

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session



COMMITTEE REPORT NO. 1213

Submitted by the Committee on Legislative Franchises on September 13, 2021

Re: House Bill No. 10195

Recommending its approval in substitution of House Bill No. 7953

Sponsors: Representatives Franz E. Alvarez and Xavier Jesus D. Romualdo

Mr. Speaker:

The Committee on Legislative Franchises to which was referred House Bill No. 7953, authored by Rep. Xavier Jesus D. Romualdo entitled:

“AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO UNICORN COMMUNICATIONS CORPORATION UNDER REPUBLIC ACT 8198, ENTITLED “AN ACT GRANTING THE UNICORN COMMUNICATIONS CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, MAINTAIN AND OPERATE A COMMERCIAL MOBILE AND FIXED WIRELESS TELECOMMUNICATIONS SYSTEM IN THE PHILIPPINES”

has considered the same and recommends that the attached House Bill No. 10195 entitled:

“AN ACT GRANTING UNICORN COMMUNICATIONS CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, AND MAINTAIN TELECOMMUNICATIONS SYSTEMS THROUGHOUT THE PHILIPPINES”

be approved in substitution of House Bill No. 7953 with Reps. Xavier Jesus D. Romualdo, Franz E. Alvarez, Strike B. Revilla, Edward Vera Perez Maceda, Jericho Jonas B. Nograles, John Marvin “Yul Servo” C. Nieto, Alfredo A. Garbin, Jr.,

Deogracias Victor "DV" B. Savellano, Faustino "Inno" A. Dy, Ann K. Hofer, Claudine Diana D. Bautista, Emmarie "Lolypop" M. Quano-Dizon, Micaela S. Violago, and Gabriel H. Bordado, Jr.as authors thereof.

Respectfully submitted:



FRANZ E. ALVAREZ

Chairperson

Committee on Legislative Franchises

**THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY**

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 10195
(In substitution of House Bill No. 7953)

Introduced by **Representatives Xavier Jesus D. Romualdo, Franz E. Alvarez, Strike B. Revilla, Edward Vera Perez Maceda, Jericho Jonas B. Nograles, John Marvin “Yul Servo” C. Nieto, Alfredo A. Garbin, Jr., Deogracias Victor “DV” B. Savellano, Faustino “Inno” A. Dy, Ann K. Hofer, Claudine Diana D. Bautista, Emmarie “Lolypop” M. Quano-Dizon, Micaela S. Violago, and Gabriel H. Bordado, Jr.**

AN ACT
GRANTING UNICORN COMMUNICATIONS CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, AND MAINTAIN TELECOMMUNICATIONS SYSTEMS THROUGHOUT THE PHILIPPINES

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

1
2 **SECTION 1. *Nature and Scope of Franchise.*** - Subject to the provisions of the
3 Constitution and applicable laws, rules and regulations, there is hereby granted to Unicorn
4 Communications Corporation, hereunder referred as the Grantee, its successors or
5 assignees, a franchise to construct, install, establish, operate, and maintain, for
6 commercial purposes and in the public interest, in the Philippines, wired and wireless
7 telecommunications systems, including internet access, through copper, fiber optics,
8 satellite systems, switches, and all other telecommunication systems or information and
9 communications technologies as are at present available or will be made available
10 through technological advances or innovations in the future, and offer
11 telecommunications services, value-added services, including internet access service, or
12 other electronic communication services such as the transmission of voice, data,
13 facsimile, control signs, audio and video information services, or to construct, acquire,

1 lease, and operate, or manage transmitting and receiving stations, lines, cables, or
2 systems as are convenient and essential to efficiently carry out the purpose of this
3 franchise.

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

11
12 **SEC. 3. *Authority of the National Telecommunications Commission.*** – The
13 Grantee shall secure from the National Telecommunications Commission (NTC) a
14 Certificate of Public Convenience and Necessity or the appropriate permits and licenses
15 for the construction, installation, and operation of its telecommunications systems or
16 facilities. In issuing the certificate, the NTC shall have the power to regulate and impose
17 such conditions relative to the construction, operation, maintenance, or service level of
18 the telecommunications systems or facilities. Such certificate shall state the areas
19 covered and the date the Grantee shall commence the service. The Grantee shall not use
20 any frequency in the radio spectrum without authorization from the NTC. The NTC,
21 however, shall not unreasonably withhold or delay the grant of such authority, permit, or
22 license.

