

REPUBLIC ACT NO. 7783

AN ACT GRANTING THE MAJOR TELECOMS, INC., A FRANCHISE TO ESTABLISH, INSTALL, MAINTAIN, LEASE AND OPERATE WIRE AND/OR WIRELESS TELECOMMUNICATIONS SYSTEMS, LINES, CIRCUITS AND STATIONS THROUGHOUT THE PHILIPPINES FOR PUBLIC DOMESTIC AND INTERNATIONAL COMMUNICATIONS, AND FOR OTHER PURPOSES

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

SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to the Major Telecoms, Inc., its successors or assigns and hereunder referred to as the grantee, a franchise to establish, install, maintain, lease and operate for commercial purposes and in the public interest wire and/or wireless telecommunications systems, lines, circuits and stations throughout the Philippines for public domestic and international record and/or voice communications and their value-added services including but not limited to pay television and/or program services, and to install corresponding transmitting and receiving stations at such places in the Philippines as it may consider necessary and convenient.

SEC. 2. *Manner of Operation of Stations.* – The stations of the grantee shall be constructed and operated in a manner as will at most result only in the minimum interference on the wavelengths or frequencies of the existing stations or other stations which may be established in accordance with law of other telecommunication services grantees without in any way diminishing its own right to use its selected wavelengths or frequencies and the quality of transmission or reception thereon as would maximize rendition of the grantee's services and/or the availability thereof.

SEC. 3. *Authority of the National Telecommunications Commission.* – The grantee shall secure from the National Telecommunications Commission, hereinafter referred to as the Commission, a certificate of public convenience or appropriate permits and licenses for the location, construction, installation and operation of its telecommunications systems. In issuing the certificate, the Commission shall have the power to impose such conditions relative to the construction, operation, maintenance, or service level of the telecommunications systems. The Commission shall have the authority to regulate the construction and operation of its telecommunications systems. The grantee shall not use any frequency in the radio spectrum without having been authorized by the Commission. Such certificate shall state the areas covered and date the grantee shall commence the service.

SEC. 4. *Responsibility to the Public.* – The grantee shall provide basic or enhanced telephone service in any municipality in the Philippines where it has an approved certificate of public convenience for the establishment, operation and maintenance of a local exchange service, without discrimination to any applicant therefor, in the order of the date of their applications up to the limit of the capacity of its local telephone exchange and should the demand for the telephone service at any time increase beyond the capacity thereof, the grantee shall increase the same to meet such demand: *Provided,* That in case the total demand to be satisfied by the expansion is less than the smallest viable local exchange available in the market as may be determined by the Commission, the grantee shall not be obliged to furnish said service, unless the applicant for telephone service defrays the actual expenses for the installation of the telecommunication apparatus necessary for such services and in such cases the Commission may extend the time within which the grantee shall furnish such service.

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

SEC. 5. *Eminent Domain.* – The grantee may acquire such private property as is actually necessary for the realization of the purposes for which this franchise is granted: *Provided*, That in case the owner refuses to sell or allow the use thereof, the proper condemnation proceedings shall be instituted: *Provided, further*, That just compensation is paid.

SEC. 6. *Ingress and Egress.* – For the purpose of installing, operating and maintaining its telecommunication lines, it shall be lawful for the grantee to make excavation or lay conduits in any of the public places, highways, streets, lanes, sidewalks, bridges or infrastructure in any provinces and municipalities: *Provided, however*, That any public place, highway, street, lane, sidewalk, bridge or infrastructure disturbed, altered, or changed thereby shall be repaired and replaced in a workmanlike manner by the grantee to the satisfaction of the Department of Public Works and Highways or the local engineering office, as the case may be, and/or in accordance with existing laws or rules on excavations and reconstitution of such public civil works.

SEC. 7. *Interconnection.* – The grantee is authorized to connect or demand connection of its telecommunications systems to any other telecommunications systems installed, maintained and operated by any other duly authorized person or entity in the Philippines for the purpose of providing extended and improved telecommunication services to the public under such terms and conditions mutually agreed upon by the interconnection and the same shall be subject to the review or modification of the Commission.

