

EIGHTEENTH CONGRESS OF THE)
SENATE OF THE PHILIPPINES)
First Regular Session)

Date
Secretary

SENATE

JUL 11 A11:10

S. No. 340



Introduced by **SENATOR CYNTHIA A. VILLAR**

AN ACT

PROHIBITING TEXT SCAMS, MISLEADING ADVERTISEMENTS, AND FRAUDULENT SALES PROMOTIONS, MANDATING FOR THIS PURPOSE THE REGISTRATION OF ALL USERS OF SUBSCRIBER IDENTITY MODULE (SIM) CARDS, AND PROVIDING PENALTIES FOR THE VIOLATIONS THEREOF

EXPLANATORY NOTE

Article II, Section 24 of the 1987 Philippine Constitution states that the "State recognizes the vital role of communication and information in nation-building". Pursuant to this national policy, laws have been passed supporting the growth of the telecommunications industry in the Philippines, which is in turn essential to the country's economic development, integrity, and security.

There is no doubt that the existence of mobile phones has largely contributed to the growth of the economy as the ease and speed with which people can connect with each other help improve the efficacy of business. The downside, however, is the risk in the security and safety of the mobile phone user.

It should be noted that mobile phones require a Subscriber Identification Module or SIM card, which is used to connect to a wireless service provider and access its services. A SIM card holds all of a subscriber's personal information and

phone settings and is the subscriber's authorization to use the network. It also holds the phone number, personal security key and other data necessary for the handset to function.

SIM cards can either be for a post-paid or prepaid account, the difference being that in the former, the SIM card is registered under the subscriber's name including all the details necessary to identify said subscriber, while in the latter, no registration is necessary, and anyone can simply buy a prepaid SIM card from the network itself or from re-sellers and start using it.

Although prepaid cellular service has its advantages, the fact that it provides anonymity to the subscriber becomes appealing to those who wish to commit mischief and other crimes. Prepaid SIM cards are commonly used by syndicates in committing fraudulent money-making activities like e-raffle and random lottery, used by "dugo-dugo gang" in committing robbery, used by individuals for harassments, and it is even used by unscrupulous individuals to impersonate personalities and solicit donations. Basically, anyone with a prepaid SIM card can do anything and not be caught because they cannot be traced, their identity cannot be determined, and they can simply throw away the SIM card after use.

It is estimated that the National Telecommunications Commission (NTC) receives one thousand (1,000), more or less, complaints for text scams. The NTC has admitted that apprehending scammers is difficult considering that they can always buy a new prepaid SIM card even if the old one was blocked.¹ As a preemptive measure against scams, the NTC, from time to time, engage in intensified information drive to warn the public against the latest text scams.

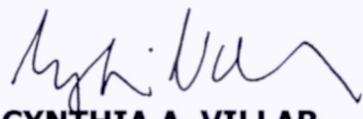
Similarly, the Department of Trade and Industry (DTI) and the Bangko Sentral ng Pilipinas (BSP) has cautioned the public against text scams sent to random mobile phone numbers using ordinary² cellphone numbers that are prepaid accounts.

¹<http://www.abs-cbnnews.com/video/nation/metro-manila/07/22/14/how-text-scammers-get-your-phone-numbers>

² Ordinary cellphone numbers contain at least seven digits on top of the country code, area code, and network code.

With the proliferation of text scams and in order to curb misleading advertisements and the fraudulent sales promotions, which is made easy through the use of prepaid SIM cards, the proposed measure therefore seeks the mandatory registration of all prepaid SIM card users. This is similar to the practices of countries like Singapore³ and Kenya⁴ on buying prepaid SIM cards.

In view foregoing, immediate passage of this bill is immediately requested.



CYNTHIA A. VILLAR

³ <http://www.guidemesingapore.com/blog-post/singapore-life/getting-a-prepaid-sim-card-in-singapore>
⁴ <http://www.humanipo.com/news/1836/Tough-rules-on-SIM-cards-by-December-CCK-says/>

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PROHIBITING TEXT SCAMS, MISLEADING ADVERTISEMENTS, AND FRAUDULENT SALES PROMOTIONS, MANDATING FOR THIS PURPOSE THE REGISTRATION OF ALL USERS OF SUBSCRIBER IDENTITY MODULE (SIM) CARDS, AND PROVIDING PENALTIES FOR THE VIOLATIONS THEREOF

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

1 Section 1. *Short Title.* – This Act shall be known as the "Prepaid SIM Card
2 Registration Act".

3 Sec. 2. *Declaration of Policy.* – It is the policy of the State to protect the
4 interest of the consumer, promote his general welfare, and to establish standards of
5 conduct for business and industry. Further, it is declared the policy of the State to
6 protect the consumer from misleading advertisements and fraudulent sales
7 promotion practices.

