



HOUSE OF REPRESENTATIVES

H. No. 6754

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BY REPRESENTATIVES BATAOIL, VIOLAGO AND ALVAREZ (F.), PER  
COMMITTEE REPORT NO. 500

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AN ACT RENEWING THE FRANCHISE GRANTED TO ULTRASONIC BROADCASTING SYSTEM, INC. UNDER REPUBLIC ACT NO. 8081, ENTITLED "AN ACT GRANTING THE ULTRASONIC BROADCASTING SYSTEM, INC., A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES RADIO AND TELEVISION BROADCASTING STATIONS THROUGHOUT THE PHILIPPINES" FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT

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

1           SECTION 1. *Nature and Scope of Franchise.* – Subject to the  
2 provisions of the Philippine Constitution and applicable laws, rules  
3 and regulations, the franchise granted to Ultrasonic Broadcasting  
4 System, Inc., hereunder referred to as the grantee, its successors or  
5 assignees, under Republic Act No. 8081, to construct, install,  
6 operate, and maintain for commercial purposes and in the public  
7 interest, radio and/or television broadcasting stations, including  
8 digital television system, through microwave, satellite or whatever

1 means, as well as the use of any new technology in television and  
2 radio systems, with the corresponding technological auxiliaries and  
3 facilities, special broadcast and other program and distribution  
4 services and relay stations in the Philippines is hereby extended for  
5 another twenty-five (25) years from the effectivity of this Act.

6       SEC. 2. *Manner of Operation of Stations or Facilities.* – The  
7 stations or facilities of the grantee shall be constructed and  
8 operated in a manner as will, at most, result only in the minimum  
9 interference on the wavelengths or frequencies of existing stations  
10 or other stations which may be established by law, without in any  
11 way diminishing its own privilege to use its assigned wavelengths  
12 or frequencies and the quality of transmission or reception thereon  
13 as should maximize rendition of the grantee's services and/or the  
14 availability thereof.

15       SEC. 3. *Prior Approval of the National Telecommunications*  
16 *Commission.* – The grantee shall secure from the National  
17 Telecommunications Commission (NTC) the appropriate permits  
18 and licenses for the construction and operation of its stations or  
19 facilities and shall not use any frequency in the radio/television  
20 spectrum without authorization from the NTC. The NTC, however,  
21 shall not unreasonably withhold or delay the grant of any such  
22 authority.

23       The grantee shall not dispose or lease its facilities except to  
24 entities with radio or television franchise: *Provided*, That the  
25 grantee shall inform and secure written authorization to proceed  
26 from the NTC, and report the transaction to the NTC within  
27 sixty (60) days after its completion: *Provided, further*, That the

1 NTC shall determine the corresponding sanction for any violation of  
2 this provision.

3 SEC. 4. *Responsibility to the Public.* - The grantee shall  
4 provide adequate public service time to enable the government,  
5 through the said broadcasting stations or facilities, to reach the  
6 population on important public issues; provide at all times  
7 sound and balanced programming; promote public participation  
8 such as in community programming; assist in the functions of  
9 public information and education; conform to the ethics of honest  
10 enterprise; and to refrain from broadcasting obscene and indecent  
11 language, speech, act or scene, or from disseminating deliberately  
12 false information or willful misrepresentation to the detriment of  
13 the public interest, or from inciting, encouraging, or assisting in  
14 subversive or treasonable acts.

15 SEC. 5. *Right of the Government.* - The radio spectrum is a  
16 finite resource that is part of the national patrimony and the use  
17 thereof is a privilege conferred upon the grantee by the State and  
18 may be withdrawn any time after due process.

19 A special right is hereby reserved to the President of  
20 the Philippines, in times of war, rebellion, public peril, calamity,  
21 emergency, disaster, or disturbance of peace and order: to  
22 temporarily take over and operate the stations or facilities of  
23 the grantee; to temporarily suspend the operation of any station  
24 or facility in the interest of public safety, security and public  
25 welfare; or to authorize the temporary use and operation thereof  
26 by any agency of the government, upon due compensation to the

1 grantee, for the use of said stations or facilities during the period  
2 when these shall be so operated.

3       SEC. 6. *Term of Franchise.* – This franchise shall be in effect  
4 for a period of twenty-five (25) years from the effectivity of this  
5 Act, unless sooner revoked and cancelled. This franchise shall be  
6 deemed *ipso facto* revoked in the event the grantee fails to operate  
7 continuously for two (2) years.

8       SEC. 7. *Self-regulation by and Undertaking of the Grantee.* –  
9 The grantee shall not require any previous censorship of any  
10 speech, play, act or scene, or other matter to be broadcast from its  
11 stations, but if any such speech, play, act or scene, or other matter  
12 should constitute a violation of the law or infringement of a private  
13 right, the grantee shall be free from any liability, civil or criminal,  
14 for such speech, play, act or scene, or other matter: *Provided*, That  
15 the grantee, during any broadcast, shall cut off the airing of speech,  
16 play, act or scene, or other matter being broadcast if the tendency  
17 thereof is to propose and/or incite treason, rebellion or sedition; or  
18 the language used therein or the theme thereof is indecent or  
19 immoral: *Provided, further*, That willful failure to do so shall  
20 constitute a valid cause for the revocation and cancellation of this  
21 franchise.