23
24 In case of any violation of the provisions of this franchise, the NTC shall have the
25 authority to revoke or suspend, after due process, the permits or licenses it issued
26 pursuant to the franchise. The NTC may recommend to Congress the revocation of the
27 franchise for any violation of the provisions of this franchise.

28
29 **SEC. 4. *Excavation and Restoration Works.*** – For the purpose of erecting and
30 maintaining poles or other supports for wires or other conductors, and for laying and
31 maintaining of underground wires, cables, or other conductors, it shall be lawful for the

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

17

18 **SEC. 5. Responsibility to the Public.** - The Grantee shall conform to the ethics
19 of honest enterprise and not use its stations or facilities for obscene or indecent
20 transmission, or for dissemination of deliberately false information, or willful
21 misrepresentation, or assist in subversive or treasonable acts.

22

23 The Grantee shall operate and maintain all its stations, lines, cables, systems, and
24 equipment for the transmission and reception of messages, signals, and pulses in a
25 satisfactory manner at all times, and as far as economical and practicable, modify,
26 improve, or change such stations, lines, cables, systems, and equipment to keep abreast
27 with the advances in science and technology.

28

29 The Grantee shall improve and extend its services in areas not yet served, and in
30 hazard- and typhoon-prone areas that shall be determined by the National Disaster Risk
31 Reduction and Management Council, or its legal successor, in coordination with the NTC.

1
2 The Grantee shall also improve and upgrade its equipment, facilities and services,
3 in order to ensure effective compliance with the objectives of Republic Act No. 10639 or
4 “The Free Mobile Disaster Alerts Act”.

5
6 **SEC. 6. Rates for Services.** – The charges and rates for telecommunications
7 services of the Grantee, except the rates and charges on those that may hereafter be
8 declared or considered as nonregulated services, whether flat rates or measured rates or
9 variations thereof, shall be subject to the approval of the NTC or its legal successor. The
10 rates to be charged by the Grantee shall be unbundled, separable, and distinct among
11 the services offered and shall be determined in a manner that ensures that regulated
12 services do not subsidize those that are not regulated.

13
14 **SEC. 7. Right of Government.** – The radio spectrum is a finite resource that is
15 part of the national patrimony and the use thereof is a privilege conferred upon the
16 Grantee by the State and may be withdrawn any time after due process.

17
18 A special right is hereby reserved to the President of the Philippines, in times of
19 war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and
20 order: to temporarily take over and operate the stations, transmitters, facilities, or
21 equipment of the Grantee; to temporarily suspend the operation of any station,
22 transmitter, facility, or equipment in the interest of public safety, security, and public
23 welfare; or to authorize the temporary use and operation thereof by any agency of the
24 government, upon due compensation to the Grantee, for the use of the stations,
25 transmitters, facilities, or equipment during the period when these shall be so operated.

26
27 **SEC. 8. Term of Franchise.** – This franchise shall be in effect for a period of twenty-
28 five (25) years from the date of the effectivity of this Act, unless sooner cancelled. . This
29 franchise shall be deemed *ipso facto* revoked in the event that the Grantee fails to operate
30 continuously for two (2) years.

31

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

8
9 **SEC. 10. Warranty in Favor of the National and Local Governments.** - The
10 Grantee shall hold the national, provincial, city, and municipal governments of the
11 Philippines free from all claims, liabilities, accounts, demands, or actions arising out of
12 accidents causing injury to persons or damage to properties, during the construction or
13 operation of the stations, transmitters, facilities, or equipment of the Grantee.