8 To ensure the fulfillment of this goal, all users of subscriber identity module
9 (SIM) cards, whether post-paid or pre-paid, shall be required to be registered and
10 recorded with the National Telecommunications Commission (NTC).

11 Sec. 3. *Definition of Terms.* – As used in this Act:

- 1 (a) *Subscriber Identity Module or SIM Card* refers to the removable plastic
2 into which an integrated circuit that securely stores the international
3 mobile subscriber identity and the related key used to identify and
4 authenticate subscribers on mobile telephone devices is embedded,
5 and which can be transferred between different mobile devices;
- 6 (b) *Prepaid SIM Card* refers to a SIM card for which credit is purchased in
7 advance of service use. Upon consumption of the credit or expiration
8 of the term for the use of the credit, access to the requested service is
9 denied;
- 10 (c) *Post-paid SIM Card* refers to a SIM card for which the price for the use
11 of service is billed and paid after such use and depends on the
12 arrangement between the public telecommunications entity and user
13 thereof;
- 14 (d) *Public Telecommunications Entity or PTE*, as defined under Republic
15 Act No. 7925, otherwise known as the Public Telecommunications
16 Policy Act of the Philippines, refers to any person, firm, partnership or
17 corporation, government or private, engaged in the provision of
18 telecommunications services to the public for compensation; and
- 19 (e) *Subscriber* refers to the user or owner, whether natural or juridical, of
20 the prepaid SIM card.

21 Sec. 4. *Mandatory Registration of Prepaid SIM Card Users.* – Except as
22 otherwise stated in Section 6 of this Act, all persons wishing to purchase a prepaid
23 SIM card shall be required to register the same under their name, showing
24 competent proof of their identity. The purchased prepaid SIM card shall be for the
25 account of and under the name of the purchaser, except in a representative
26 capacity, in which case Section 5 herein shall apply.

27 Existing users of prepaid SIM cards shall likewise be required to register the
28 same within one hundred eighty (180) days from the effectivity of this Act. Failure

1 to register within the prescribed period shall authorize the corresponding PTE to
2 automatically deactivate its services to the specific existing prepaid SIM card user.

3 *Sec. 5. Representative Registration.* – In case the purchaser is not the end
4 user of the prepaid SIM card, the purchaser shall have to present proof of identity of
5 the end user for whom the prepaid SIM card is purchased, as well as a notarized
6 letter of authorization, authorizing the purchaser to buy the prepaid SIM card in the
7 name of the end user.

8 In cases where the end user of the prepaid SIM card is a minor, the parent or
9 guardian of the said minor shall include in the registration form a consent letter for
10 the minor's use of the prepaid SIM card, together with the proofs of identity of the
11 parent or guardian and the minor.

12 *Sec. 6. Corporate Prepaid Accounts.* – For prepaid accounts to be purchased
13 by corporations, companies, associations, organizations, and other similar entities for
14 the use of its employees or members, it shall be enough, for purposes of
15 registration, that the prepaid account be registered under the name of the
16 corporation, company, association, or organization as it appears in its articles of
17 incorporation, association, or organization registered before the Securities and
18 Exchange Commission or Department of Trade and Industry.

19 The corporation, company, association, organization, or other similar entity
20 shall, upon registration, submit a list of its personnel who shall be assigned the
21 prepaid SIM card/s to be purchased.

22 Corporations, companies, associations, organizations, and other similar
23 entities possessing existing corporate prepaid accounts shall likewise be required to
24 register its corporate prepaid accounts under its name with the list of its personnel
25 currently using the same.

26 *Sec. 7. Role of Sellers.* – It shall be the duty of the sellers of prepaid SIM
27 cards to require purchasers of prepaid SIM cards to present government issued IDs
28 reflecting their respective pictures before acquiring and activating the prepaid SIM
29 cards.

1 Sellers are further required to keep a record of the personal information of all
2 their buyers and register the same with the corresponding PTE within fifteen (15)
3 days from date of sale. It is incumbent upon the sellers to verify that the purchaser
4 and the identification given are one and the same and shall see to it that all
5 information required in the registration form is complete before selling the prepaid
6 SIM card.

