

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7332
(In substitution of House Bill No. 6917)

Introduced by Reps. Weslie T. Gatchalian, Franz E. Alvarez and Deogracias Victor B.
Savellano

AN ACT

1
2 RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED
3 TO MINDANAO ISLAMIC TELEPHONE COMPANY, INC., PRESENTLY KNOWN AS DITO
4 TELECOMMUNITY CORPORATION, UNDER REPUBLIC ACT NO. 8627, ENTITLED "AN
5 ACT GRANTING THE MINDANAO ISLAMIC TELEPHONE COMPANY, INC., A
6 FRANCHISE TO CONSTRUCT, ESTABLISH, INSTALL, MAINTAIN AND OPERATE WIRE
7 AND/OR WIRELESS TELECOMMUNICATIONS SYSTEM IN THE PHILIPPINES"

8
9 Be it enacted by the Senate and House of Representatives of the Philippines in Congress
10 assembled:

11
12
13 SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the
14 Constitution and applicable laws, rules and regulations, the franchise granted to
15 Mindanao Islamic Telephone Company Inc., now known as Dito Telecommunity
16 Corporation, granted under Republic Act 8627 and hereunder referred as the grantee, its
17 successors or assignees, the right, privilege and authority to carry on the business of
18 providing telecommunications services in and between provinces, cities and
19 municipalities in the Philippines and between the Philippines and other countries and
20 territories and, for this purpose, to establish, operate, manage, lease, maintain and
21 purchase telecommunications systems, including mobile, cellular and wired or wireless
22 telecommunications systems, fiber optics, satellite transmission and reception systems,
23 and other telecommunications systems and their value-added services such as
24 transmission of voice, data, facsimile, control signs, audio and video, and all other
25 telecommunications systems technologies as are at present available or will be made
26 available through technical advances or innovations in the future, or construct, acquire,
27 lease, and operate or manage transmitting and receiving stations and switching stations,
28 both for local and international services, lines, cables or systems, as is, or are,

1 convenient or essential to efficiently carry out the purpose of this franchise is hereby
2 renewed for another twenty-five (25) years from the effectivity of this Act.

3 In this Act, the term 'Telecommunications' shall include 'electronic
4 telecommunications'. In addition, the following terms shall have the meanings set forth
5 herein:

6
7 'Electronic communications network' shall mean (a) a transmission system for
8 conveyance by means of electrical, magnetic, or electromagnetic energy, of signals of
9 any description; and (b) any of the following as are used by the persons providing the
10 system and in association with it, for conveyance of the signals: (i) apparatus comprised
11 in the system; (ii) apparatus used for the switching and routing of the systems; and (iii)
12 software and stored data;

13
14 'Electronic communications service' shall mean a service consisting in or having
15 as its principal feature the conveyance by means of electronic communications network
16 of signals. It includes wired, wireless, fixed, cellular, and/or mobile, or integrated
17 telecommunications/computer/electronic services, including value-added services, or
18 technologies related to such service, which are present available or made available
19 through technological advances or innovations in the future, and fixed and mobile
20 stations.

21
22 **SEC. 2. *Manner of Operation of Stations or Facilities.*** – The stations or facilities of
23 the grantee shall be constructed and operated in a manner as will, at most, result only in
24 the minimum interference on the wavelengths or frequencies of existing stations or other
25 stations which may be established by law, without in any way diminishing its own right to
26 use its assigned wavelengths or frequencies and the quality of transmission or reception
27 thereon as should maximize rendition of the grantee's services or the availability thereof.

28
29 **SEC. 3. *Authority of the National Telecommunications Commission.*** – The grantee
30 shall secure from the National Telecommunications Commission (NTC) a Certificate of
31 Public Convenience and Necessity or the appropriate permits and licenses for the
32 construction, installation and operation of its telecommunications systems or facilities. In
33 issuing the certificate, the NTC shall have the power to regulate and impose such
34 conditions relative to the construction, operation, maintenance, or service level of the
35 telecommunications systems or facilities. Such certificate shall state the areas covered

1 and the date the grantee shall commence the service. The grantee shall not use any
2 frequency in the radio spectrum without authorization from the NTC. The NTC, however,
3 shall not unreasonably withhold or delay the grant of such authority, permit or license.