14
15 **SEC. 11. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**
16 **Franchise.** – The Grantee shall not sell, lease, transfer, grant the usufruct of, nor assign
17 this franchise or the rights and privileges acquired thereunder to any person, firm,
18 company, corporation, or other commercial or legal entity, nor merge with any other
19 corporation or entity, nor shall the controlling interest of the Grantee be transferred,
20 simultaneously or contemporaneously, to any person, firm, company, corporation, or
21 entity without the prior approval of Congress. The Grantee shall inform Congress,
22 through the Office of the Speaker of the House of Representatives and the Office of the
23 Senate President, of any sale, lease, transfer, grant of usufruct, or assignment of
24 franchise or the rights and privileges acquired thereunder, or of the merger or transfer of
25 the controlling interest of the Grantee, within sixty (60) days after the completion of the
26 said transaction. Failure to report to Congress such change of ownership shall render the
27 franchise *ipso facto* revoked. Any person or entity to which this franchise is sold,
28 transferred, or assigned shall be subject to the same conditions, terms, restrictions, and
29 limitations of this Act.

30

1 **SEC. 12. *Dispersal of Ownership.*** - In accordance with the constitutional
2 provision to encourage public participation in public utilities, the Grantee shall offer to
3 Filipino citizens at least thirty percent (30%) of its outstanding capital stock, or a higher
4 percentage that may hereafter be provided by law, in any securities exchange in the
5 Philippines within five (5) years from the effectivity of this Act: *Provided*, That in cases
6 where public offer of shares is not applicable, other methods of encouraging public
7 participation by citizens and corporations operating public utilities must be implemented.
8 Noncompliance therewith shall render the franchise *ipso facto* revoked.

9
10 **SEC. 13. *Commitment to Provide and Promote the Creation of Employment***
11 ***Opportunities.*** – The Grantee shall create employment opportunities and accept on-the-
12 job trainees in its franchise operations: *Provided*, That priority shall be accorded to the
13 residents of the place where the principal office of the Grantee is located: *Provided*,
14 *further*, That the Grantee shall comply with the applicable labor standards and allowance
15 entitlement under existing labor laws, rules and regulations, and similar issuances.

16
17 The employment opportunities or jobs created shall be reflected in the General
18 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission
19 (SEC) annually.

20
21 **SEC. 14. *Reportorial Requirement.*** – The Grantee shall submit an annual report
22 on its compliance with the terms and conditions of the franchise and on its operations to
23 the Congress of the Philippines, through the Committee on Legislative Franchises of the
24 House of Representatives and the Committee on Public Services of the Senate, on or
25 before April 30 of every year during the term of its franchise.

26
27 The annual report shall include an update on the commencement of activities,
28 development, operation, and expansion of business; audited financial statements; latest
29 GIS officially submitted to the SEC, if applicable; certification of the NTC on the status of
30 its permits and operations; and an update on the dispersal of ownership undertaking, if
31 applicable.

1
2 The reportorial compliance certificate issued by Congress shall be required before
3 any application for permit or certificate is accepted by the NTC.
4

5 **SEC. 15. *Fine.*** – The failure of the Grantee to submit the requisite annual report
6 to Congress shall be penalized with a fine in the amount of One million pesos
7 (P1,000,000.00) for each working day of noncompliance, the effectivity of which shall
8 commence upon applicability with other telecommunications franchise grantees:
9 *Provided*, That in the interim, the Grantee shall be liable to pay the fine of Five hundred
10 pesos (P500.00) per working day of noncompliance to the NTC. The fine shall be
11 collected separately from the reportorial penalties imposed by the NTC, and it shall be
12 remitted to the Bureau of the Treasury.
13

14 **SEC. 16. *Equality of Treatment in the Telecommunications Industry.*** – Any
15 advantage, favor, privilege, exemption, or immunity granted under existing franchises, or
16 which may hereafter be granted for telecommunications, upon prior review and approval
17 of Congress, shall become part of this franchise and shall be accorded immediately and
18 unconditionally to the herein Grantee: *Provided*, That the foregoing shall neither apply to
19 nor affect the provisions of telecommunications franchises concerning territorial
20 coverage, the term, or the type of service authorized by the franchise.
21

22 **SEC. 17. *Repealability and Nonexclusivity Clause.*** – This franchise shall be
23 subject to amendment, alteration, or repeal by Congress when the public interest so
24 requires and shall not be interpreted as an exclusive grant of the privilege herein provided
25 for.
26

27 **SEC. 18. *Separability Clause.*** – If any of the sections or provisions of this Act is
28 held invalid, all other provisions not affected thereby shall remain valid.
29

1 **SEC. 19. *Repealing Clause.*** – All laws, decrees, orders, resolutions, instructions,
2 rules and regulations, and other issuances or parts thereof which are inconsistent with
3 the provisions of this Act are hereby repealed, amended, or modified accordingly.