7 *Sec. 8. Role of PTEs.* – It shall be the duty of the PTEs to keep a record of
8 all their prepaid subscribers, including those registered with them by the sellers.
9 Within fifteen (15) days from sale of the prepaid SIM card or from submission of the
10 accomplished registration form by the sellers, the PTEs shall submit a copy of the
11 same to the NTC.

12 It shall likewise be the duty of the PTEs to submit to the NTC any changes in
13 the ownership of the prepaid SIM card, within fifteen (15) from submission of such
14 change.

15 Incomplete registration forms submitted by the sellers shall authorize the
16 corresponding PTE to deactivate its services to the specific prepaid SIM card user,
17 *provided*, however, that notice and sufficient time is given the prepaid subscriber to
18 complete the registration form. The PTE may temporarily deactivate its services to
19 the specific SIM card user to compel complete registration.

20 *Sec. 9. Role of NTC.* – The NTC shall be the chief agency in charge of
21 implementing the provisions of this Act. It shall prescribe the form and necessary
22 information required to be provided by the subscriber in the registration form as well
23 as any changes therein.

24 In the implementation of the provisions of this Act, the NTC may require the
25 assistance of the Department of Trade and Industry (DTI) and the National Bureau
26 of Investigation (NBI). The NTC shall likewise keep a registry of all prepaid
27 subscribers as submitted by the PTEs.

1 A massive information campaign must be implemented by the NTC, in
2 cooperation with the Philippine Information Agency, to inform the public of the need
3 for mandatory registration of prepaid SIM Cards.

4 Sec. 10. *Changes in Prepaid SIM Account.* – In case of changes in their
5 personal information or ownership of the prepaid SIM card, it shall be the duty of
6 the concerned subscriber to submit the change to the corresponding PTE within
7 fifteen (15) days from such change.

8 In case of change in ownership of the prepaid SIM card, whether donated or
9 resold, the former subscriber shall include therein the registration form accomplished
10 by the new subscriber.

11 For corporate entities as described under Section 6 of this Act, changes in its
12 assigned personnel using the corporate prepaid SIM card shall be submitted
13 by the corporate entity to the corresponding PTE within thirty (30) days from such
14 change.

15 Sec. 11. *Penal Provisions.* – Without prejudice to the filing of administrative
16 cases, any person, whether juridical or natural, who violates any of the provisions of
17 this Act shall, upon conviction by a court of competent jurisdiction, shall suffer the
18 following as the case may be:

19 First Offense: Fine of not less than Ten thousand pesos
20 (Php10,000.00) but not exceeding Twenty
21 thousand pesos (Php20,000.00);

22 Second Offense: Fine of not less than Twenty thousand pesos
23 (Php20,000.00) but not exceeding Fifty thousand
24 pesos (Php50,000.00) or imprisonment of not less
25 than six (6) months but nor exceeding one (1)
26 year or both;

27 Third Offense: Fine of not less than Fifty thousand pesos
28 (Php50,000.00) but not exceeding One hundred

1 thousand pesos (Php100,000.00) or imprisonment
2 of not less than one (1) year but not exceeding
3 two (2) years.

4 If the offense is committed by a corporate entity, the President and other
5 executive officers shall be held liable for the above penalties.

6 In case the offense is committed by a PTE or seller of prepaid SIM cards, the
7 PTE or seller shall be suspended from selling the same as follows:

8 First Offense: Three (3) months from finality of judgment;

9 Second Offense: Six (6) months from finality of judgment;

10 Third Offense: Three (3) years from finality of judgment.

11 Sec. 12. *Implementing Rules and Regulations.* – The NTC shall issue such
12 orders, rules and regulations, and other issuances as may be necessary to ensure
13 the effective implementation of this Act.

14 Sec. 13. *Separability Clause.* – If for any reason, any part of or provision of
15 this Act is declared unconstitutional or invalid, such parts not affected thereby shall
16 remain in full force and effect.

17 Sec. 14. *Repealing Clause.* – Any law, executive order, letter of instruction,
18 rules and regulations, circulars, issuances or any part thereof inconsistent with any
19 of the provisions of this Act is hereby repealed, modified or amended accordingly.

20 Sec. 14. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after
21 its publication in the Official Gazette or in at least two (2) newspapers of general
22 circulation.

23 Approved,