4 In case of any violation of the provisions of this franchise, the NTC shall have the
5 authority to revoke or suspend, after due process, the permits or licenses it issued
6 pursuant to the franchise. The NTC may recommend to Congress the revocation of the
7 franchise for any violation of the provisions of this franchise.

8
9 **SEC. 4. *Excavation and Restoration Works.*** – For the purpose of erecting and
10 maintaining poles or other supports for said wires or other conductors for the purpose of
11 laying and maintaining underground wires, cables, or other conductors, it shall be lawful
12 for the grantee, its successors or assignees, with the prior approval of the Department of
13 Public Works and Highways (DPWH) or the local government unit (LGU) concerned, as
14 may be appropriate, to make excavations or lay conduits in any of the public places,
15 roads, highways, streets, lanes, alleys, avenues, sidewalks, or bridges of the province,
16 cities, or municipalities: *Provided, however,* That a public place, road, highway, street,
17 lane, alley, avenue, sidewalk, or bridge disturbed, altered or changed by reason of
18 erection of poles or other supports or the underground laying of wires, other conductors
19 or conduits, shall be repaired and replaced in workmanlike manner by said grantee, its
20 successors or assignees, in accordance with the standards set by DPWH or the LGU
21 concerned. Should the grantee, its successors or assignees, after the ten (10)-day notice
22 from the said authority, fail, refuse, or neglect to repair or replace any part of public place,
23 road, highway, street, lane, alley, avenue, sidewalk, or bridge altered, changed or
24 disturbed by the said grantee, its successors or assignees, then the DPWH or the LGU
25 concerned shall have the right to have the same repaired and placed in good order and
26 condition, and charge the grantee, its successors or assignees at double the amount of
27 the costs and expenses for such repair or replacement.

28
29 **SEC. 5. *Responsibility to the Public.*** - The grantee shall conform to the ethics of
30 honest enterprise and not use its stations or facilities for obscene or indecent
31 transmission, or for dissemination of deliberately false information, or willful
32 misrepresentation, or assist in subversive or treasonable acts.

33
34 The grantee shall operate and maintain all its stations, lines, cables, systems, and
35 equipment for the transmission and reception of messages, signals, and pulses in a

1 satisfactory manner at all times, and as far as economical and practicable, modify,
2 improve, or change such stations, lines, cables, systems, and equipment to keep abreast
3 with the advances in science and technology.

4
5 The grantee shall improve and extend its services in areas not yet served, and in
6 hazard- and typhoon-prone areas that shall be determined by the National Disaster Risk
7 Reduction and Management Council, or its legal successor, in coordination with the NTC.

8
9 The grantee shall also improve and upgrade its equipment, facilities and services,
10 in order to ensure effective compliance with the objectives of Republic Act No. 10639 or
11 the "Free Mobile Disaster Alerts Act".

12
13 **SEC. 6. Rates for Services.** – The charges and rates for telecommunications
14 services of the grantee, except the rates and charges on those that may hereafter be
15 declared or considered as nonregulated services, whether flat rates or measured rates or
16 variation thereof, shall be subject to the approval of the NTC or its legal successor. The
17 rates to be charged by the grantee shall be unbundled, separable and distinct among the
18 services offered and shall be determined in such a manner that regulated services do not
19 subsidize the unregulated ones.

20
21 **SEC. 7. Right of Government.** – The radio spectrum is a finite resource that is part
22 of the national patrimony and the use thereof is a privilege conferred upon the grantee by
23 the State and may be withdrawn any time after due process.