4
5 **SEC. 20. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
6 publication in the *Official Gazette* or in a newspaper of general circulation.

7
8 Approved,

FACT SHEET

House Bill No. 10195
In substitution of House Bill No. 7953
(As approved on _____)

AN ACT GRANTING UNICORN COMMUNICATIONS CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, AND MAINTAIN TELECOMMUNICATIONS SYSTEMS THROUGHOUT THE PHILIPPINES

Introduced by: **HON. XAVIER JESUS D. ROMUALDO**

Co-Authors: **HON. STRIKE B. REVILLA, EDWARD VERA PEREZ MACEDA, JERICHO JONAS B. NOGRALES, JOHN MARVIN "YUL SERVO" C. NIETO, ALFREDO A. GARBIN, JR., DEOGRACIAS VICTOR "DV" B. SAVELLANO, FAUSTINO "INNO" A. DY, ANN K. HOFER, CLAUDINE DIANA D. BAUTISTA, EMMARIE "LOLYPOP" M. QUANO-DIZON, MICAELA S. VIOLAGO, and GABRIEL H. BORDADO, JR.**

Committee Referral: **LEGISLATIVE FRANCHISES**
Committee Chairperson: **HON. FRANZ E. ALVAREZ**

OBJECTIVE:

- To allow UNICORN COMMUNICATIONS CORPORATION to continue to operate efficient and effective telecommunications services nationwide.

KEY PROVISIONS:

- Grants UNICORN COMMUNICATIONS CORPORATION a franchise to construct, install, establish, operate, and maintain telecommunications systems for twenty-five (25) years;
- Prohibits the Grantee to lease, transfer, sell, grant the usufruct or assign the franchise, rights or privileges, or its controlling interest without the prior approval of Congress;
- Mandates the Grantee to secure the appropriate permits and licenses for the construction, installation and operation of its telecommunications systems or facilities from the NTC;
- Allows the Grantee to make excavations or lay conduits for the purpose of erecting and maintaining poles, with the obligation to repair and replace in workmanlike manner any public place, road, highway, street, lane, alley, avenue, sidewalk, or

bridge that has been disturbed, altered or changed by reason of erection of poles or other supports or the underground laying of wires;

- Mandates the Grantee to conform to the ethics of honest enterprise, operate its facilities in a satisfactory manner at all times, and to extend its services in compliance with Republic Act No. 10639 or the “Free Mobile Disaster Alerts Act”;
- Gives the President of the Philippines the right to temporarily take over and operate the stations or facilities of the Grantee, to temporarily suspend the operation of any station or facility in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order;
- Provides that the national and local governments shall not be held liable for any damage to properties or injury to persons caused by accidents during construction or operation of the stations;
- Requires the Grantee to offer to Filipino citizens at least thirty per cent (30%) of its outstanding stock in any security exchange in the Philippines or through other methods of encouraging public participation by citizens and corporations operating public utilities as allowed by law;
- Requires the Grantee to create employment opportunities and allow on-the-job trainings in their franchise operation for residents of the place where any of its offices is located subject to applicable labor standards and allowance entitlement under existing labor laws, rules and regulations and similar issuances;
- Requires the Grantee to submit an annual report to Congress on its compliance with the terms and conditions of the franchise and its operation on or before April 30 of every year;
- Imposes a fine in the amount of One million pesos (P1,000,000.00) per working day of noncompliance with the reportorial requirement of Congress, the effectivity of which shall commence upon applicability with other telecommunications franchise grantees, and provided that in the interim, the Grantee shall be liable to pay the fine of Five hundred pesos (P500.00) per working day of noncompliance; and
- Provides an equality clause which aims to grant existing and potential franchise grantees equal privilege/s.

RELATED LAWS:

- Republic Act No. 7925 – “AN ACT TO PROMOTE AND GOVERN THE DEVELOPMENT OF PHILIPPINE TELECOMMUNICATIONS AND THE DELIVERY OF PUBLIC TELECOMMUNICATIONS SERVICES”
- Republic Act No. 10639 - “Free Mobile Disaster Alerts Act”