. 7294; (E) TO ANY TRANSFER
13 OR SALE OF SHARES TO A FOREIGN INVESTOR OR INVESTORS;
14 (F) TO ANY ISSUANCE OF SHARES TO ANY FOREIGN OR LOCAL
15 INVESTORS, PURSUANT TO OR IN CONNECTION WITH ANY
16 INCREASE IN THE GRANTEE'S AUTHORIZED CAPITAL STOCK,
17 WHICH SHALL RESULT IN THE DILUTION OF THE STOCKHOLDINGS
18 OF THE GRANTEE'S THEN EXISTING STOCKHOLDERS; (G) TO ANY
19 TRANSFER TO ANOTHER CORPORATION WHICH IS A GRANTEE OF
20 ANOTHER CONGRESSIONAL FRANCHISE FOR PROVISION
21 OF TELECOMMUNICATIONS SERVICES; AND (H) TO ANY
22 COMBINATION THEREOF WHERE SUCH TRANSFER, SALE OR
23 ISSUANCE IS EFFECTED IN ORDER TO ENABLE THE GRANTEE TO
24 RAISE THE NECESSARY CAPITAL OR FINANCING FOR THE
25 PROVISION OF ANY OF THE SERVICES AUTHORIZED BY THIS ACT
26 AND/OR TO CARRY OUT ANY OF THE PURPOSES FOR WHICH THE
27 GRANTEE HAS BEEN INCORPORATED OR ORGANIZED: **PROVIDED**,
28 **FURTHER**, THAT ANY TRANSFER, SALE, OR ISSUANCE IS IN
29 ACCORDANCE WITH ANY APPLICABLE CONSTITUTIONAL
30 LIMITATION: **PROVIDED, FURTHERMORE**, THAT CONGRESS

1 SHALL BE INFORMED OF ANY SALE, LEASE, TRANSFER, GRANT OF
2 USUFRUCT, OR ASSIGNMENT OF FRANCHISE OR THE RIGHTS
3 AND PRIVILEGES ACQUIRED THEREUNDER, OR OF THE MERGER,
4 OR TRANSFER OF, THE CONTROLLING INTEREST OF THE
5 GRANTEE, WITHIN SIXTY (60) DAYS AFTER THE COMPLETION OF
6 THE TRANSACTION: *PROVIDED, MOREOVER, THAT FAILURE TO*
7 *REPORT TO CONGRESS THE CHANGE OF OWNERSHIP SHALL*
8 *RENDER THE FRANCHISE IPSO FACTO REVOKED: PROVIDED,*
9 *FINALLY, THAT [A]Any person or entity to which the franchise*
10 *herein granted is validly sold, transferred or assigned shall be*
11 *subject to the same conditions, terms, restrictions, and limitations*
12 *of this Act."*

13 SEC. 6. Section 13 of Republic Act No. 7294 is hereby amended to
14 read as follows:

15 “SEC. 13. *Listing of Shares.* — The grantee shall list,
16 subject to the requirements of the Securities and Exchange
17 Commission and the stock exchange concerned, and make a public
18 offering through the stock exchange [of the shares representing at
19 least thirty *per centum* (30%) of its authorized capital stock] in any
20 securities exchange in the Philippines within two (2) years from
21 the effectivity of this Act, UNLESS THE GRANTEE IS WHOLLY
22 OWNED BY A PUBLICLY LISTED COMPANY.”

23 SEC. 7. A new section is hereby inserted after Section 15 of Republic
24 Act No. 7294, to read as follows:

25 “SEC. 16. *EQUALITY CLAUSE.* — IF ANY FRANCHISE FOR
26 TELECOMMUNICATIONS SERVICES AWARDED OR GRANTED BY
27 THE CONGRESS OF THE PHILIPPINES, OR ANY AMENDMENT OR

1 REVISION TO ANY FRANCHISE FOR TELECOMMUNICATIONS
2 SERVICES, SUBSEQUENT TO THE APPROVAL OF THIS ACT,
3 PROVIDE TERMS, PRIVILEGES, EXEMPTIONS, EXCEPTIONS, OR
4 CONDITIONS THAT ARE MORE FAVORABLE AND BENEFICIAL
5 THAN THOSE CONTAINED IN OR OTHERWISE GRANTED UNDER
6 THIS ACT, THEN THE SAME TERMS, PRIVILEGES, EXEMPTIONS,
7 EXCEPTIONS, OR CONDITIONS SHALL, *IPSO FACTO*, ACCRUE TO
8 THE HEREIN GRANTEE AND BE DEEMED PART OF THIS ACT.”

9 SEC. 8. The present Section 16 of Republic Act No. 7294 is hereby
10 renumbered as Section 17.

11 SEC. 9. A new Section 18 is hereby inserted to read as follows:

12 “SEC. 18. *PENALTY CLAUSE.* — FAILURE OF THE
13 GRANTEE TO SUBMIT THE REQUISITE ANNUAL REPORT TO
14 CONGRESS SHALL BE PENALIZED BY A FINE IN THE AMOUNT OF
15 FIVE HUNDRED PESOS (P500.00) PER WORKING DAY OF
16 NONCOMPLIANCE. THE FINE SHALL BE COLLECTED BY THE NTC
17 FROM THE DELINQUENT FRANCHISE GRANTEE SEPARATE FROM
18 THE REPORTORIAL PENALTIES IMPOSED BY THE NTC.”

19 SEC. 10. *Applicability Clause.* — All other provisions of Republic Act
20 No. 7294 which are not inconsistent with the provisions of this Act and remain
21 unrepealed shall continue to be in full force and effect.

22 SEC. 11. *Effectivity.* — This Act shall take effect fifteen (15) days after
23 its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,