24
25 A special right is hereby reserved to the President of the Philippines, in times of
26 war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and
27 order: to temporarily take over and operate the stations, transmitters, facilities, or
28 equipment of the grantee; to temporarily suspend the operation of any station,
29 transmitter, facility, or equipment in the interest of public safety, security, and public
30 welfare; or to authorize the temporary use and operation thereof by any agency of the
31 government, upon due compensation to the grantee for the use of said stations,
32 transmitters, facilities, or equipment during the period when these shall be so operated.

33
34 **SEC. 8. Term of Franchise.** – This franchise shall be extended and in effect for a
35 period of twenty-five (25) years from its expiration on April 24, 2023, unless sooner

1 revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the event the
2 grantee fails to operate continuously for two (2) years.

3 **SEC. 9. *Right of Interconnection.*** – The grantee is hereby authorized to connect or
4 demand connection of its telecommunications systems to other telecommunications
5 systems installed, operated, and maintained by any other duly authorized person or entity
6 in the Philippines for the purpose of providing extended and improved
7 telecommunications services to the public, under the terms and conditions mutually
8 agreed upon by the parties concerned. This right shall be subject to the review and
9 modification of the NTC.

10
11 **SEC. 10. *Mobile Number Portability.*** – The grantee shall provide mobile number
12 portability (MNP) and its implementing mechanism, and shall interconnect, directly or
13 indirectly, with the infrastructure, facilities, systems, or equipment of other
14 telecommunications franchise grantees. It shall not install network features, functions, or
15 capabilities that will impede the implementation of a nationwide MNP system. The NTC
16 shall issue rules and regulations for this purpose, the effectivity of which shall commence
17 upon applicability with other telecommunications franchise grantees.

18
19 **SEC. 11. *Warranty in Favor of the National and Local Governments.*** - The grantee
20 shall hold the national, provincial, city, and municipal governments of the Philippines free
21 from all claims, liabilities, accounts, demands, or actions arising out of accidents causing
22 injury to persons or damage to properties, during the construction or operation of the
23 stations, transmitters, facilities, or equipment of the grantee.

24
25 **SEC. 12. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.*** –
26 The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise
27 or the rights and privileges acquired thereunder to any person, firm, company,
28 corporation or other commercial or legal entity, nor merge with any other corporation or
29 entity, nor the controlling interest of the grantee be transferred, simultaneously or
30 contemporaneously, to any person, firm, company, corporation, or entity without the prior
31 approval of the Congress of the Philippines. Congress shall be informed of any sale,
32 lease, transfer, grant of usufruct, or assignment of franchise or the rights and privileges
33 acquired thereunder, or of the merger or transfer of the controlling interest of the grantee,
34 within sixty (60) days after the completion of the said transaction. Failure to report to
35 Congress such change of ownership shall render the franchise *ipso facto* revoked. Any

1 person or entity to which this franchise is sold, transferred, or assigned shall be subject to
2 the same conditions, terms, restrictions, and limitations of this Act.

3 **SEC. 13. *Dispersal of Ownership.*** - In accordance with the constitutional provision
4 to encourage public participation in public utilities, the grantee shall offer to Filipino
5 citizens at least thirty percent (30%) of its common stocks, or a higher percentage that
6 may hereafter be provided by law, in any securities exchange in the Philippines within
7 five (5) years from the effectivity of this Act: *Provided*, That in cases where public offer of
8 shares is not applicable, other methods of encouraging public participation by citizens
9 and corporations operating public utilities must be implemented. Noncompliance
10 therewith shall render the franchise *ipso facto* revoked.

11
12 **SEC. 14. *Business Development and/or Expansion Plan.*** - Except where
13 prevented by *force majeure*, the grantee shall be obliged to carry out its business
14 development and/or expansion plan which shall contain, among others, the phases of
15 business development or expansion, courses of action to achieve the objectives of the
16 franchise, capitalization, and expected milestones within the franchise term.