SEC. 8. *Equality Clause.* – If any subsequent franchise for telecommunication service is awarded or granted by the Congress of the Philippines with terms, privileges and conditions more favorable and beneficial than those contained in this Act, then the same privileges or advantages shall, *ipso facto*, accrue to the herein grantee and be deemed part of this Act.

SEC. 9. *Rates for Services.* – The subscription charges and rates for services, excluding the sale or lease of equipment or

units, that the grantee shall offer to the public shall be subject to the approval of the National Telecommunications Commission or its legal successor.

SEC. 10. *Right of Government.* – A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to take over and operate the stations, transmitter systems, facilities and equipment of the grantee, to temporarily suspend the operation of any station 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, upon due compensation to the grantee, for the use of said stations, transmitter systems, facilities and equipment during the period when they shall be so operated.

SEC. 11. *Term of Franchise.* – This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner revoked or cancelled. In the event the grantee fails to operate continuously for two (2) years, this franchise shall be deemed *ipso facto* revoked.

SEC. 12. *Acceptance of Franchise.* – Within sixty (60) days after the effectivity of this Act, the grantee shall file with the Secretary of Transportation and Communications its written acceptance of this franchise and of all the terms and conditions hereof. In default of such acceptance within the said time, this franchise shall become null and void.

As a guaranty that it has accepted this franchise in good faith, the grantee shall, within thirty (30) days from the granting of its first certificate of public convenience, deposit with the National Treasury the sum of One hundred thousand pesos (P100,000) in cash or negotiable instruments of the Philippine government and file a bond in the amount of One million pesos (P1,000,000).

Should the grantee fail, refuse or neglect to begin the business of providing any of the services authorized herein within two (2) years of the grant of the certificate of public convenience and for any reason other than an act of God, act of the public

enemy, military power, martial law, riot, civil commotion, or unavoidable cause, then the deposit prescribed under this Section shall be forfeited in favor of the national government as liquidated damages. Should the grantee perform on time the undertaking for which the deposit is required, then the deposit shall be returned to the grantee and its bond cancelled within six (6) months of commencement of service.

SEC. 13. *Public Ownership.* – In compliance with the constitutional mandate to democratize ownership of public utilities, the herein grantee shall make public offering through the stock exchanges of at least thirty percent (30%) of its common stocks within a period of three (3) years from the date of effectivity of this Act: *Provided*, That no single person or entity shall be allowed to own more than five percent (5%) of the stock offerings.

SEC. 14. *Tax Provisions.* – The grantee, its successors or assigns shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns shall pay a franchise tax equivalent to three percent (3%) of all gross receipts of the business transacted under this franchise by the grantee, its successors or assigns, and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof: *Provided*, That the grantee, its successors or assigns shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.

The grantee shall file the return with and pay the tax due thereon to the Commissioner of Internal Revenue or his duly authorized representative in accordance with the National Internal Revenue Code, and the return shall be subject to audit by the Bureau of Internal Revenue.

SEC. 15. *Warranty in Favor of National and Local Governments.* – The grantee shall hold the national, provincial and municipal governments of the Philippines free from all claims, accounts, demands or actions arising out of accidents or injuries,

whether to property or to persons, caused by the construction or operation of the stations, systems, facilities and equipment of the grantee.

SEC. 16. *Sale, Lease, Transfer, Usufruct, etc.* – The grantee shall not lease, transfer, grant the usufruct of, sell nor assign the franchise herein granted or the rights and privileges acquired thereunder to any person, firm, company, corporation or entity, nor merge with any corporation or entity without the prior approval of the Congress of the Philippines. 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.

SEC. 17. *General Telecommunications Policy Law.* – The grantee shall comply with and be subject to the provisions of a general telecommunications policy law which Congress may hereafter enact.

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

SEC. 19. *Repealability and Nonexclusivity Clauses.* – The franchise herein granted shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 20. *Reportorial Requirement.* – The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of its franchise and on its operations within sixty (60) days from the end of every year.

SEC. 21. *Effectivity Clause.* – This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation.

Approved, July 26, 1994.