

REPUBLIC ACT NO. 8591

AN ACT AMENDING REPUBLIC ACT NO. 8169, ENTITLED  
"AN ACT GRANTING GV BROADCASTING SYSTEM, INC.  
A FRANCHISE TO CONSTRUCT, INSTALL, MAINTAIN  
AND OPERATE FOR COMMERCIAL PURPOSES RADIO  
BROADCASTING STATIONS IN THE ISLAND OF LUZON  
AND FOR OTHER PURPOSES"

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

SECTION 1. Section 1 of Republic Act No. 8169 is hereby  
amended to read as follows:

"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 GV Broadcasting System,  
Inc., hereinafter referred to as the grantee, its successors or  
assigns, a franchise to construct, install, establish, operate and  
maintain for commercial purposes and in the public interest, radio  
and television broadcasting stations throughout the Philippines,  
and such other systems, facilities or structures for the origination,  
reception, processing, transmission, broadcast, rebroadcast or  
distribution of audio, video, information, and other electronic  
signals, for the provision of services such as direct to home/user  
broadcast via satellite, pay television, multimedia, local multipoint  
distribution systems and value-added services and other similar  
services, through electromagnetic waves, fiber optics, satellites  
and whatever means now available or which in the future may  
be developed, with the corresponding technical auxiliaries or  
facilities, relay stations, transmit and receive satellite systems,  
content production and distribution facilities and other systems  
as are essential or convenient to carry out the purposes of this  
franchise."

SEC. 2. Section 3 of Republic Act No. 8169 is hereby amended to read as follows:

"SEC. 3. *Prior Approval of the National Telecommunications Commission.* – The grantee shall secure from the National Telecommunications Commission the appropriate permits and licenses for the construction and operation of its stations and facilities and shall not use any frequency in the radio/television spectrum without having been authorized by the Commission. The Commission, however, shall not unreasonably withhold or delay the grant of any such authority."

SEC. 3. Section 5 of Republic Act No. 8169 is hereby amended to read as follows:

"SEC. 5. *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 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, upon due compensation to the grantee, for the use of said stations or facilities during the period when they shall be so operated.

"The radio spectrum is a finite resource that is a part of the national patrimony and the use thereof is a privilege conferred upon the grantee by the State and may be withdrawn anytime, after due process."

SEC. 4. Section 6 of Republic Act No. 8169 is hereby amended to read as follows:

"SEC. 6. *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 canceled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions:

"A) Commence operations within one (1) year from the approval of its permit by the National Telecommunications Commission;

"B) Operate continuously for two (2) years; and

"C) Commence operations within three (3) years from the effectivity of this Act."

SEC. 5. Section 7 of Republic Act No. 8169 is hereby amended to read as follows:

"SEC. 7. *Acceptance and Compliance.* – Acceptance of this franchise shall be given in writing within sixty (60) days from the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Nonacceptance shall render the franchise void."

SEC. 6. A new Section 8 is hereby inserted after Section 7 of Republic Act No. 8169 to read as follows:

"SEC. 8. *Bond.* – The grantee shall file a bond issued in favor of the National Telecommunications Commission, which shall determine the amount, to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If after three (3) years from the date of the approval of its permit by the Commission, the grantee shall have fulfilled the same, the bond shall be canceled by the Commission. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked."

SEC. 7. The present Section 8 of Republic Act No. 8169 is renumbered as Section 9 and is amended to read as follows:

"SEC. 9. *Tax Provisions.* – The grantee, its successors or assigns, shall be liable for all taxes, duties, fees and charges and other impositions, both national and local, as provided under the

National Internal Revenue Code, Tariff and Customs Code, Local Government Code and other laws."

SEC. 8. The present Section 9 of Republic Act No. 8169 is hereby renumbered as Section 10.

SEC. 9. The present Section 10 of Republic Act No. 8169 is hereby renumbered as Section 11.

SEC. 10. The present Section 11 of Republic Act No. 8169 is hereby renumbered as Section 12 and is amended to read as follows:

"SEC. 12. *Sale, Lease, Transfer, Usufruct.* – The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise nor the right and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines: *Provided*, That the foregoing limitations shall not apply to: (1) any issuance of shares to any investor pursuant to or in connection with any increase in the grantee's authorized capital stock which shall result in the dilution of the stockholdings of the grantee's then existing stockholders; (2) any sale, transfer or assignment by the stockholders of the grantee in favor of a holding company whose stockholders are identical to the stockholders of the grantee. Any person or entity to which this franchise is validly sold, transferred or assigned shall be subject to the same conditions, terms, restrictions and limitations of this Act."

SEC. 11. A new Section 13 is hereby inserted after the present Section 11 of Republic Act No. 8169 to read as follows:

"SEC. 13. *Dispersal of Ownership.* – In accordance with constitutional provisions to encourage public participation in public utilities, the grantee shall offer at least thirty *per centum* (30%) of its outstanding capital stock or a higher percentage that may

hereafter be provided by law in any securities exchange in the Philippines within five (5) years from the time it has achieved the status of a National Broadcasting Network. A 'National Broadcasting Network' is hereby defined as one that operates three or more radio and/or television stations. Noncompliance therewith shall render the franchise *ipso facto* revoked."

SEC. 12. A new Section 14 is hereby inserted after the new Section 13, to read as follows:

"SEC. 14. *General Broadcast Policy Law.* – The grantee shall comply with and be subject to the provisions of a general broadcast policy law which Congress may hereafter enact."

SEC. 13. The present Section 12 of Republic Act No. 8169 is hereby renumbered as Section 15.

SEC. 14. The present Section 13 of Republic Act No. 8169 is hereby renumbered as Section 16.

SEC. 15. A new Section 17 is hereby inserted to read as follows:

"SEC. 17. *Reportorial Requirement.* – The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year."

SEC. 16. *Effectivity.* – This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation in the Philippines.

Lapsed into law on March 12, 1998 without the President's signature, pursuant to Sec. 27(1), Article VI of the Constitution.