17
18 **SEC. 15. *Commitment to Provide and Promote the Creation of Employment***
19 ***Opportunities.*** - The grantee shall create employment opportunities as well as accept on-
20 the-job trainees in the franchise operations: *Provided*, That priority shall be accorded to
21 the residents of the place where the principal office of the grantee is located: *Provided*,
22 *further*, That the grantee shall ensure that at least sixty percent (60%) of its employees
23 are regular employees and in no case shall the percentage of contractual employees, job
24 orders, casuals, and independent contractors combined, exceed forty percent (40%) of its
25 total workforce: *Provided, finally*, That the grantee shall comply with the applicable labor
26 standards and allowance entitlement under existing labor laws, rules and regulations, and
27 similar issuances.

28
29 The employment opportunities or jobs created shall be reflected in the General
30 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission
31 (SEC) annually. In addition, the grantee shall include in its annual report to Congress the
32 number of its regularized employees and secure a compliance and clearance certificate
33 from the Department of Labor and Employment and its relevant attached agencies.

34
35 **SEC. 16. *Contract with Private Entities.*** - The grantee is authorized to contract the
36 installation and operation of the telecommunications system which is the subject of this

1 grant with entities with expertise in the field of telecommunications under such terms and
2 conditions as may be approved by the Commission.

3
4 **SEC. 17. Reportorial Requirement.** – The grantee shall submit an annual report on
5 its compliance with the terms and conditions of the franchise and on its operations to the
6 Congress of the Philippines, through the Committee on Legislative Franchises of the
7 House of Representatives and the Committee on Public Services of the Senate, on or
8 before April 30 of every year during the term of its franchise.

9
10 The annual report shall include an update on the roll-out, development, operation
11 and/or expansion of business; audited financial statements; latest GIS officially submitted
12 to the SEC, if applicable; certification of the NTC on the status of its permits and
13 operations; and an update on the dispersal of ownership undertaking, if applicable.

14
15 The reportorial compliance certificate issued by Congress shall be required before
16 any application for permit or certificate is accepted by the NTC.

17
18 **SEC. 18. Fine.** – Failure of the grantee to submit the requisite annual report to
19 Congress shall be penalized with a fine in the amount of one million pesos
20 (P1,000,000.00) per working day of noncompliance, the effectivity of which shall
21 commence upon applicability with other telecommunications franchise grantees:
22 *Provided*, That in the interim, the grantee shall be liable to pay the fine of five hundred
23 pesos (P500.00) per working day of noncompliance. The fine shall be collected by the
24 NTC from the delinquent franchise grantee separate from the reportorial penalties
25 imposed by the NTC, and the same shall be remitted to the Bureau of the Treasury.

26
27 **SEC. 19. Equality of Treatment in the Telecommunications Industry.** - Any
28 advantage, favor, privilege, exemption, or immunity granted under existing franchises, or
29 may hereafter be granted, shall *ipso facto* become part of previously granted
30 telecommunications franchises and shall be accorded immediately and unconditionally to
31 the grantees of such franchises: *Provided, however*, That the foregoing shall neither
32 apply to nor affect provisions of telecommunications franchises concerning territory
33 covered by the franchise, the life span of the franchise, or the type of service authorized
34 by the franchise.

1 **SEC. 20. *Repealability and Nonexclusivity Clause.*** – This franchise shall be
2 subject to amendment, alteration, or repeal by the Congress of the Philippines when the
3 public interest so requires and shall not be interpreted as an exclusive grant of the
4 privilege herein provided for.

5
6 **SEC. 21. *Separability Clause.*** – If any of the sections or provisions of this Act is
7 held invalid, all other provisions not affected thereby shall remain valid.

8
9 **SEC. 22. *Repealing Clause.*** – All laws, decrees, orders, resolutions, instructions,
10 rules and regulations, and other issuances or parts thereof which are inconsistent with
11 the provisions of this Act are hereby repealed, amended, or modified accordingly.

12
13 **SEC. 23. *Effectivity.***– This Act shall take effect fifteen (15) days after its publication
14 in the Official Gazette or in a newspaper of general circulation.

15
16 **Approved,**