22       SEC. 8. *Warranty in Favor of the National and Local*  
23 *Governments.* – The grantee shall hold the national, provincial,  
24 city, and municipal governments of the Philippines free from all  
25 claims, liabilities, demands, or actions arising out of accidents,  
26 causing injury to persons or damage to properties, during the  
27 construction or operation of the stations of the grantee.

1           SEC. 9. *Sale, Lease, Transfer, Usufruct, or Assignment of*  
2 *Franchise.* – The grantee shall not sell, lease, transfer, grant the  
3 usufruct of, nor assign this franchise or the rights and privileges  
4 acquired thereunder to any person, firm, company, corporation, or  
5 other commercial or legal entity, nor merge with any other  
6 corporation or entity, nor the controlling interest of the grantee  
7 be transferred, whether as a whole or in part, and whether  
8 simultaneously or contemporaneously, to any such person, firm,  
9 company, corporation, or entity without the prior approval of the  
10 Congress of the Philippines: *Provided*, That Congress shall be  
11 informed of any sale, lease, transfer, grant of usufruct, or  
12 assignment of franchise or the rights and privileges acquired  
13 thereunder, or of the merger or transfer of the controlling  
14 interest of the grantee, within sixty (60) days after the completion  
15 of the said transaction: *Provided, further*, That failure to report  
16 to Congress such change of ownership shall render the franchise  
17 *ipso facto* revoked: *Provided, finally*, That any person or entity to  
18 which this franchise is sold, transferred or assigned, shall be subject  
19 to the same conditions, terms, restrictions, and limitations of this  
20 Act.

21           SEC. 10. *Dispersal of Ownership.* – In accordance with the  
22 constitutional provision to encourage public participation in  
23 public utilities, the grantee shall offer to Filipino citizens at  
24 least thirty percent (30%) or a higher percentage that may  
25 hereafter be provided by law of its outstanding capital stock in  
26 any securities exchange in the Philippines within five (5) years  
27 from the commencement of its operations: *Provided*, That in cases



1 where public offer of shares is not applicable, establishment of  
2 cooperatives and application of other methods of encouraging  
3 public participation by citizens and corporations operating public  
4 utilities as allowed by law must be implemented.

5 Noncompliance therewith shall render the franchise *ipso facto*  
6 revoked.

7 SEC. 11. *Reportorial Requirement.* - The grantee shall  
8 submit an annual report to the Congress of the Philippines,  
9 through the Committee on Legislative Franchises of the House of  
10 Representatives and the Committee on Public Services of the  
11 Philippine Senate, on its compliance with the terms and  
12 conditions of the franchise and on its operations on or before  
13 April 30 of every year during the term of its franchise. The  
14 reportorial compliance certificate issued by Congress shall be  
15 required before any application for permit or certificate is accepted  
16 by the NTC.

17 SEC. 12. *Fine.* - Failure of the grantee to submit the  
18 requisite annual report to Congress shall be penalized by a fine of  
19 five hundred pesos (P500.00) per working day of noncompliance.  
20 The fine shall be collected separately by the NTC distinct from the  
21 penalties it imposes for noncompliance of its own reportorial  
22 requirements.

23 SEC. 13. *Equality Clause.* - Except for taxes and customs  
24 duties, any advantage, favor, privilege, exemption, or immunity  
25 granted under existing franchises, or which may hereafter be  
26 granted for radio and/or television broadcasting, upon prior review  
27 and approval of Congress, shall become part of this franchise

1 and shall be accorded immediately and unconditionally to the  
2 herein grantee: *Provided*, That the foregoing shall neither apply to  
3 nor affect the provisions of broadcasting franchises concerning  
4 territorial coverage, the term, or the type of service authorized by  
5 the franchise.

6       SEC. 14. *Repealability and Nonexclusivity Clause.* - This  
7 franchise shall be subject to amendment, alteration, or repeal by  
8 the Congress of the Philippines when the public interest so  
9 requires and shall not be interpreted as an exclusive grant of the  
10 privileges herein provided.

11       SEC. 15. *Separability Clause.* - If any of the sections or  
12 provisions of this Act is held invalid, all other provisions not  
13 affected thereby shall remain valid.

14       SEC. 16. *Repealing Clause.* - All laws, decrees, orders,  
15 resolutions, instructions, rules and regulations, and other issuances  
16 or parts thereof which are inconsistent with the provisions of  
17 this Act are hereby repealed, amended, or modified accordingly.

18       SEC. 17. *Effectivity.* - This Act shall take effect fifteen (15)  
19 days after its publication in the *Official Gazette* or in a newspaper  
20 of general circulation.

Approved,